

**Hounslow & Richmond Community Healthcare NHS Trust**

# **Annual Accounts 2012-13**

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**2012-13 Annual Accounts of Hounslow and Richmond Community Healthcare NHS Trust**

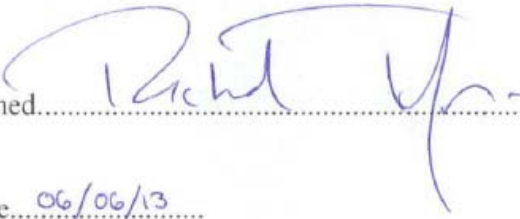
**STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE TRUST**

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

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

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

**nb: sign and date in any colour ink except black**

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

Date.....06/06/13.....

**2012-13 Annual Accounts of Hounslow and Richmond Community Healthcare NHS Trust**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

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

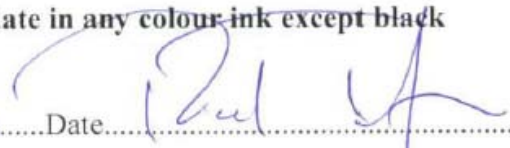
- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and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


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

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

By order of the Board

**nb: sign and date in any colour ink except black**

06/06/13 Date  Chief Executive

06/06/13 Date  Finance Director

# Hounslow and Richmond Community Healthcare NHS Trust

**Organisation Code : RY9**

## **Governance statement 2012-13**

### **1 Scope of responsibility**

Hounslow and Richmond Community Healthcare NHS Trust (HRCH) is responsible for ensuring that its business is conducted in accordance with the law and proper standards.

As Accounting Officer and Senior Information Risk Officer (SIRO) the Director of Finance has responsibility for maintaining a sound system of internal control that supports the Trust's policies, aims and objectives and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. I as Chief Executive also acknowledge my responsibilities set out in the Accounting Officer Memorandum for NHS Trusts to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Trust has worked closely with commissioners in 2012/13 and its performance was reviewed by NHS Richmond PCT, NHS Hounslow PCT and NHS London Strategic Health Authority.

HRCH has continued to develop in 2012/13 to improve relationships across organisations. The PCTs, CCGs, local authorities, Local Involvement Networks (LINks), and other partner organisations have worked closely with the Trust and have agreed areas of work where focus is required. They have been involved in several aspects of the Trusts activities particularly related to patient experience and patient involvement.

### **2 The system of internal controls**

HRCH has approved and adopted a [Local Code of Corporate Governance](#), which is driven by Department of Health policy. Compliance with this code has been achieved through key processes to ensure that the resources in the Trust are used economically, efficiently and effectively and these include:

- Monthly reporting of financial and non-financial performance to the Trust Board of Directors and the Finance and Performance Committee of the Board;
- Monthly executive performance review meetings where directorates are held to account for financial and non-financial performance;
- Production of annual reference costs, including comparisons with national reference costs;

- Continuous benchmarking of costs and Key Performance Indicators (KPIs) against aspirant community Foundation Trusts and other providers;
- Standing financial instructions, standing orders and treasury management policy;
- A budget holders' manual which sets out managers' responsibilities in relation to managing budgets.

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their Annual Governance Statement and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board ensures the effectiveness of the system of internal control through clear accountability arrangements.

Internal Audit issue an annual Head of Internal Audit Opinion based on the work undertaken during the year for 2012/13. The opinion gave **significant assurance** that there is generally a sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.

One area of weakness was identified with regard to Safeguarding Children where the Trust was failing to achieve its targets for mandatory safeguarding children training, had not completed all of its proposed clinical audits into Safeguarding Children, and in some cases Criminal Records Bureau Checks had not been completed for existing staff within the past three years. A detailed action plan has been drawn up and the internal audit follow up review conducted in April 2013 showed that all recommendations were receiving due management attention

I am confident that the internal audit reports undertaken were a true reflection of HRCH's position and that the updated action plans scrutinised at the Integrated Governance Committee and Audit Committee reflect clear and concise progress in all areas.

