

Annual Accounts

For the year ended 31 March 2018





Adult services

So much of the vital work we do in caring for our patients would simply not be possible without community support.

Barts Charity is the dedicated charity for our hospitals, funding state of the art equipment, research leading to medical breakthroughs, and innovative projects that improve care and outcomes for our patients here and now. You can be a source for change by supporting our hospitals' charity. (or by supporting our hospitals' charity you could be a source for change) Please visit bartscharity.org.uk, call 020 7618 1720 or email appeals@bartscharity.org.uk to see the ways you can get involved.

Barts Charity is the dedicated charity for all of the hospitals of Barts Health NHS Trust, funding projects above and beyond standard NHS funding. Reg no 212563.

Children services

So much of the vital work we do in caring for sick children and their families would simply not be possible without community support.

Contents

Foreword.....	4
Statement of the chief executive's responsibilities as the accountable officer of the trust.....	5
Statement of directors' responsibilities in respect of the accounts	6
Independent auditor's report to the directors of Barts Health NHS Trust	7
Statement of comprehensive income.....	12
Statement of financial position as at 31st March 2018.....	13
Statement of changes in taxpayers' equity.....	14
Statement of cash flows	15
Notes to the accounts	16
Operating income	29
Operating expenses	31
Employee benefits.....	33
Pension costs.....	36
Operating leases	37
Finance income	38
Finance expenditure	38
Other gains and losses	38
Intangible assets.....	39
Property, plant and equipment.....	40
Investment property	43
Inventories.....	43
Trade and other receivables.....	43
Cash and cash equivalents	44
Trade and other payables	45
Borrowings.....	45
Finance leases	46
Provisions	47
On-SoFP PFI, LIFT	48
PFI additional information	49
Carrying values of financial assets.....	51
Financial instruments	52
Events after the end of the reporting period.....	53
Losses and special payments.....	54
Related parties	55
External financing	57
Capital resource limit	57
Breakeven duty financial	57

Foreword

The Trust ended the year 2017/18 with a deficit of £108.8m (including sustainability and transformation funding STF of £36.2m) which was only £2.8m below the revised control total agreed in month 12. The revision of the control total was to reflect the financial impact associated with the timing of expected asset sales. The shortfall was as a result of the loss of STF income associated with the Trust not achieving the national A&E performance target and was in part offset by £6.4m of incentive STF (general distribution) and £1.5m of incentive STF (bonus).

The Trust has continued to focus on improving the delivery of high quality services, and in 2017/18 increased income by around 1.6% from £1,489m in 2016/17 to £1,513m in the financial year. Total operating expenditure increased in year by 0.7% from £1,541m to £1,551m in 2017/18 and this increment was partially offset by a favourable variance on reserves and provisions.

During the year, the Trust delivered £62.3m of cost improvements, and although this was below the target of £66.7m, this performance almost equate to 4.1% of income. Each element of the cost improvement programme went through an assessment process to ensure appropriate sign off for all of the efficiency improvements made by the Trust.

The total capital programme expenditure for the year was £36.3m of which £6.8m were funded by donations. £12.0m was spent on Equipment, £8.5m on Informatics and the balance on PFI lifecycle and other Estates projects.

The financial challenge faced by the Trust in 2017/18 will continue into next year although with a reduced level of planned deficit.

Looking forward, the Trust has submitted a financial plan for 2018/19 to NHS Improvement that delivers a £56.8m deficit (financial deficit excluding STF of £54.9m) after delivery of a £55.5m savings programme which includes the full year effect of 17-18 schemes and is working to identify further schemes to mitigate any future slippage that may occur in the programme.

The Trust remain committed to continual improvement in the quality of care, while also meeting national operational standards and working closely in some national and local initiatives in shaping the overall joint plan to ensure that health and care services are built around the needs of our local populations and at the same time ensuring value for money.



Chrisha Alagaratnam, chief finance officer



Chrisha Alagaratnam

Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust

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

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

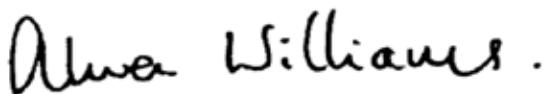
value for money is achieved from the resources available to the trust;

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

effective and sound financial management systems are in place; and

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

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



23/5/2018

Chief Executive

Date

Statement of Directors' Responsibilities in Respect of the Accounts

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

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

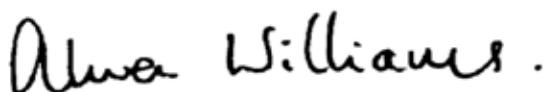
make judgements and estimates which are reasonable and prudent;

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



23/5/2018

Chief Executive

Date



23/5/2018

Chief Finance Officer

Date

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

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Barts Health NHS Trust (the 'Trust') for the year ended 31 March 2018. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Department of Health and Social Care Group Accounting Manual 2017-18 and the requirements of the National Health Service Act 2006.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2018 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2017-18; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for Opinion

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

Who we are reporting to

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

Material uncertainty related to going concern

We draw attention to note 1.1 in the financial statements, concerning the Trust's ability to continue as a going concern, which indicates that the Trust has submitted a financial plan for 2018/19 to NHS Improvement that delivers a £64.4 million deficit after delivery of a £61.9 million savings programme. The Trust has also submitted a provisional financial plan for 2019/20 to NHS Improvement that delivers a £26.4 million deficit after delivery of a £65.0 million savings programme. As stated in note 1.1, the Trust is reliant on £7.0 million of non-recurrent savings during 2018/19 in order to achieve the 2018/19 control total.

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

The provisional financial plan includes a requirement for up to £104.9 million of cash support for 2018/19, of which £51.7 million is required to maintain revenue cash flows and £53.2 million is required to support essential capital investment. NHS Improvement has not, as at the date of our report, confirmed the support for 2018/19 and 2019/20. These events or conditions, along with the other matters explained in note 1.1, indicate that a material uncertainty exists that may cast significant doubt about the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our work, including that gained through work in relation to the Trust's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the guidance issued by NHS Improvement or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration Report and Staff Report to be audited have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2017-18 and the requirements of the National Health Service Act 2006; and
- based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Trust gained through our work in relation to the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have referred a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we had reason to believe that the Trust, or an officer of the Trust, was about to make, or had made, a decision which involved or would involve the body incurring unlawful expenditure, or was about to take, or had begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we have made a written recommendation to the Trust under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters except on 23 May 2018 we referred a matter to the Secretary of State under Section 30(b) of the Local Audit and Accountability Act 2014 in relation to Barts Health NHS Trust's breach of its break-even duty for the three-year period ending 31 March 2018.

Responsibilities of the Directors and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Director's Responsibilities in Respect of the Accounts, the Directors are responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trust lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Trust.

The Audit and Risk Committee is Those Charged with Governance.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Report on other legal and regulatory requirements – Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Adverse conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller & Auditor General in November 2017, because of the significance of the matters described in the basis for adverse conclusion section of our report, we are not satisfied that, in all significant respects Barts Health NHS Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018

Basis for adverse conclusion

Our review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources identified the following matters:

- The Trust incurred an adjusted retained deficit of £108.8 million in 2017/18;
- The Trust's medium term financial plan shows a deficit control total of £64.4 million for 2018/19 prior to receipt of Provider Sustainability Funding. This plan is based on the Trust achieving: a challenging cost improvement programme of £61.9 million; an increase of £28 million in Patient Treatment Income; £60 million in profit from disposal of assets; and all the financial and operational conditions to attain £55 million of Provider Sustainability Funding;
- The Trust remains in the Department of Health and Social Care's Financial Special Measures programme due to the size of the current deficit; and
- The Care Quality Commission (CQC) review of the Trust's Whipps Cross University Hospital site in July 2016 rated services provided by the hospital as "inadequate". The CQC also inspected the Trust's Royal London Hospital site in July 2016 and its Newham General Hospital site in November 2016, and rated both hospitals as "requires improvement". The CQC has rated the Trust as "requires improvement" overall, highlighting significant concerns in safety, effectiveness, responsiveness and leadership.
- Due to the level of concerns raised across the Trust in previous CQC inspections, the Trust was placed in special measures on 16 March 2015 by NHS Improvement. The Trust remains in special measures.

These matters arise primarily due to weaknesses in the Trust's arrangements for setting a sustainable budget with sufficient capacity to absorb emerging cost pressures due to the current configuration of services and responding to service delivery issues raised by regulators.

These issues are evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and maintaining statutory functions, and understanding and using appropriate financial and performance information to support informed decision making and performance management.

Responsibilities of the Accountable Officer

As explained in the Statement of the Chief Executive's Responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

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

Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 21(3)(c) and Schedule 13 paragraph 10(a) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report where we have not been able to satisfy ourselves that it has done so. 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects, the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018, and to report by exception where we are not satisfied.