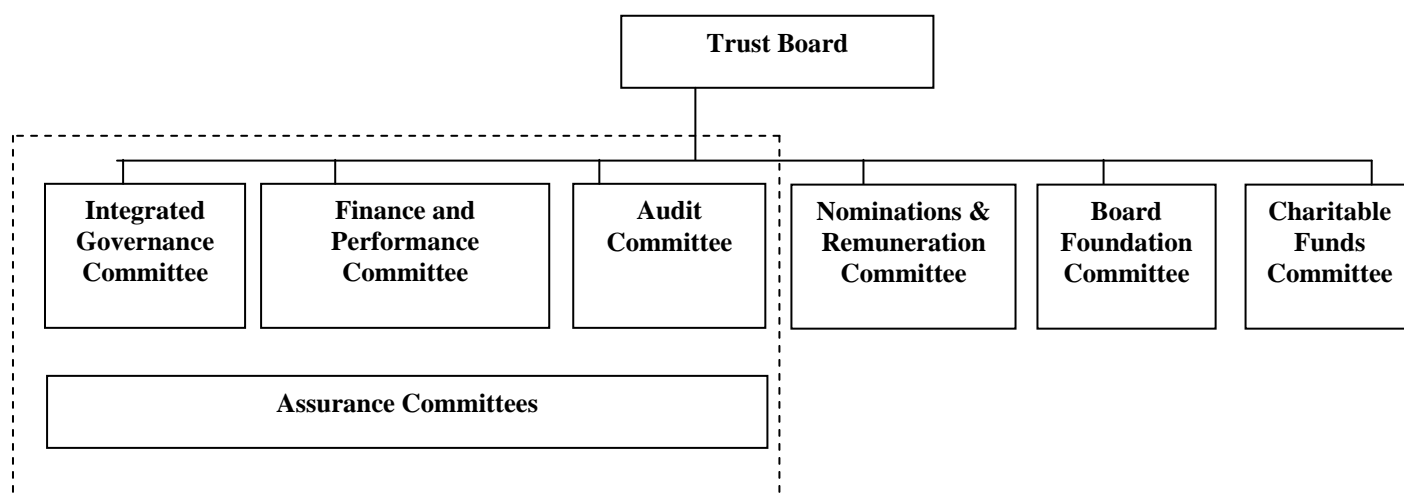
A due diligence exercise was performed in 2012/13 by Price Waterhouse Coopers which included a review of the internal controls and this gave a green rating on all areas which gives us further assurance.

### **3 The governance framework of the organisation**

The Trust has developed its governance structures over a period of time to deliver an integrated governance agenda. Integrated governance is the

combination of systems, processes and behaviours which the Trust uses to lead direct and control its functions in order to achieve its organisational objectives.

The Board of Directors leads on integrated governance and delegates key duties and functions to its sub-committees. In addition the Board reserves certain decision making powers including decisions on strategy and budgets. The diagram below gives an overview of the integrated governance structure.



The roles and responsibilities of all committees are described below. There are three key committees within the structure that provide assurance to the Board of Directors. These are:

- The Integrated Governance Committee;
- The Audit Committee;
- Finance and Performance Committee;

There are a range of mechanisms available to these committees to gain assurance that our systems are robust and effective. These include utilising internal and external audit, peer review, management reporting and clinical audit.

#### 4. Committee structures and reporting

4.1 Details of the key committees in the Trust's governance structure are given below. Each Committee Chair has information that ensures a consistent approach across all groups, including terms of reference, upward reporting and review of effectiveness.

#### 4.2 The Board of Directors

Membership of the Board of Directors is currently made up of the Trust Chairman, five independent Non-Executive Directors and five Executive Directors. The key roles and responsibilities of the Board are as follows:

- To set and oversee the strategic direction of the Trust;

- Continued appraisal of the financial and operational performance through Director Reports;
- Direct operational decisions as required;
- To discharge their duties of regulation and control;
- To ensure the Trust continues to maintain patient quality and safety as its primary focus, receiving and reviewing data analysis and comment in the form of quality and patient safety reports;
- To receive reports from the Audit Committee, the annual internal auditor's report and external auditor's report and take action as appropriate.
- To approve the Annual Report and Annual Accounts.

The Board of Directors meets monthly to discuss an agenda based on three key areas:

- Strategy and planning – this covers strategy decision making, approval of business cases and plans;
- Performance – reviews financial and non financial performance and considers risks;
- Quality and Clinical Excellence – primary focus on quality and patient outcomes and experiences.

A breakdown of attendance for the board is given below:

<b>Name and title</b>	<b>Amount attended</b>
Chairman - Stephen Swords	11 of 11
Non Executive Director- Judith Rutherford	11 of 11
Non Executive Director - Pablo Lloyd	10 of 11
Non Executive Director - Prabhjot Basra	3 of 8 (left December 2012)
Non Executive Director - Carol Cole	9 of 11
Non Executive Director - Ajay Mehta	10 of 11
Non Executive Director - Lorna Payne	1 of 1 (started March 2013)
Chief Executive - Richard Tyler	11 of 11
Director of Finance and IM&T – David Hawkins	11 of 11
Director of HR and OD (non voting)- Rachael Moench	6 of 7(Left Dec 12)
Medical Director- Rosalind Ranson	9 of 10 (started May 12)
Director of Operations – Jo Manley	11 of 11



Director of Quality & Clinical Excellence – Siobhan Gregory	11 of 11
Commercial Director (non voting) – Heather Mitchell	8 of 8 (maternity leave 24.12.12)
Director of Estates and Commercial Development – Stuart Butt	3 of 3 (covering maternity leave)

Board members' attendance at Board committee meetings is detailed in respective committees' 2012/13 annual reports which will be considered at the June 2013 Trust Board meeting.

#### **4.3 Audit Committee**

The Audit Committee is a formal committee of the Board and is accountable to the Board for reviewing the establishment and maintenance of an effective system of internal control. The committee meets at least four times per year. The Audit Committee approves the annual audit plans for internal and external audit activities and ensures that recommendations to improve weaknesses in control arising from audits are actioned by executive management. The Audit Committee ensures the robustness of the underlying process used in developing the Assurance Framework. The Board monitors the Assurance Framework and objectives quarterly, ensuring actions to address gaps in control and gaps in assurance are progressed.

#### **4.4 Integrated Governance Committee**

The Integrated Governance Committee is a formal committee of the Board and is accountable to the Board for reviewing the effectiveness around quality, including the management of risks and internal risk management. The committee meets at least four times per year. The committee approves the risk management strategy and assures the Board that recommendations to improve mitigation of risks is actioned appropriately and ensures that adequate controls are in place to minimise risk for the Trust. In addition the IGC monitors quality indicators, the quality accounts and all aspects of the three domains of quality namely - patient safety, clinical effectiveness and patient experience.

#### **4.5 Finance and Performance Committee**

The Finance and Performance Committee conducts an objective review of financial and investment policy issues and provides oversight of financial and non-financial performance across the Trust, reporting to the Board.

#### **4.6 Nominations and Remuneration Committee**

Nominations and Remuneration Committee is responsible for determining the pay and contractual arrangements for the most senior managers and for monitoring and evaluating their performance. Information relating to executive and non-executive directors is therefore included in this report.

#### **4.7 Annual Committee Effectiveness Reviews**

Each committee is required to consider how well it has performed during the year against the objectives as set out in their terms of reference, and against

the delivery of their work plans for the year. This information is collated and then presented to the Trust Board alongside any revisions to the terms of reference and the forthcoming year's work plan. Any deviation from plan is highlighted to allow the Trust Board to consider whether any further changes to membership or committee constitution are required. The Trust Board also considers the whole of its committee structure to ensure that it is delivering its requirements.

#### **4.8 The purpose of the governance framework**

The Information Governance Framework for health and social care is formed by those elements of law and policy from which applicable information governance standards are derived, and the activities and roles which individually and collectively ensure that these standards are clearly defined and met.

HRCH recognises the importance of information, both in terms of the clinical management of individual patients and the efficient management of services and resources. Information governance plays a key part in supporting clinical governance, service planning and performance management. It also gives assurance to the Trust and to individuals that personal information is dealt with legally, securely, efficiently and effectively, in order to deliver the best possible care.