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 be satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements – Certificate

We certify that we have completed the audit of the financial statements of Barts Health NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Paul Grady

**Paul Grady
Engagement Lead**

for and on behalf of Grant Thornton UK LLP

30 Finsbury Square
London
EC2A 1AG

24 May 2018

Statement of Comprehensive Income

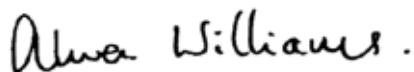
		2017/18	2016/17
	Note	£000	£000
Operating income from patient care activities	4.1	1,299,810	1,266,131
Other operating income	4.4	212,916	222,702
Operating expenses	5.1	<u>(1,550,806)</u>	<u>(1,540,502)</u>
Operating surplus/(deficit) from continuing operations		<u>(38,080)</u>	<u>(51,669)</u>
Finance income	9	892	129
Finance expenses	10	(71,192)	(64,727)
PDC dividends payable		<u>-</u>	<u>-</u>
Net finance costs		<u>(70,300)</u>	<u>(64,598)</u>
Other gains / (losses)	11	81	7,130
Deficit for the year from continuing operations		<u>(108,299)</u>	<u>(109,137)</u>
Deficit for the year		<u>(108,299)</u>	<u>(109,137)</u>
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments		(2,742)	(22,229)
Revaluations		113,056	4,450
Other reserve movements		<u>-</u>	<u>1,178</u>
Total comprehensive income for the period		<u>2,015</u>	<u>(125,738)</u>
Financial Performance for the year			
Retained deficit for the year		(108,299)	(109,137)
Impairments (excluding IFRIC 12 impairments)		1,730	40,396
Adjustments in respect of donated gov't grant asset reserve elimination		(1,794)	(740)
Remove impact of 1617 STF post accounts reallocation		(419)	0
Adjusted retained deficit		<u>(108,782)</u>	<u>(69,481)</u>

Statement of Financial Position as at 31st March 2018

	Note	31 March 2018 £000	31 March 2017 £000
Non-current assets			
Intangible assets	12	583	896
Property, plant and equipment	13	1,318,840	1,223,112
Trade and other receivables		4,971	3,009
Total non-current assets		1,324,394	1,227,017
Current assets			
Inventories	15	27,408	29,695
Trade and other receivables	16	213,979	166,045
Cash and cash equivalents	17	3,024	3,316
Total current assets		244,411	199,056
Current liabilities			
Trade and other payables	18	(158,732)	(132,775)
Borrowings	19	(26,184)	(26,027)
DH capital loan	19	(118,062)	(3,869)
Provisions	21	(2,890)	(2,113)
Other liabilities	18.2	(18,009)	(18,821)
Total current liabilities		(323,877)	(183,605)
Total assets less current liabilities		1,244,928	1,242,468
Non-current liabilities			
Borrowings	19	(1,017,271)	(1,043,376)
DH loan	21	(310,933)	(289,095)
Provisions	7	(14,673)	(15,377)
Total non-current liabilities		(1,342,877)	(1,347,848)
Total assets employed		(97,949)	(105,380)
Financed by			
Public dividend capital		327,050	321,634
Revaluation reserve		267,389	157,075
Income and expenditure reserve		(692,388)	(584,089)
Total taxpayers' equity		(97,949)	(105,380)

The notes on pages 13 to 55 form part of these accounts.

The financial statements on pages 9 to 12 were approved by the Board on 23rd May 2018 and signed on its behalf by



Chief Executive

23/5/2018

Date

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

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' equity at 1 April 2017 - brought forward	321,634	157,075	(584,089)	(105,380)
Surplus/(deficit) for the year	-	-	(108,299)	(108,299)
Impairments	-	(2,742)	-	(2,742)
Revaluations	-	113,056	-	113,056
Public dividend capital received	5,416	-	-	5,416
Taxpayers' equity at 31 March 2018	327,050	267,389	(692,388)	(97,949)

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

Taxpayers' equity at 1 April 2016 - brought forward	306,535	173,677	(474,953)	5,259
Surplus/(deficit) for the year	-	-	(109,137)	(109,137)
Impairments	-	(22,229)	-	(22,229)
Revaluations	-	4,450	-	4,450
Public dividend capital received	15,099	-	-	15,099
Other reserve movements	-	1,177	1	1,178
Taxpayers' equity at 31 March 2017	321,634	157,075	(584,089)	(105,380)

Information on reserves

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

Revaluation reserve

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

Income and expenditure reserve

The balance of this is the accumulated surpluses and deficits of the NHS Trust.

Statement of Cash Flows

	Note	2017/18 £000	2016/17 £000
Cash Flows from Operating Activities			
Operating surplus / (deficit)		(38,080)	(51,669)
Non-cash income and expense:			
Depreciation and amortisation	5.1	49,361	51,374
Net impairments	5.1	1,730	40,396
Income recognised in respect of capital donations	4.4	(6,795)	(6,036)
Amortisation of PFI deferred credit		-	-
Non-cash movements in on-SoFP pension liability		-	-
(Increase) / decrease in receivables and other assets		(53,421)	(34,857)
(Increase) / decrease in inventories		2,287	(7,825)
Increase / (decrease) in payables and other liabilities		31,261	(38,595)
Increase / (decrease) in provisions		33	(1,326)
Net cash generated from / (used in) operating activities		(13,624)	(48,538)
Cash Flows from Investing Activities			
Interest received		892	129
Purchase of property, plant, equipment and investment property		(35,986)	(42,104)
Sales of property, plant, equipment and investment property		3,677	139
Receipt of cash donations to purchase capital assets		-	324
Net cash generated from / (used in) investing activities		(31,417)	(41,512)
Cash Flows from Financing Activities			
Public dividend capital received		5,416	15,099
Movement on loans from the Department of Health and Social Care		136,030	155,529
Capital element of PFI, LIFT and other service concession payments		(26,501)	(23,053)
Other interest paid		(70,196)	(62,435)
PDC dividend (paid) / refunded		-	5,009
Net cash generated from / (used in) financing activities		44,749	90,149
Increase / (decrease) in cash and cash equivalents		(292)	99
Cash and cash equivalents at 1 April - brought forward		3,316	3,217
Cash and cash equivalents at 1 April - restated		3,316	3,217
Cash and cash equivalents at 31 March		3,024	3,316

Notes to the Accounts

1 Basis of preparation

The Secretary of State has directed that the financial statements of the trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2017/18 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to accounts.

1.1 Accounting convention

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

Going Concern

IAS 1 requires management to assess, as part of the accounts preparation process, the Trust's ability to continue as a going concern. In the context of non-trading entities in the public sector the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The Trust is also required to follow the guidance contained within the Department of Health and Social Care Group Accounting Manual as regards going concern matters.

In the context of non-trading entities in the public sector the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Trust without the transfer of its services to another entity within the public sector.

In preparing the financial statements the directors have considered the Trust's overall financial position and expectation of future financial support. The Trust has submitted a financial plan for 2018/19 to NHS Improvement which delivers a £64.4 million deficit after delivery of a £61.9 million savings programme which has been agreed by the Trust Board and is embedded in the budget. The Trust board have recognised that this is a highly demanding plan, which is subject to a high degree of risk, and dependent upon the full delivery of cost reduction targets, realisation of recurrent savings, and the adherence to agreed budgets.

The Trust has also taken into account the level of historic loans with the Department of Health and Social Care (DHSC). Given the need to continue to deliver public services, the DHSC will not force the Trust to make loan repayments where this will have a detrimental effect on the provision of healthcare to the public. The Trust is working towards achieving an improved financial position, which will make it less reliant on cash support from the DHSC in the future.

The Trust has also submitted a provisional financial plan for 2019/20 to NHS Improvement which delivers a £26.4 million deficit after delivery of a £65.0 million savings programme which has been agreed by the Trust Board.

The underlying financial performance of the Trust within the 2018/19 plan is a deficit of £64.4 million and the Trust is reliant upon £7.0 million of non-recurrent savings during 2018/19 in order to achieve the 2018/19 control total. The plan includes a requirement for up to £104.9 million of cash support from the Department of Health and Social Care, of which £51.7 million is required to maintain revenue cash flows, whilst £53.2 million is required to support essential capital investment.

NHS Improvement has not, at the date of approval of the financial statements, confirmed the support for 2018/19 and 2019/20.

Notes to the Accounts (cont.)

Although these factors represent material uncertainties that may cast significant doubt about the Trust's ability to continue as a going concern, the Directors, having made appropriate enquiries, still have reasonable expectations that the Trust will have adequate resources to continue in operational existence for the foreseeable future. As directed by the 2017/18 Department of Health and Social Care Group Accounting Manual, the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the foreseeable future. On this basis, the Trust has adopted the going concern basis for preparing the financial statements and has not included the adjustments that would result if it was unable to continue as a going concern.