### **5. Governance Framework processes**

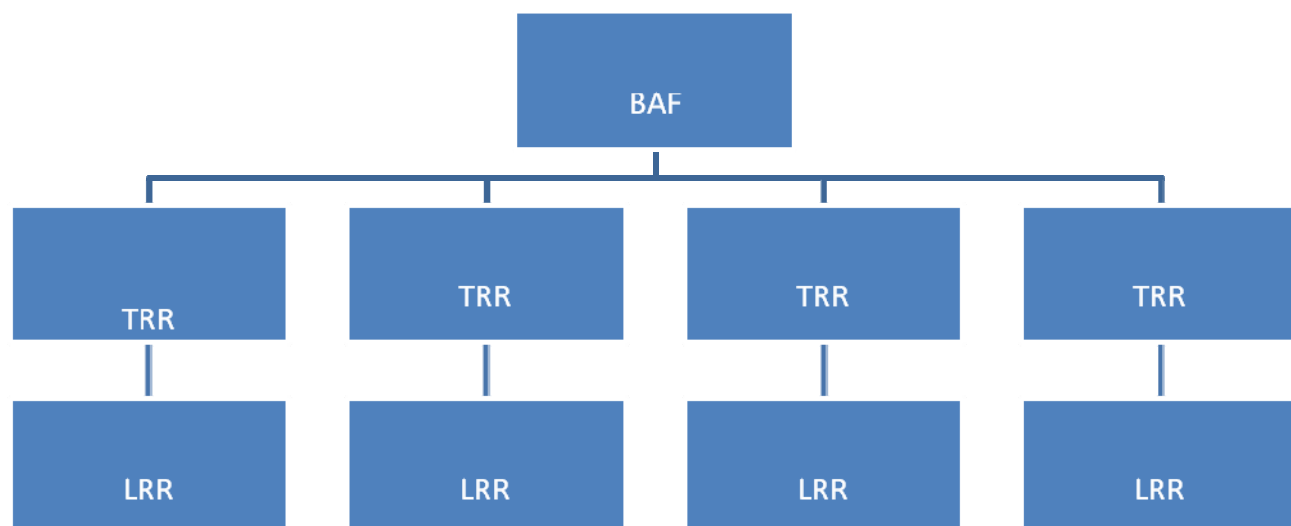
**5.1** The [governance framework](#) comprises the systems, processes, culture and values, by which the Trust directs and controls its activities, through which it accounts to, engages with, and leads the community. It enables the Board to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The Board Assurance Framework (BAF) provides a framework for reporting of the principal strategic risks in the delivery of the organisational business at HRCH. It identifies the controls and assurances in place to mitigate these risks, the gaps or weaknesses in the controls and assurances, and actions required to further strengthen these mechanisms.

**5.2** The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise risks to the achievement of HRCH policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

## Diagram of Organisation Wide Risk Register (OWRR)

The below depicts how the risks feed into the BAF.



**LRR:** Local Risk Register

**TRR:** Trust Risk Register

**BAF:** Board Assurance Framework

The Trust's Organisation Wide Risk Register (OWRR), which comprises the local risk registers, the Trust Risk Register as well as the BAF, seeks to present an overview of the main risks facing the organisation. The local risk registers are reviewed, updated and monitored regularly by the relevant directorate and if necessary a risk can be escalated onto the Trust Risk Register, which is monitored quarterly by the Integrated Governance Committee and monthly by the Quality & Safety Committee. The BAF is monitored monthly by the Executive and by each director who assesses the current status of their BAF entries by having oversight of the OWRR. The BAF is also monitored at least quarterly by the Integrated Governance Committee and the Trust Board. The Audit Committee oversees the process of the BAF by having sight of the whole of the BAF annually. The OWRR is reviewed in its entirety at least annually by both the Integrated Governance Committee and the Trust Board.

The OWRR is a 'live' document, regularly reviewed and updated by the risk owners and risk leads.

### **5.3 Information Governance Framework**

The governance framework has been fully in place at HRCH for the year ended 31 March 2013.

The agenda is driven by Department of Health policy that itself is derived from a need to comply with obligations imposed by key 'data handling' legislation. These are, primarily, the Data Protection Act 1998 and Freedom of Information Act 2000 but include other relevant legislation. These statutory obligations are supplemented by further DH/NHS policy recommendations that define the scope of the Information Governance (IG) agenda and all obligations placed on NHS Trusts by it. This policy is driven by a recognised need to handle both personal and corporate information in an appropriate manner through the creation and maintenance of an internal IG framework. Annual completion of the NHS Connecting for Health IG Toolkit is the 'backbone' of evidence provided by the Trust which enables measurement of current data handling standards and any improvements made to them, year on year.

There are 4 key interlinked strands to the Information Governance Policy:

- Openness;
- Legal compliance;
- Information security; and
- Quality assurance.

### **5.4 Risk Frameworks**

The Risk Management Strategy ensures that risk management is embedded in the activity of the organisation in a number of ways to support the overall strategy of the Trust. In particular, it informs the business planning and objective setting for the organisation, and risk identification is included as a checklist against all reporting to the Trust Board and Board committees.

As part of the OWRR the local risk registers are managed operationally at the frontline and feed into the governance structure via management team meetings. The introduction of Datix Web software has enabled risk leads to input any new risks immediately, improving the overall reporting ability and follow up by frontline staff. New risks are immediately identified on Datix Web and the relevant director and service lead is automatically alerted to the same. In addition the Head of Quality and Patient Safety oversees the risks and identifies triggers. This enables staff to receive first hand support from the risk team in determining the level of the risk and ensuring it is managed appropriately.