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 Charitable Funds

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 entity's financial statements. In accordance with IAS 1 Presentation of Financial Statements, restated prior period accounts are presented where the adoption of the new policy has a material impact. Barts Charity is independent of the Trust and therefore consolidation is not required.

1.4 Critical accounting judgements and key sources of estimation uncertainty

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

1.4.1 Critical judgements in applying accounting policies

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

Department of Health and Social care guidance specifies that the Trust's land and buildings should be valued on the basis of depreciated replacement cost, applying the Modern Equivalent Asset (MEA) concept. The MEA is defined as "the cost of a modern replacement asset that has the same productive capacity as the property being valued." Therefore the MEA is not a valuation of the existing land and buildings that the Trust holds, but a theoretical valuation for accounting purposes of what the Trust could need to spend in order to replace the current assets.

In determining the MEA, the Trust has to make assumptions that are practically achievable, however the Trust is not required to have any plans to make such changes.

The Trust is satisfied that the assumptions underpinning the MEA valuation are practically achievable, would not change the services provided by the Trust, and would not impact on service delivery or the level and volume of service provided. This is because all staff are contracted to work across all sites, and the catchment area for patients using the services has been taken into account when deciding on an appropriate alternative site.

Notes to the Accounts (cont.)

The Trust does not intend to implement any of the theoretical assumptions that underpin the MEA valuation.

For the purpose of the MEA valuation, the Trust has defined all of St Bartholomews Hospital and an element of the Royal London Hospital as buildings that provide specialist health care services. The MEA valuation in the accounts assumes that these services could theoretically be provided from a location in Waltham Forest, as all staff are contracted to work across all sites and the patients will need specialist healthcare which will only be available from specialist centres.

For the purpose of the MEA valuation, the Trust has assumed that the modern equivalent asset for Whipps Cross University Hospital would be a multi storey building, which would occupy less land.

For the purpose of the MEA valuation, the Trust has not included unused space, unused land, underutilised space and any space not used for healthcare purposes or required to directly support the delivery of healthcare, in the calculation of modern equivalent asset.

The MEA valuations used by the Trust have been provided to the Trust by the Valuation Office Agency. The Trust has used component lives based upon contractual information provided by the Valuation Office Agency to depreciate buildings and dwellings on a component basis.

The Trust does not have any contractual arrangements that contain material embedded leases that are required to be capitalised under IFRIC 4 (Determining whether an arrangement contains a lease).

The Trust uses the standard Department of Health and Social Care model to account for its PFI schemes.

The Trust has estimated the provision for pensions relating to former staff using estimates provided by the NHS Pension Agency provided at the time of the member's early retirement. These are updated if the member dies or if it becomes apparent that the provision is not sufficient to meet the liability.

1.4.2 Key sources of estimation uncertainty

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

The Trust has a dispute with NHS England (London) Specialised Commissioning regarding work that has been undertaken during the year. The Trust requested for two independent expert reviews and has received opinion on the matter which has been used to assess the appropriate level of income to be included within the financial statement. The outcomes collaborate the Trust view that this work is payable. The dispute will now progress through the contractual dispute resolution process.

Revenue - Note 1.5 and Note 4.1 to 4.4

The basis of calculation for partially completed spells is detailed in note 1.5.

Asset Lives – Note 1.10

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. Economic lives are determined in a number of different ways such as valuations (external professional opinion) and physical asset verification exercises.

The minimum and maximum estimated economic lives of each class of asset are disclosed in note 1.10, and the carrying values of property, plant and equipment and intangible assets in notes 15 and 16 respectively.

Land and Buildings Valuations – Note 13.1

Land and Building assets were revalued at 31st March 2018. This valuation was carried out by Ros Johnson MA(Hons) MRICS, Principal Surveyor, DVS Property Services arm of the Valuation Office Agency using a Modern Equivalent Asset valuation methodology. The valuation methodology is set out in the RICS guidance, the Treasury FReM, Treasury Guidance on asset valuations and the IFRS (IAS16) guidance.

Notes to the Accounts (cont.)

Provision for Impairment of Receivables – Note 16.1

Provisions are based on the average percentage recovery rate of income received for current and prior financial years, according to each category of receivable. The Trust follows the guidance issued in the DH Group Accounting Manual in relation to the recommended rate for Injury Cost Recovery receivables.

1.5 Revenue

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

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

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

The pharmacy production department makes goods for sale. The department obtains prices by adding overheads to the total direct costs. The price arrived at is then evaluated against the current market prices.

1.6 Employee Benefits

Short-term employee benefits

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

Pension costs

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

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 NHS trust commits itself to the retirement, regardless of the method of payment.

Where staff are not eligible for the NHS Pensions Scheme, they are entitled to join the National Employment Savings Trust (NEST).

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

1.7 Other expenses

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

Notes to the Accounts (cont.)

Property, plant and equipment

1.8 Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.
- items form part of the initial equipment and set-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, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date.

Revaluations of property, plant and equipment 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. Current values in existing use are determined as follows:

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

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 and, where capitalised in accordance with IAS 23, borrowing costs. Assets are revalued and depreciation commences when they are brought into use.

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

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

Subsequent expenditure

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

1.9 Intangible assets

Recognition

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

Intangible assets acquired separately are initially recognised at cost. Software that is integral to the operation 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.

Notes to the Accounts (cont.)

Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasible of completing the intangible 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 or service delivery benefits;
- adequate financial, technical and other resources are available to complete the intangible asset and sell or use it; and
- the ability to measure reliably the expenses attributable to the intangible asset during its development.

Measurement

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

Following initial recognition, intangible assets are carried at current value in existing use by reference to an active market, or, where no active market exists, at the lower of amortised replacement cost (modern equivalent assets basis) and value in use where the asset is income generating. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.10 Depreciation, amortisation and impairments

Freehold land, assets under construction or development, and assets held for sale are not depreciated/amortised.

Otherwise, depreciation or amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, on a straight line basis over their estimated useful lives. The estimated useful life of an asset is the period over which the NHS trust expects to obtain economic benefits or service potential from the asset. This is specific to the NHS 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 the shorter of the lease term and the estimated useful lives.

At each financial year-end, the NHS trust checks whether there is any indication that its property, plant and equipment or intangible non-current assets have suffered an impairment loss. If there is indication of such an impairment, 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 at the financial year end.

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.

Useful economic lives of Property, Plant and Equipment

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives are shown in the table below. In addition, within the Furniture and Fittings category the Trust holds a number of paintings with indefinite life, although the total value is immaterial. There are 38 paintings in total with an overall value of £21k as at 31st March 2018.

Economic Lives of Non-Current Assets	Min Life Years	Max Life Years
Intangible Assets		
Software Licences	2	5
Property, Plant and Equipment		
Buildings exc Dwellings	2	72
Dwellings	3	72
Plant & Machinery	5	10
Transport Equipment	2	7
Information Technology	5	12
Furniture and Fittings	10	15

Notes to the Accounts (cont.)

1.11 Donated assets

Donated non-current assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at 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 treated in the same way as for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.12 Government grants

Government grant funded assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at fair value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.13 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

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

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

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

Operating 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 component is separated from the building component and the classification for each is assessed separately.

The Trust as lessor

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

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

1.14 Private Finance Initiative (PFI) transactions

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

Notes to the Accounts (cont.)

1.14 Private Finance Initiative (PFI) transactions (cont)

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

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

Further details of PFI transactions are included in notes 22 and 23.

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value or, if lower, at the present value of the minimum lease payments, in accordance with the principles of IAS 17. Subsequently, the assets are measured at current value in existing use.

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

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

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

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

Lifecycle replacement

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

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

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

Assets contributed by the NHS trust to the operator for use in the scheme

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

Other assets contributed by the NHS trust to the operator

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

1.15 Inventories

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

Notes to the Accounts (cont.)

1.16 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 cash management. Cash, bank and overdraft balances are recorded at current values.

1.17 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

Early retirement provisions are discounted using HM Treasury's pension discount rate of positive 0.10% (2016/17: positive 0.24%) in real terms. All other provisions are subject to three separate discount rates according to the expected timing of cashflows from the Statement of Financial Position date:

- A short term rate of negative 2.42% (2016/17: negative 2.70%) for expected cash flows up to and including 5 years
- A medium term rate of negative 1.85% (2016/17: negative 1.95%) for expected cash flows over 5 years up to and including 10 years
- A long term rate of negative 1.56% (2016/17: negative 0.80%) for expected cash flows over 10 years.

All percentages are in real terms.

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

1.18 Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the trust. The total value of clinical negligence provisions carried by NHS resolution on behalf of the trust is disclosed at note 21.1 but is not recognised in the trust's accounts.

1.19 Non-clinical risk pooling

The trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any "excesses" payable in respect of particular claims are charged to operating expenses when the liability arises.

Notes to the Accounts (cont.)

1.20 Carbon Reduction Commitment Scheme (CRC)

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

The carrying amount of the liability at the financial year end will therefore reflect the CO₂ emissions that have been made during that financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year. The liability is valued at fair value at the end of the reporting period.

1.21 Contingencies

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

Contingent liabilities are defined as:

1.22 Financial Instruments

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

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

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

Loans and receivables

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

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

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

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

Notes to the Accounts (cont.)

Financial Instruments (cont)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in long-term assets unless the trust intends to dispose of them within 12 months of the Statement of Financial Position date.

Available-for-sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item of "other comprehensive income". When items classified as "available-for-sale" are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised in "finance costs" in the Statement of Comprehensive Income.

Other financial liabilities

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

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

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

Impairment of financial assets

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

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

Other financial liabilities

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

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

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

Notes to the Accounts (cont.)

Financial Instruments (cont)

Impairment of financial assets

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at “fair value through income and expenditure” are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

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

Provisions are based on the average percentage recovery rate of income received for current and prior financial years, according to each category of receivable.

1.23 Public dividend capital

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

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

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

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

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

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 exchange

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction. Where the trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date monetary items (other than financial instruments measured at “fair value through income and expenditure”) are translated at the spot exchange rate on 31 March.

1.26 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*. Details of third party assets are given in Note 17.1 of the accounts.

Notes to the Accounts (cont.)

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

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

1.28 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

2.0 Operating segments

The nature of the Trust's services is the provision of healthcare. Similar methods are used to provide services across all locations, since all policies, procedures and governance arrangements are Trust wide. As an NHS Trust, all services are subject to the same regulatory environment and standards set by our external performance managers. Accordingly, the Trust operates one segment.

	2016/17 £000s	2015/16 £000s
Income	1,512,726	1,488,833
Segment deficit	(108,299)	(109,137)

3.0 Income generation activities

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. The Trust had no individual income generation activity whose full cost exceeded £1m or was otherwise material.

Note 4 Operating income from patient care activities

Note 4.1 Income from patient care activities (by nature)	2017/18	2016/17
	£000	£000
Acute services		
Elective income	156,626	149,029
Non elective income	346,601	303,833
First outpatient income	61,518	60,915
Follow up outpatient income	60,599	72,855
A & E income	60,108	53,637
High cost drugs income from commissioners (excluding pass-through costs)	123,498	111,860
Other NHS clinical income	452,427	449,413
Community services		
Community services income from CCGs and NHS England	18,854	44,754
Income from other sources (e.g. local authorities)	-	-
All services		
Private patient income	5,617	3,679
Other clinical income	13,962	16,156
Total income from activities	<u>1,299,810</u>	<u>1,266,131</u>

Note 4.2 Income from patient care activities (by source)

Income from patient care activities received from:	2017/18	2016/17
	£000	£000
NHS England		
NHS England	516,258	464,554
Clinical commissioning groups	741,797	753,220
Department of Health and Social Care	253	174
Other NHS providers	9,612	14,509
NHS other	421	379
Local authorities	11,541	13,460
Non-NHS: private patients	5,617	3,679
Non-NHS: overseas patients (chargeable to patient)	9,414	9,872
NHS injury scheme	4,526	6,241
Non NHS: other	371	43
Total income from activities	<u>1,299,810</u>	<u>1,266,131</u>
Of which:		
Related to continuing operations	1,299,810	1,266,131
Related to discontinued operations	-	-

Note 4.3 Overseas visitors (relating to patients charged directly by the provider)

	2017/18 £000	2016/17 £000
Income recognised this year	9,414	9,872
Cash payments received in-year	1,245	1,239
Amounts added to provision for impairment of receivables	5,628	6,582
Amounts written off in-year	1,715	1,256

Note 4.4 Other operating income

	2017/18 £000	2016/17 £000
Research and development	46,267	48,215
Education and training	77,040	77,693
Receipt of capital grants and donations	6,795	6,036
Charitable and other contributions to expenditure	93	140
Non-patient care services to other bodies	6,950	7,879
Support from the Department of Health and Social Care for mergers	-	-
Sustainability and transformation fund income	36,607	45,832
Rental revenue from operating leases	3,109	1,956
Other income		
Pharmacy sales	1,602	1,841
Property rental (not lease income)	4,807	3,500
IT Turnaround support	660	520
Other	28,986	29,090
Total other operating income	212,916	222,702
Of which:		
Related to continuing operations	212,916	222,702
Related to discontinued operations	-	-

5. Operating Expenses

Note 5.1 Operating expenses

	2017/18 £000	2016/17 £000
Purchase of healthcare from NHS and DHSC bodies	8,789	5,834
Purchase of healthcare from non-NHS and non-DHSC bodies	7,768	7,756
Staff and executive directors costs	888,903	869,083
Remuneration of non-executive directors	109	68
Supplies and services - clinical (excluding drugs costs)	139,780	128,159
Supplies and services - general	75,578	42,918
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	174,632	164,628
Consultancy costs	5,898	12,107
Establishment	9,508	9,103
Premises	53,356	49,853
Transport (including patient travel)	12,649	18,026
Depreciation on property, plant and equipment	49,048	51,022
Amortisation on intangible assets	313	352
Net impairments	1,730	40,396
Increase/(decrease) in provision for impairment of receivables	2,253	2,988
Change in provisions discount rate(s)	185	1,426
Audit fees payable to the external auditor		
audit services- statutory audit	131	180
other auditor remuneration (external auditor only)	9	12
Internal audit costs	-	-
Clinical negligence	44,715	40,650
Legal fees	1,257	853
Insurance	1,143	1,145
Research and development	24,718	17,676
Education and training	4,842	3,412
Rentals under operating leases	3,882	6,021
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) on IFRS basis	30,253	57,600
Hospitality	49	6
Other	9,308	9,228
Total	1,550,806	1,540,502
Of which:		
Related to continuing operations	1,550,806	1,540,502
Related to discontinued operations	-	-

Note 5.2 Other auditor remuneration

	2017/18 £000	2016/17 £000
Other auditor remuneration paid to the external auditor:		
Audit of the Trust Quality Accounts	9	12
Total	9	12

Note 5.3 Limitation on auditor's liability

The limitation on auditors liability for external audit work is £2m (2016/17: £0m)

Note 5.4 Impairment of assets

	2017/18 £000	2016/17 £000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	794	8,158
Other	936	32,238
Total net impairments charged to operating surplus / deficit	1,730	40,396
Impairments charged to the revaluation reserve	2,742	22,229
Total net impairments	4,472	62,625

Note 6 Employee benefits

	2017/18	2016/17
	Total £000	Total £000
Salaries and wages	698,076	578,844
Social security costs	73,664	66,995
Apprenticeship levy	3,475	-
Employer's contributions to NHS pensions	76,832	67,460
Pension cost - other	-	-
Termination benefits	207	179
Temporary staff (including agency)	36,982	155,635
Total gross staff costs	889,236	869,113
Total staff costs	889,236	869,113

Of which

Costs capitalised as part of assets	333	30
-------------------------------------	-----	----

	2017/18	2016/17
	£000s	£000s
Number of persons retired early on ill health grounds	6	4
Total additional pensions liabilities accrued in the year	524	364

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

Note 6.2 Staff Cost

	Permanent £000	Other £000	2017/18 Total £000	2016/17 Total £000
Salaries and wages	698,076	-	698,076	578,844
Social security costs	73,664	-	73,664	66,995
Apprenticeship levy	3,475	-	3,475	-
Employer's contributions to NHS pensions	76,832	-	76,832	67,460
Termination benefits	207	-	207	179
Temporary staff		36,982	36,982	155,635
Total gross staff costs	852,254	36,982	889,236	869,113
Recoveries in respect of seconded staff	-	-	-	-
Total staff costs	852,254	36,982	889,236	869,113
Of which:				
Costs capitalised as part of assets	333	-	333	30

2016/17 Temporary staff was inclusive of both Bank and agency staff. The 2017/18 includes only agency staff.