Any local risks that have not been reduced or mitigated after a three-month period automatically progress to the Trust Risk Register to ensure appropriate management action is taken.

The Trust has a robust mechanism for reporting and managing serious incidents (SIs). All SIs are alerted to the Director of Quality and are signed off by a director prior to submission.

The information governance working group is the main group for managing and overseeing the IG Toolkit. Chaired by the Assistant Director for Quality and Clinical Excellence this group provides assurance that we are meeting the requirements of the IG Toolkit and monitors any information incidents/issues. The group is attended by the SIRO and Caldicott guardian. HRCH was fully compliant with the IG Toolkit Level 2 in March 2013.

The Trust manages its risks to data security through a number of different approaches. The Trust has a Board level Senior Information Risk Owner (SIRO). The SIRO chairs the Information Governance and IM&T Group which is responsible for setting the framework for information governance standards in the Trust and ensuring delivery of action plans to improve compliance. A key part of the group's work is to review compliance against the Information Governance Toolkit and to ensure the evidence is externally assured through audit. The key strands of the Trust's management of risk to data security are:

- ensuring that the Trust has an Information Governance Policy that provides a framework for managing information risk that is in line with the strategy, information and security and overall Risk Management Policy;
- developing a range of information governance training packages and literature, suitable to the needs of different staff groups and mandating this annually;
- ensuring the Trust's IT systems are physically secure and have sufficient password protection and firewalls to prevent harm from malware or external hacking—this also includes provision of encrypted portable devices and provision of email encryption facilities.

Through the embedding of the processes detailed in this statement the Trust Board and Audit Committee of HRCH are assured that internal controls are strong and risks mitigated to a low level to avoid misuse of resources, data integrity and a material impact on the annual accounts of the organisation.

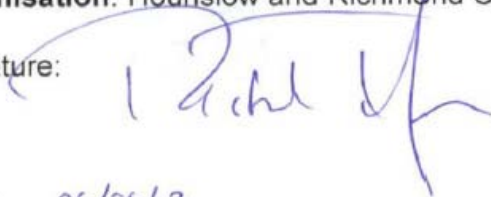
## 6 Significant Issues

There were no significant issues.

**Accountable Officer:** Richard Tyler – Chief Executive

**Organisation:** Hounslow and Richmond Community Healthcare NHS Trust

Signature:



Date: 06/06/13

## **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF HOUNSLOW AND RICHMOND COMMUNITY HEALTHCARE NHS TRUST**

We have audited the financial statements of Hounslow and Richmond Community Healthcare NHS Trust for the year ended 31 March 2013 on pages 1 to 28. These financial statements have been prepared under applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England. We have also audited the information in the Remuneration Report that is subject to audit.

This report is made solely to the Board of Directors of Hounslow and Richmond Community Healthcare NHS Trust as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, 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 Board of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities, set out on the page labelled "DIR CERT", the Directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of Hounslow and Richmond Community Healthcare NHS Trust as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

## **Opinion on other matters prescribed by the Code of Audit Practice 2010 for local NHS bodies**

In our opinion:

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

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Code of Audit Practice 2010 for local NHS bodies requires us to report to you if:

- in our opinion, the Governance Statement does not reflect compliance with the Department of Health's requirements;
- any referrals to the Secretary of State have been made under section 19 of the Audit Commission Act 1998; or
- any matters have been reported in the public interest under the Audit Commission Act 1998 in the course of, or at the end of the audit.

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

#### **Trust's responsibilities**

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

#### **Auditor's responsibilities**

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice 2010 for local NHS bodies issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Basis of conclusion**

We have undertaken our work in accordance with the Code of Audit Practice 2010 for local NHS bodies, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Trust has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice 2010 for local NHS bodies in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned and performed our work in accordance with the Code of Audit Practice 2010 for local NHS bodies. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all material respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### **Conclusion**

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

### **Certificate**

We certify that we have completed the audit of the accounts of Hounslow and Richmond Community Healthcare NHS Trust in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice 2010 for local NHS bodies issued by the Audit Commission.