Note 6.3 Average number of employees (WTE basis)

	Permanent Number	Other Number	2017/18 Total Number	2016/17 Total Number
Medical and dental	2,274	357	2,631	2,524
Ambulance staff	-	-	-	-
Administration and estates	3,390	371	3,761	3,724
Healthcare assistants and other support staff	1,521	-	1,521	951
Nursing, midwifery and health visiting staff	4,710	973	5,683	5,693
Nursing, midwifery and health visiting learners	-	367	367	865
Scientific, therapeutic and technical staff	1,549	225	1,774	2,016
Healthcare science staff	614	14	628	449
Social care staff	-	-	-	-
Other	-	-	-	-
Total average numbers	14,058	2,307	16,365	16,222
Of which:				
Number of employees (WTE) engaged on capital projects	4	-	4	1

Note 6.4 Exit Packages

Reporting of compensation schemes - exit packages 2017/18

	Number of Compulsory Redundancies Number	Number of Other Departures Agreed Number	Total Number of Exit Packages Number
Exit package cost band (including any special payment element)			
<£10,000	14	-	14
£10,001 - £25,000	3	-	3
£25,001 - 50,000	3	-	3
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total number of exit packages by type	20	-	20
Total resource cost (£)		£208,000	£0
			£208,000

Note 6.4 Exit Packages (cont)

Reporting of compensation schemes - exit packages 2016/17

	Number of Compulsory Redundancies Number	Number of Other Departures Agreed Number	Total number of Exit Packages Number
<£10,000	21	-	-
£10,001 - £25,000	3	-	-
£25,001 - 50,000	1	-	-
£50,001 - £100,000	1	-	-
£100,001 - £150,000	1	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total number of exit packages by type	27	-	-
Total resource cost (£)		£0	£312,701

Note 7 Pension costs

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

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

Note 8 Operating leases

Note 8.1 Barts Health NHS Trust as a lessor

This note discloses income generated in operating lease agreements where Barts Health NHS Trust is the lessor.

	2017/18 £000	2016/17 £000
Operating lease revenue		
Minimum lease receipts	3,109	1,956
Contingent rent	-	-
Other	-	-
Total	3,109	1,956
	31 March 2018 £000	31 March 2017 £000
Future minimum lease receipts due:		
- not later than one year;	3,279	1,971
- later than one year and not later than five years;	10,758	1,382
- later than five years.	90,354	3,990
Total	104,391	7,343

Note 8.2 Barts Health NHS Trust as a lessee

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

	2017/18 £000	2016/17 £000
Operating lease expense		
Minimum lease payments	3,882	6,021
Contingent rents	-	-
Less sublease payments received	-	-
Total	3,882	6,021
	31 March 2018 Buildings £000	31 March 2017 £000
Future minimum lease payments due:		
- not later than one year;	3,623	6,405
- later than one year and not later than five years;	6,534	19,109
- later than five years.	401	2,357
Total	10,558	27,871
Future minimum sublease payments to be received	-	-

Note 9 Finance income

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

	2017/18 £000	2016/17 £000
Interest on bank accounts	892	129
Total	892	129

Note 10.1 Finance expenditure

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

	2017/18 £000	2016/17 £000
Interest expense:		
Loans from the Department of Health and Social Care	10,782	6,702
Finance leases	275	332
Interest on late payment of commercial debt	1	-
Main finance costs on PFI and LIFT schemes obligations	36,588	37,334
Contingent finance costs on PFI and LIFT scheme obligations	23,506	20,148
Total interest expense	71,152	64,516
Unwinding of discount on provisions	40	211
Other finance costs	-	-
Total finance costs	71,192	64,727

Note 10.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2017/18 £000	2016/17 £000
Amounts included within interest payable arising from claims made under this legislation	1	-

Note 11 Other gains / (losses)

	2017/18 £000	2016/17 £000
Gains on disposal of assets	81	3,358
Losses on disposal of assets	-	-
Total gains / (losses) on disposal of assets	81	3,358
Fair value gains / (losses) on financial liabilities	-	3,772
Total other gains / (losses)	81	7,130

Note 12.1 Intangible assets - 2017/18

	Software licences £000	Internally generated information technology £000	Total £000
Valuation / gross cost at 1 April 2017 - brought forward	2,028	670	2,698
Additions	-	-	-
Gross cost at 31 March 2018	2,028	670	2,698
Amortisation at 1 April 2017 - brought	1,161	641	1,802
Provided during the year	284	29	313
Amortisation at 31 March 2018	1,445	670	2,115
Net book value at 31 March 2018	583	-	583
Net book value at 1 April 2017	867	29	896

Note 12.2 Intangible assets - 2016/17

	Software licences £000	Internally generated information technology £000	Total £000
Valuation / gross cost at 1 April 2016 - as previously stated	2,008	670	2,678
restated	2,008	670	2,678
Additions	20	-	20
Valuation / gross cost at 31 March 2017	2,028	670	2,698
Amortisation at 1 April 2016 - as previously restated	809	641	1,450
Provided during the year	352	-	352
Amortisation at 31 March 2017	1,161	641	1,802
Net book value at 31 March 2017	867	29	896
Net book value at 1 April 2016	1,199	29	1,228

Note 13.1 Property, plant and equipment - 2017/18

	Land £'000	Buildings excluding dwellings £'000	Dwellings £'000	Assets under construction £'000	Plant & machinery £'000	Transport equipment £'000	Information technology £'000	Furniture & fittings £'000	Total £'000
Valuation/gross cost at 1 April 2017 - brought forward									
Additions	-	11,252	324	7,675	13,588	-	-	3,424	-
Impairments	-	(2,739)	(3)	-	-	-	-	-	(2,742)
Revaluations	1,070	111,929	57	-	-	-	-	-	113,056
Reclassifications	(151)	270	-	(5,510)	1,077	-	-	4,314	-
Disposals / derecognition	-	-	-	-	(1,693)	-	(6,434)	-	(8,127)
Valuation/gross cost at 31 March 2018									
Accumulated depreciation at 1 April 2017 - brought forward	-	67,403	419	-	84,312	159	28,177	516	180,986
Provided during the year	-	27,166	349	-	16,423	8	5,033	69	49,048
Impairments	-	1,730	-	-	-	-	-	-	1,730
Disposals / derecognition	-	-	-	-	(1,622)	-	(6,434)	-	(8,056)
Accumulated depreciation at 31 March 2018									
Net book value at 31 March 2018	135,011	1,091,747	3,987	7,737	67,121	3	12,794	440	1,318,840
Net book value at 1 April 2017	134,092	999,931	3,958	5,572	68,950	11	10,089	509	1,223,112

13.2 Note 13.2 Property, plant and equipment - 2016/17

	Land £'000	Dwellings £'000	Dwellings £'000	Buildings excluding dwellings £'000	Assets under construction on site £'000	Plant & machinery £'000	Transport equipment £'000	Information & fittings £'000	Furniture & fittings £'000	Total £'000
Valuation / gross cost at 1 April 2016 - as previously stated										
Additions	-	28,051	-	5,242	18,765	-	-	957	161	53,176
Impairments	-	(21,722)	(28)	(479)	-	-	-	-	-	(22,229)
Revaluations	2,075	2,375	-	-	-	-	-	-	-	4,450
Reclassifications	-	32,060	-	(32,498)	3	-	435	-	-	-
Disposals / derecognition	-	(220)	-	(974)	-	-	-	-	-	(1,194)
Valuation/gross cost at 31 March 2017										
Accumulated depreciation at 1 April 2016 - as previously stated	-	-	-	-	67,239	134	22,615	468	90,456	
Provided during the year	-	27,344	157	-	17,886	25	5,562	48	51,022	
Impairments	-	40,134	262	-	-	-	-	-	-	40,396
Disposals/ derecognition	-	(75)	-	-	(813)	-	-	-	-	(888)
Accumulated depreciation at 31 March 2017										
Net book value at 31 March 2017	134,092	999,931	3,958	5,572	68,950	11	10,089	509	1,223,112	
Net book value at 1 April 2016	132,017	1,026,790	4,405	33,307	68,229	36	14,259	396	1,279,439	

Note 13.3 Property, plant and equipment financing - 2017/18

	Buildings excluding dwellings £000		Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Net book value at 31 March 2018									
Owned - purchased	135,011	320,046	3,053	6,973	53,654	-	12,608	430	531,775
Finance leased	-	5,942	418	-	-	-	-	-	6,360
On-SoFFP PFI contracts and other service concession arrangements	-	732,251	-	-	-	-	-	-	732,251
Owned - government granted	-	520	-	-	-	-	-	-	520
Owned - donated	-	32,988	516	764	13,467	3	186	10	47,934
NBV total at 31 March 2018	135,011	1,091,747	3,987	7,737	67,121	3	12,794	440	1,318,840

Note 13.4 Property, plant and equipment financing - 2016/17

	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000	
Net book value at 31 March 2017									
Owned - purchased	134,092	292,580	3,053	4,580	55,355	-	9,997	503	
Finance leased	-	6,781	609	-	740	-	-	8,130	
On-SoFFP PFI contracts and other service concession arrangements	-	670,831	-	-	-	-	-	670,831	
Owned - government granted	-	391	-	610	-	-	-	1,001	
Owned - donated	-	29,348	296	382	12,855	11	92	6	42,990
NBV total at 31 March 2017	134,092	999,931	3,958	5,572	68,950	11	10,089	509	1,223,112

Note 14 Investment Property

The Trust holds no investment property (nil in 2016/17).

Note 15 Inventories

	31 March 2018 £000	31 March 2017 £000
Drugs	11,289	12,292
Consumables	15,753	17,072
Energy	366	331
Total inventories	27,408	29,695
of which:		
Held at fair value less costs to sell	27,408	29,695

Note 16 Trade receivables and other receivables

	31 March 2018 £000	31 March 2017 £000
Current		
Trade receivables	158,621	120,265
Capital receivables (including accrued capital related income)	-	3,525
Accrued income	38,194	19,604
Provision for impaired receivables	(20,873)	(20,556)
Prepayments (non-PFI)	8,200	5,085
Prepayments (PFI)	14,119	25,905
Prepayments (PFI financial close)	100	100
VAT receivable	14,741	10,941
Other receivables	877	1,176
Total current trade and other receivables	213,979	166,045
Non-current		
Prepayments (PFI financial close)	4,971	3,009
Total non-current trade and other receivables	4,971	3,009

Of which receivables from NHS and DHSC group bodies:

Current	135,386	85,330
Non-current	-	-

Note 16.1 Provision for impairment of receivables

	31 March 2018 £000	31 March 2017 £000
At 1 April as previously stated	20,556	18,698
Increase in provision	8,344	10,031
Amounts utilised	(1,936)	(1,130)
Unused amounts reversed	(6,091)	(7,043)
At 31 March	20,873	20,556

Note 16.2 Credit quality of financial assets

	31 March 2018 Trade and other receivables £000	31 March 2017 Trade and Other Receivables £000
Ageing of impaired financial assets		
0 - 30 days	981	1,332
30-60 Days	594	769
60-90 days	572	410
90- 180 days	1,413	1,685
Over 180 days	<u>17,313</u>	<u>16,360</u>
Total	<u>20,873</u>	<u>20,556</u>
Ageing of non-impaired financial assets past their due date		
0 - 30 days	9,759	12,339
30-60 Days	2,320	4,341
60-90 days	1,656	1,092
90- 180 days	4,331	3,187
Over 180 days	<u>20,617</u>	<u>16,055</u>
Total	<u>38,683</u>	<u>37,014</u>

Note 17 Cash and cash equivalents

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

	31 March 2018 £000	31 March 2017 £000
At 1 April	3,316	3,217
Net change in year	(292)	99
At 31 March	<u>3,024</u>	<u>3,316</u>
Broken down into:		
Cash at commercial banks and in hand	57	163
Cash with the Government Banking Service	<u>2,967</u>	<u>3,153</u>
Total cash and cash equivalents as in SoFP	<u>3,024</u>	<u>3,316</u>
Bank overdrafts (GBS and commercial banks)	-	-
Drawdown in committed facility	-	-
Total cash and cash equivalents as in SoCF	<u>3,024</u>	<u>3,316</u>

Note 17.1 Third party assets held by the trust

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

	31 March 2018 £000	31 March 2017 £000
Bank balances	76	90
Monies on deposit	-	-
Total third party assets	<u>76</u>	<u>90</u>

Note 18 Trade and other payables

	31 March 2018 £000	31 March 2017 £000
Current		
Trade payables	117,210	87,540
Capital payables	4,288	11,359
Accruals	14,770	28,552
Social security costs	10,715	328
VAT payables	-	-
Other taxes payable	10,033	391
PDC dividend payable	-	-
Accrued interest on loans	1,611	655
Other payables	105	3,950
Total current trade and other payables	<u>158,732</u>	<u>132,775</u>

Note 18.1 Early retirements in NHS payables above

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

	31 March 2018 £000	31 March 2017 £000
Outstanding pension contributions	11,129	121

Note 18.2 Other liabilities

Current

Deferred income	18,009	18,821
Total other current liabilities	<u>18,009</u>	<u>18,821</u>

Note 19 Borrowings

	31 March 2018 £000	31 March 2017 £000
Current		
Loans from the Department of Health and Social Care	118,062	3,869
Other loans	-	-
Obligations under finance leases	1,650	1,505
PFI lifecycle replacement received in advance	-	-
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	24,534	24,522
Total current borrowings	<u>144,246</u>	<u>29,896</u>
Non-current		
Loans from the Department of Health and Social Care	310,933	289,095
Other loans	-	-
Obligations under finance leases	4,441	6,012
PFI lifecycle replacement received in advance	-	-
Obligations under PFI, LIFT or other service concession contracts	1,012,830	1,037,364
Total non-current borrowings	<u>1,328,204</u>	<u>1,332,471</u>

Note 20 Finance leases

Note 20.1 Barts Health NHS Trust as a lessee

Obligations under finance leases where Barts Health NHS Trust is the lessee.

	31 March 2018	31 March 2017
	£000	£000
Gross lease liabilities	6,544	8,350
of which liabilities are due:		
- not later than one year;	1,852	1,783
- later than one year and not later than five years;	4,692	6,488
- later than five years.	-	79
Finance charges allocated to future periods	(453)	(833)
Net lease liabilities	6,091	7,517
of which payable:		
- not later than one year;	1,650	1,505
- later than one year and not later than five years;	4,441	5,936
- later than five years.	-	76
Total of future minimum sublease payments to be received at the reporting date	-	-

Note 21 Provisions for liabilities and charges analysis

	Pensions - early departure costs £000	Legal claims £000	Redundancy £000	Other £000	Total £000
At 1 April 2017	16,718	741	31	-	17,490
Transfers by absorption	-	-	-	-	-
Change in the discount rate	185	-	-	-	185
Arising during the year	615	157	96	613	1,481
Utilised during the year groups	(1,310)	-	(31)	-	(1,341)
Reversed unused	(231)	(61)	-	-	(292)
Unwinding of discount	40	-	-	-	40
At 31 March 2018	16,017	837	96	613	17,563
Expected timing of cash flows:					
- not later than one year;	1,344	837	96	613	2,890
- later than one year and not later than five years;	5,375	-	-	-	5,375
- later than five years.	9,298	-	-	-	9,298
Total	16,017	837	96	613	17,563

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

As at 31st March 2018	647,867
As at 31st March 2017	531,618

Early Departure Costs are for the relevant pension obligations arising from early retirements of Trust staff.

Legal Claims are based upon estimates provided by NHS Litigation Agency and the Trust solicitors.

Note 21.1 Contingent assets and liabilities

	31 March 2018 £000	2017 £000
--	--------------------------	--------------

Value of contingent liabilities

NHS Resolution legal claims	(165)	(178)
Gross value of contingent liabilities	(165)	(178)
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	(165)	(178)

Note 21.2 Contractual capital commitments

	31 March 2018 £000	2017 £000
Property, plant and equipment	3,055	1,391
Total	3,055	1,391

Note 22 On-SoFP PFI, LIFT or other service concession

Note 22.1 Imputed finance lease obligations

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

	31 March 2018 £000	31 March 2017 £000
Gross PFI, LIFT or other service concession liabilities	1,658,279	1,719,390
Of which liabilities are due		
- not later than one year;	60,286	61,110
- later than one year and not later than five years;	232,111	234,684
- later than five years.	1,365,882	1,423,596
Finance charges allocated to future periods	(620,915)	(657,504)
Net PFI, LIFT or other service concession arrangement obligation	1,037,364	1,061,886
- not later than one year;	24,534	24,522
- later than one year and not later than five years;	97,460	96,657
- later than five years.	915,370	940,707

Note 22.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

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

	31 March 2018 £000	31 March 2017 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	5,015,136	4,995,120
Of which liabilities are due:		
- not later than one year;	117,221	113,430
- later than one year and not later than five years;	498,930	472,748
- later than five years.	4,398,985	4,408,942

Note 22.3 Analysis of amounts payable to service concession

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

	2017/18 £000	2016/17 £000
Unitary payment payable to service concession operator	118,716	142,364
Consisting of:		
- Interest charge	36,588	37,334
- Repayment of finance lease liability	24,522	21,602
- Service element and other charges to operating expenditure	30,253	57,600
- Capital lifecycle maintenance	3,847	5,680
- Revenue lifecycle maintenance	-	-
- Contingent rent	23,506	20,148
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	4,181	-
Total amount paid to service concession operator	122,897	142,364

23. PFI additional information

23.1 Barts and The Royal London Hospitals

The Trust had embarked on the biggest hospital redevelopment programme in Britain, managed through a £1.15 billion capital expenditure PFI contract with Capital Hospitals Ltd (our PFI Partner) to build the new hospitals.

Under the PFI contract, which ends on 25th April 2048, the Trust's PFI provider has constructed two new hospitals and provide facilities management of existing and new premises for the duration of the contract. At the conclusion of the contract, ownership of the assets will revert to the Trust. Under IFRIC 12, the asset is treated as an asset of the Trust with an internal rate of return on the finance lease of 3.2755% (excluding contingent rent) or 7.5% (including estimated contingent rent in note 29.3).