*Tamas Wood*

Tamas Wood for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
Public Sector Audit  
12th Floor  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

6 June 2013



**Statement of Comprehensive Income for year ended  
31 March 2013**

	NOTE	2012-13 £000	2011-12 £000
Gross employee benefits	10.1	(40,137)	(38,273)
Other costs	8	(18,512)	(14,548)
Revenue from patient care activities	5	58,446	53,580
Other Operating revenue	6	893	900
<b>Operating surplus/(deficit)</b>		<b>690</b>	<b>1,659</b>
Investment revenue	12	14	8
Other gains and (losses)	13	0	0
Finance costs	14	0	0
<b>Surplus/(deficit) for the financial year</b>		<b>704</b>	<b>1,667</b>
Net Gain/(loss) on transfers by absorption		0	0
Public dividend capital dividends payable		0	0
<b>Retained surplus/(deficit) for the year</b>		<b>704</b>	<b>1,667</b>
<b>Other Comprehensive Income</b>		<b>2012-13 £000</b>	<b>2011-12 £000</b>
Impairments and reversals		0	0
Net gain/(loss) on revaluation of property, plant & equipment		0	0
Net gain/(loss) on revaluation of intangibles		0	0
Net gain/(loss) on revaluation of financial assets		0	0
Net gain/(loss) on other reserves		0	0
Net Gain / (loss) on Assets Held for Sale		0	0
Release of Reserves to Statement of Comprehensive Net Expenditure		0	0
Net gain/(loss) on available for sale financial assets		0	0
Net actuarial gain/(loss) on pension schemes		0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0
<b>Total comprehensive income for the year</b>		<b>704</b>	<b>1,667</b>
<b>Financial performance for the year</b>			
Retained surplus/(deficit) for the year		704	
Prior period adjustment to correct errors		0	
IFRIC 12 adjustment		0	
Impairments		0	
Adjustments donated asset/gov't grant reserve elimination		0	
<b>Adjusted retained surplus/(deficit)</b>		<b>704</b>	

The notes on pages 5 to 28 form part of this account.

**Statement of Financial Position as at  
31 March 2013**

		31 March 2013	31 March 2012
	NOTE	£000	£000
<b>Non-current assets:</b>			
Property, plant and equipment	15	0	0
Intangible assets	16	0	0
Investment property		0	0
Other financial assets	24	0	0
Trade and other receivables	22.1	1	4
<b>Total non-current assets</b>		<u>1</u>	<u>4</u>
<b>Current assets:</b>			
Inventories	21	0	0
Trade and other receivables	22.1	2,383	1,763
Other financial assets	24	0	0
Other current assets	25	0	0
Cash and cash equivalents		6,659	3,814
<b>Total current assets</b>		<u>9,042</u>	<u>5,577</u>
Non-current assets held for sale	27	0	0
<b>Total current assets</b>		<u>9,042</u>	<u>5,577</u>
<b>Total assets</b>		<u>9,043</u>	<u>5,581</u>
<b>Current liabilities</b>			
Trade and other payables	28	(6,006)	(3,631)
Other liabilities	29	0	0
Provisions	35	(666)	(283)
Borrowings	30	0	0
Other financial liabilities		0	0
Working capital loan from Department		0	0
Capital loan from Department		0	0
<b>Total current liabilities</b>		<u>(6,672)</u>	<u>(3,914)</u>
<b>Non-current assets plus/less net current assets/liabilities</b>		<u>2,371</u>	<u>1,667</u>
<b>Non-current liabilities</b>			
Trade and other payables	28	0	0
Other Liabilities	29	0	0
Provisions	35	0	0
Borrowings	30	0	0
Other financial liabilities		0	0
Working capital loan from Department		0	0
Capital loan from Department		0	0
<b>Total Non-current liabilities</b>		<u>0</u>	<u>0</u>
<b>Total Assets Employed</b>		<u>2,371</u>	<u>1,667</u>
<b>FINANCED BY:</b>			
<b>TAXPAYERS' EQUITY</b>			
Public Dividend Capital			
Retained Earnings		2,371	1,867
Revaluation Reserve			
Other reserves			
<b>Total Taxpayers' Equity:</b>		<u>2,371</u>	<u>1,667</u>

The notes on pages 5 to 28 form part of this account.

The financial statements on pages 1 to 4 and notes on pages 5-28 were approved by the Board on 6th June 2013 and signed on its behalf by

Chief Executive:

Date: 06/06/13

Richard Tyler

**Statement of Changes in Taxpayers' Equity  
For the year ended 31 March 2013**

	Public Dividend capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total reserves £000
<b>Balance at 1 April 2012</b>	0	1,667	0	0	1,667
<b>Changes in taxpayers' equity for 2012-13</b>					
Retained surplus/(deficit) for the year	0	704	0	0	704
Net gain / (loss) on revaluation of property, plant, equipment					0
Net gain / (loss) on revaluation of intangible assets					0
Net gain / (loss) on revaluation of financial assets					0
Net gain / (loss) on revaluation of assets held for sale					0
Impairments and reversals					0
Movements in other reserves					0
Transfers between reserves					0
Release of reserves to SOCI					0
Reclassification adjustment on disposal of available for sale financial assets					0
Reserves eliminated on dissolution					0
Originating capital for Trust established in year					0
New PDC Received					0
PDC Repaid In Year					0
PDC Written Off					0
Transferred to NHS Foundation Trust					0
Other Movements in PDC In Year					0
Net Actuarial Gain/(Loss) on Pension					0
Net recognised revenue/(expense) for the year	0	704	0	0	704
<b>Balance at 31 March 2013</b>	<b>0</b>	<b>2,371</b>	<b>0</b>	<b>0</b>	<b>2,371</b>

**Changes in taxpayers' equity for the year ended 31 March 2012**

<b>Balance at 1 April 2011</b>	0	1,667	0	0	1,667
Retained surplus/(deficit) for the year					0
Net gain / (loss) on revaluation of property, plant, equipment					0
Net gain / (loss) on revaluation of intangible assets					0
Net gain / (loss) on revaluation of financial assets					0
Net gain / (loss) on revaluation of assets held for sale					0
Impairments and reversals					0
Movements in other reserves					0
Transfers between reserves					0
Reclassification adjustment on disposal of available for sale financial assets					0
Reserves eliminated on dissolution					0
Originating capital for Trust established in year					0
Originating capital for Trust established in year					0
New PDC Received					0
PDC Repaid In Year					0
PDC Written Off					0
Transferred to NHS Foundation Trust					0
Other Movements in PDC In Year					0
Net Actuarial Gain/(Loss) on Pension					0
Net recognised revenue/(expense) for the year	0	1,667	0	0	1,667
<b>Balance at 31 March 2012</b>	<b>0</b>	<b>1,667</b>	<b>0</b>	<b>0</b>	<b>1,667</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED****31 March 2013**

	2012-13 £000	2011-12 £000
<b>Cash Flows from Operating Activities</b>		
Operating Surplus/Deficit	690	1,659
Depreciation and Amortisation	0	0
Impairments and Reversals	0	0
Other Gains / (Losses) on foreign exchange	0	0
Donated Assets received credited to revenue but non-cash	0	0
Government Granted Assets received credited to revenue but non-cash	0	0
Interest Paid	0	0
Dividend paid	0	0
Release of PFI/deferred credit	0	0
(Increase)/Decrease in Inventories	0	0
(Increase)/Decrease in Trade and Other Receivables	(617)	(1,767)
(Increase)/Decrease in Other Current Assets	0	0
Increase/(Decrease) in Trade and Other Payables	2,375	3,631
(Increase)/Decrease in Other Current Liabilities	0	0
Provisions Utilised	(123)	0
Increase/(Decrease) in Provisions	506	283
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>2,831</b>	<b>3,806</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	14	8
(Payments) for Property, Plant and Equipment	0	0
(Payments) for Intangible Assets	0	0
(Payments) for Investments with DH	0	0
(Payments) for Other Financial Assets	0	0
(Payments) for Financial Assets (LIFT)	0	0
Proceeds of disposal of assets held for sale (PPE)	0	0
Proceeds of disposal of assets held for sale (Intangible)	0	0
Proceeds from Disposal of Investment with DH	0	0
Proceeds from Disposal of Other Financial Assets	0	0
Proceeds from the disposal of Financial Assets (LIFT)	0	0
Loans Made in Respect of LIFT	0	0
Loans Repaid in Respect of LIFT	0	0
Rental Revenue	0	0
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>14</b>	<b>8</b>
<b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>	<b>2,845</b>	<b>3,814</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Public Dividend Capital Received	0	0
Public Dividend Capital Repaid	0	0
Loans received from DH - New Capital Investment Loans	0	0
Loans received from DH - New Working Capital Loans	0	0
Other Loans Received	0	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal	0	0
Loans repaid to DH - Working Capital Loans Repayment of Principal	0	0
Other Loans Repaid	0	0
Cash transferred to NHS Foundation Trusts	0	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	0	0
Capital grants and other capital receipts	0	0
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>0</b>	<b>0</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,845</b>	<b>3,814</b>
<b>Cash and Cash Equivalents ( and Bank Overdraft) at Beginning of the Period</b>	<b>3,814</b>	<b>0</b>
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies	0	0
<b>Cash and Cash Equivalents (and Bank Overdraft) at year end</b>	<b>6,659</b>	<b>3,814</b>

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the NHS Trusts Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2012-13 NHS Trusts Manual for Accounts issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting convention

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

#### 1.2 Acquisitions and discontinued operations

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

#### 1.3 Transforming Community Services (TCS) transactions

Under the TCS initiative, services historically provided by PCTs have transferred to other providers - notably NHS Trusts and NHS Foundation Trusts. Such transfers fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the SOCNE, and is disclosed separately from operating costs.