The first phases of Barts (phase 1A & 1B) were commissioned in March 2010, and the second phases (phase 2A & 2B) were commissioned in September 2014. The remaining phase of Barts was commissioned in 2015/16 (phase 3).

The first phases of The Royal London (Phase 1A & 1B) were commissioned between November 2011 and February 2012 and the second phases (Phase 2A and 2B) were commissioned in March 2014.

23.2 Barts Hospital and The Royal London Hospital PFI Scheme committed future charges: services and building maintenance 2017/18

	Total £000s	Lifecycle Replacement £000s	Services Received £000s
Within One Year	27,300	4,683	22,617
Between One and Five Years	129,559	34,828	94,731
Later than Five Years	1,274,034	415,925	858,109
Total	1,430,893	455,436	975,457

Lifecycle replacement is a contractual payment that the Trust makes to the PFI partner for the maintenance of the buildings.
2016/17

	Total £000s	Lifecycle Replacement £000s	Services Received £000s
Within One Year	23,980	4,683	20,479
Between One and Five Years	116,146	34,828	86,887
Later than Five Years	1,245,777	415,076	830,701
Total	1,385,903	454,587	938,067

23.3 Barts Hospital and The Royal London Hospital PFI Scheme committed future charges: provision of buildings 2017/18

	Total £000s	Repayment of Borrowings £000s	Interest £000s	Contingent Rent £000s
Within One Year	81,243	23,966	32,571	24,706
Between One and Five Years	332,437	94,084	122,716	115,637
Later than Five Years	2,936,985	889,991	421,552	1,625,442
Total	3,350,665	1,008,041	576,839	1,765,785

2016/17	Total £000s	Repayment of Borrowings £000s	Interest £000s	Contingent Rent £000s
Within One Year	74,591	21,482	34,075	19,034
Between One and Five Years	317,614	93,532	128,807	95,275
Later than Five Years	3,044,917	938,552	481,383	1,624,982
Total	3,437,122	1,053,566	644,265	1,739,291

The Trust has to make a contractual rental payment to the PFI partner for the use of the building during the PFI contract, which is known as contingent rent. The payment is linked to movements in the Retail Price Index (RPI) and a future RPI of 2.5% has been assumed in the calculation of these figures (as per guidance issued by the Department of Health and Social Care Private Finance Unit).

23. PFI additional information (cont)

23.4 Newham University Hospital

The Newham University Hospital PFI scheme is managed through a contract with John Laing (Healthcare Support Newham Limited - HSNL) which ends on 31st March 2039. At the conclusion of the contract, ownership of the assets will revert to the Trust. Under IFRIC 12, the asset is treated as an asset of the Trust with an internal rate of return on the finance lease of 11.198% (excluding contingent rent) or 15% (including estimated contingent rent in note 29.6).

23.5 Newham University Hospital PFI Scheme committed future charges: services and building maintenance

	Total £000s	Lifecycle Replacement £000s	Services Received £000s
Within One Year	3,317	519	2,798
Between One and Five Years	13,640	1,788	11,852
Later than Five Years	81,418	20,747	60,671
Total	98,375	23,054	75,321

	Total £000s	Lifecycle Replacement £000s	Services Received £000s
2016/17			
Within One Year	4,855	541	4,314
Between One and Five Years	10,220	1,948	8,272
Later than Five Years	66,286	20,783	45,503
Total	81,361	23,272	58,089

Lifecycle replacement is a contractual payment that the Trust makes to the PFI partner for the maintenance of the buildings.

23.6 Newham University Hospital PFI Scheme committed future charges: provision of buildings

	Total £000s	Repayment of borrowings £000s	Interest £000s	Contingent Rent £000s
Within One Year	5,361	567	3,182	1,612
Between One and Five Years	23,293	3,377	11,934	7,982
Later than Five Years	106,552	25,380	28,961	52,211
Total	135,206	29,324	44,077	61,805

	Total £000s	Repayment of borrowings £000s	Interest £000s	Contingent Rent £000s
Within One Year	4,492	119	3,259	1,114
Between One and Five Years	21,476	2,619	12,553	6,304
Later than Five Years	115,700	27,183	34,760	53,757
Total	141,668	29,921	50,572	61,175

There are no future phases for the Newham University Hospital PFI Scheme as it has been handed over to the Trust in full.

The Trust has to make a contractual rental payment to the PFI partner for the use of the building during the PFI contract, which is known as contingent rent. The payment is linked to movements in the Retail Price Index (RPI) and a future RPI of 2.5% has been assumed in the calculation of these figures (as per guidance issued by the Department of Health Private Finance Unit).

Note 24 Carrying values of financial assets

	Loans and Receivables £000	Assets at Fair Value Through the I&E £000	Held to Maturity £000	Available-for-Sale £000	Total Book Value £000
Assets as per SoFP as at 31 March 2018					
Trade and other receivables excluding non financial assets	197,692	-	-	-	197,692
Cash and cash equivalents at bank and in hand	3,024	-	-	-	3,024
Total at 31 March 2018	200,716	-	-	-	200,716

	Loans and Receivables £000	Assets at Fair Value Through the I&E £000	Held to Maturity £000	Available-for-sale £000	Total Book Value £000
Assets as per SoFP as at 31 March 2017					
Trade and other receivables excluding non financial assets	164,293	-	-	-	164,293
Cash and cash equivalents at bank and in hand	3,316	-	-	-	3,316
Total at 31 March 2017	167,609	-	-	-	167,609

Note 24.1 Carrying values of financial liabilities

	Other Financial Liabilities £000	Liabilities at Fair Value Through the I&E £000	Total Book Value £000
Liabilities as per SoFP as at 31 March 2018			
Borrowings excluding finance lease and PFI liabilities	428,995	-	428,995
Obligations under finance leases	6,091	-	6,091
Obligations under PFI, LIFT and other service concession contracts	1,037,364	-	1,037,364
Trade and other payables excluding non financial liabilities	137,984	-	137,984
Total at 31 March 2018	1,610,434	-	1,610,434

	Other Financial Liabilities £000	Liabilities at Fair Value Through the I&E £000	Total Book Value £000
Liabilities as per SoFP as at 31 March 2017			
Borrowings excluding finance lease and PFI liabilities	292,964	-	292,964
Obligations under finance leases	7,517	-	7,517
Obligations under PFI, LIFT and other service concession contracts	1,061,886	-	1,061,886
Trade and other payables excluding non financial liabilities	132,056	-	132,056
Total at 31 March 2017	1,494,423	-	1,494,423

Note 24.2 Maturity of financial liabilities

	31 March 2018 £000	31 March 2017 £000
In one year or less	282,230	161,952
In more than one year but not more than two years	323,719	202,420
In more than two years but not more than five years	81,165	185,014
In more than five years	923,320	945,037
Total	1,610,434	1,494,423

25 Financial Instruments

25.1 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 its 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 NHS Improvement. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health and Social Care (the lender) at the point borrowing is undertaken. 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 31st March 2018 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 CCGs, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Fair Value

In reporting the value of financial assets and liabilities in notes 25.2 and 25.3, the Trust has assessed that, given the nature of those financial assets and liabilities, fair value is equal to current value, and as such no additional disclosure is required.

Financial Instruments (cont)

25.2 Financial Assets

	<--- Loans & Receivables --->	
	2017/18 £000s	2016/17 £000s
Receivables - NHS	150,093	85,835
Receivables - non-NHS	47,600	78,458
Cash at bank and in hand	3,024	3,316
Total at 31st March	200,717	167,609

25.3 Financial Liabilities

	<--- Other --->	
	2017/18 £000s	2016/17 £000s
NHS payables	19,477	25,114
Non-NHS payables	118,507	106,942
Other borrowings	428,995	292,964
PFI & finance lease obligations	1,043,455	1,069,403
Total at 31st March	1,610,434	1,494,423

26 Events after the end of the reporting period

The Trust is planning to dispose of some of the Whitechapel site in the 2018/19 financial year.

Note 27 Losses and special payments

	2017/18		2016/17	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	63	92	39	90
Fruitless payments	-	-	-	-
Bad debts and claims abandoned	279	1,944	142	1,344
Stores losses and damage to property	1	1	25	16
Total losses	343	2,037	206	1,450
Special payments				
Ex-gratia payments	78	47	106	41
Total special payments	78	47	106	41
Total losses and special payments	421	2,084	312	1,492
Compensation payments received	-	-	-	-

Note 27.1 Gifts

Disclosure of gifts is only required if the total value of gifts made exceeds £300,000.

Note 28 Related Parties

Barts Health NHS Trust has had a significant number of material transactions with the Department of Health and Social Care, and with other entities for which the Department of Health and Social Care is regarded as the parent Department. During the year none of the Department of Health and Social Care ministers, Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Barts Health NHS Trust.

Dr Thoreya Swage (non-executive director) is a non executive director of Frimley Health NHS Foundation Trust. Details of the income/expenditure amounts owed to/from Frimley Health NHS FT are included in notes 28.1 and 28.2 below.

The table below only shows those entities which exceed either:

- a) The total amount owed to / owed by the related party as at 31 March 2018 exceeds £1m and / or
- b) The total income/expenditure transacted with the related party exceeds £10m

Note 28.1 Amounts owed to/from related parties

	Amounts owed to related party		Amounts due from related party	
	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000
Barking, Havering & Redbridge NHS Trust	593	2,667	1,478	2,621
Common Council of the City of London	3,794	190	0	0
Community Health Partnerships	906	135	0	79
Department of Health and Social Care	0	0	235	430
East London NHS FT	1,826	1,656	5,430	4,410
Frimley Health NHS FT	2	2	7	7
Health Education England	40	86	88	1,003
HM Revenue and Customs	20,748	719	14,741	10,941
Homerton University Hospital NHS FT	1,542	1,052	2,011	2,001
Newham London Borough Council	1,140	265	24	0
NHS Basildon and Brentwood CCG	0	0	1,053	2,393
NHS Blood and Transplant	253	1,461	34	0
NHS Camden CCG	0	0	118	490
NHS City and Hackney CCG	40	76	2,011	1,234
NHS Enfield CCG	4	4	62	46
NHS England	32	27	86,228	29,348
NHS Haringey CCG	51	8	0	856
NHS Herts Valleys CCG	0	0	657	606
NHS Improvement (TDA legal entity)	60	66	408	249
NHS Islington CCG	4	4	1,014	1,116
NHS Mid Essex CCG	0	0	1,993	1,367
NHS Newham CCG	4,238	2,533	6,679	2,569
NHS Pension Scheme	11,404	121	0	0
NHS Property Services	4,730	4,522	0	0
NHS Redbridge CCG	585	622	861	874
NHS Slough CCG	0	0	554	1,435
NHS Thurrock CCG	0	0	534	2,724
NHS Tower Hamlets CCG	1,752	1,587	1,790	3,719
NHS Waltham Forest CCG	984	1,044	2,098	1,254
NHS West Essex CCG	82	12	1,405	1,480
Queen Mary University of London	539	1,056	1,493	2,574
Royal Free London NHS FT	1,882	1,332	2,850	4,153
Tower Hamlets London Borough Council	9,907	611	866	737
University College London NHS FT	1,344	4,785	2,306	3,012

Note 28 Related Parties (cont)

Note 28.2 Income/expenditure with related parties

	Income from Related Party		Expenditure with Related Party	
	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000
Barts Health Charity	7,035	6,777	269	5
BOA & Associates Consultancy Limited	0	0	119	0
Department of Health and Social Care	38,284	39,878	0	0
Frimley Health NHS FT	18	31	12	9
Health Education England	77,658	78,687	11	39
HM Revenue and Customs	0	0	77,150	66,995
NHS Barking and Dagenham CCG	23,747	24,352	0	0
NHS Barnet CCG	2,422	0	0	0
NHS Camden CCG	2,272	0	0	0
NHS City and Hackney CCG	28,601	30,156	0	0
NHS Enfield CCG	6,433	0	0	0
NHS England	567,546	513,841	60	8
NHS Haringey CCG	5,963	0	0	0
NHS Havering CCG	11,312	12,601	0	0
NHS Islington CCG	6,676	0	0	0
NHS Newham CCG	201,666	188,865	1,507	269
NHS Pension Scheme	0	0	76,832	67,460
NHS Redbridge CCG	67,974	66,205	0	0
NHS Resolution	0	248	45,584	41,448
NHS Tower Hamlets CCG	170,748	186,806	402	249
NHS Waltham Forest CCG	144,198	140,546	0	0
NHS West Essex CCG	22,736	21,435	10	12
Queen Mary University of London	3,780	3,341	14,631	9,180
Royal Free London NHS FT	9,398	13,399	7,904	6,739
Tower Hamlets London Borough Council	4,571	4,899	0	609
University College London NHS FT	2,321	1,744	9,243	10,118

Note 29 Better Payment Practice Code

	2017/18 Number	2017/18 £000	2016/17 Number	2016/17 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	184,464	927,402	201,749	1,098,972
Total non-NHS trade invoices paid within target	<u>121,871</u>	<u>764,919</u>	<u>147,334</u>	<u>943,818</u>
Percentage of non-NHS trade invoices paid within target	<u>66.07%</u>	<u>82.48%</u>	<u>73.03%</u>	<u>85.88%</u>
NHS Payables				
Total NHS trade invoices paid in the year	4,616	264,063	3,605	264,576
Total NHS trade invoices paid within target	<u>2,235</u>	<u>236,892</u>	<u>1,932</u>	<u>250,202</u>
Percentage of NHS trade invoices paid within target	<u>48.42%</u>	<u>89.71%</u>	<u>53.59%</u>	<u>94.57%</u>

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

Note 30 External financing

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

	2017/18 £000	2016/17 £000
Cash flow financing	<u>115,237</u>	<u>147,476</u>
Finance leases taken out in year	<u>0</u>	<u>0</u>
Other capital receipts		
External financing requirement	<u>115,237</u>	<u>147,476</u>
External financing limit (EFL)	<u>115,814</u>	<u>147,792</u>
Under / (over) spend against EFL	<u>577</u>	<u>316</u>

Note 31 Capital Resource Limit

	2017/18 £000	2016/17 £000
Gross capital expenditure	36,263	53,196
Less: Disposals	(71)	(306)
Less: Donated and granted capital additions	(6,795)	(6,036)
Plus: Loss on disposal of donated/granted assets	-	-
Charge against Capital Resource Limit	<u>29,397</u>	<u>46,854</u>
Capital Resource Limit	<u>33,196</u>	<u>47,745</u>
Under / (over) spend against CRL	<u>3,799</u>	<u>891</u>

Note 32 Breakeven duty financial

	2017/18 £000	2016/17 £000
Adjusted financial performance surplus / (deficit) (control total basis)	(108,782)	(69,481)
Remove impairments scoring to Departmental Expenditure Limit	-	-
Add back income for impact of 2016/17 post-accounts STF reallocation	419	-
Add back non-cash element of On-SoFP pension scheme charges	-	-
IFRIC 12 breakeven adjustment	-	-
Breakeven duty financial performance surplus / (deficit)	<u>(108,363)</u>	<u>(69,481)</u>

Note 32.2 Breakeven duty financial

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Breakeven duty in-year financial performance	409	(38,270)	(79,642)	(134,881)	(69,481)	(108,363)
Breakeven duty cumulative position	409	(37,861)	(117,503)	(252,384)	(321,865)	(430,228)
Operating income	<u>1,324,338</u>	<u>1,288,172</u>	<u>1,319,964</u>	<u>1,342,594</u>	<u>1,488,833</u>	<u>1,512,726</u>
Cumulative breakeven position as a percentage of operating income	<u>0.03%</u>	<u>-2.94%</u>	<u>-8.90%</u>	<u>-18.80%</u>	<u>-21.62%</u>	<u>-28.44%</u>

Barts Health NHS was formed on the 1st April 2012.





Large print and other languages

For this leaflet in large print, please speak to your clinical team.

For help interpreting this leaflet in other languages, please ring 020 8223 8934.

Te informacje mogą zostać na żądanie przedstawione w formatach alternatywnych, takich jak łatwy do czytania lub dużą czcionką, i w różnych językach. Prosimy o kontakt pod numerem 02082238934.

Macluumaadkan waxaa lagu heli karaa qaabab kale, sida akhriska fudud ama daabacaadda wayn, oo waxaa lagu heli karaa luqaddo kale, marka la codsado. Fadlan la xidhiidh 02082238934.

এই তথ্য বিলুপ্ত করময়াটে, যখন সহটে পড়। তোম
অথু ডি বন্টি এই আপনার অনুট্রাটে বিলুপ্ত ভাষায়
পাওয়া যাতে পাটো। অনুগ্রহপূর্ক যোগাটোগ
করুন 02082238934।

Bu bilgiler, okuması kolay veya büyük baskılar gibi alternatif biçimlerde ve talep üzerine alternatif dillerde sunulabilir. İrtibat için lütfen 02082238934 numaralı telefondan ulaşın.

کن هژپ، سیح، لکش لدابتمن وک تاھول عم سا
اج ایارک بایتسد نیم، ف سورج کېزب ای ناس آنیم
ل دابتمن سا رپ کنرک تسس او خرد روا، سه اتكس
هارب - سه اتكس اج ایارک بایتسد ی هب نیم نابز
نیرک مطبار رپ 02082238934 ىنابرم

WeCare

Our vision, values and behaviours



Switchboard: 020 3416 5000
bartshealth.nhs.uk

Designed and produced by the
Barts Health Communications team

© Copyright Barts Health NHS Trust
MMXVIII

BH11718