#### 1.4 Care Trust designation

Hounslow and Richmond Community Healthcare NHS Trust is an NHS trust that is designated by the Secretary of State under S77(1) of the NHS Act 2006 as a Care Trust because of its joint activities with NHS Richmond, NHS Hounslow, other NHS bodies and Richmond and Hounslow Local Authorities. Under the arrangements London Borough of Richmond and the London Borough of Hounslow fund the Care Trust to undertake activities relating to Speech and Language services for Children and Learning Disability Services, respectively on a delegated basis. The HRCH NHS Trust accounts for the income from the Local Authorities and the related expenditure. As Local Authorities are within the public sector the adoption of social care activities is not shown as an acquisition.

#### 1.5 Critical accounting judgements and key sources of estimation uncertainty

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

##### 1.5.1 Critical judgements in applying accounting policies

No significant critical judgements have been made, apart from those involving estimations (see below) that management have made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### 1.5.2 Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

### 1.6 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the trust is from commissioners for healthcare services. 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 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 Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

### 1.7 Employee Benefits

#### Short-term employee benefits

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

#### Retirement benefit costs

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

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

### 1.8 Other expenses

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

### 1.9 Property, plant and equipment

#### Recognition

Property, plant and equipment is capitalised if:

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

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

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

**Assets from NHS Richmond and NHS Hounslow PCTs did not transfer during 2012-13, it is anticipated that these will legally transfer in 2013/14 from the out going PCTs to HRCH at an estimated value of £20.3m. They include Land, buildings and equipment.**

### Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value. Land and buildings used for the trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any impairment, subsequent accumulated depreciation and impairment losses.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

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

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

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

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

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

### 1.10 Intangible assets

#### Recognition

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

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

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

#### Measurement

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

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

### 1.11 Depreciation, amortisation and impairments

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

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

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

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

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



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

### 1.12 Donated assets

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

Following approval from the Department of Health, the date of the legal transfer is estimated at 1st April 2013.

### 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

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

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

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

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

#### The trust as lessor

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

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

### 1.14 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. HRCH does not currently have any Private Finance Initiatives (PFI) arrangements

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

### 1.15 Inventories

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

On sample testing stock levels and turnaround times, HRCH concluded these are not material in terms of net realisable value, and therefore are not separately identified as a current asset on the Statement of Financial Position.

### 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's cash management.

### 1.17 Provisions

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

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

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

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

### 1.18 Clinical negligence costs

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

### 1.19 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 the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

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

### 1.20 EU Emissions Trading Scheme

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

The trust is not registered with the CRC Energy Efficiency Scheme as we do not use more than 6,000MWh per year of electricity. Consequently the trust has not undertaken a climate change risk assessment or developed an adaptation plan to support its emergency preparedness and civil contingency requirements as based on UK climate projections 2009 (UKCP09), to ensure that all this organisation's obligations under the Climate Change Act are met. The trust has calculated the carbon footprint for 2011/12 as 4828 tCO<sub>2</sub>e which will be used as a benchmark for future years and has a Board Approved Carbon Reduction Strategy which aims to reduce this in line with NHS targets.

### 1.21 Contingencies

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust. A contingent asset is disclosed where an inflow of economic benefits is probable. Where the time value of money is material, contingencies are disclosed at their present value.

### 1.22 Financial assets

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

Financial assets are initially recognised at fair value.

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

#### Financial assets at fair value through profit and loss

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

#### Held to maturity investments

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

#### Available for sale financial assets

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

#### Loans and receivables

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

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

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

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

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

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

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

### 1.23 Financial liabilities

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

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

#### Financial guarantee contract liabilities

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

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

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

#### Financial liabilities at fair value through profit and loss

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

#### Other financial liabilities

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

### 1.24 Value Added Tax

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

### 1.25 Foreign currencies

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

### 1.26 Third party assets

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

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

**1.27 Public Dividend Capital (PDC) and PDC dividend**

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

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

Since no tangible assets transferred from NHS Richmond and NHS Hounslow during 2012-13 no PDC was required.

**1.28 Losses and Special Payments**

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

**1.29 Accounting Standards that have been issued but have not yet been adopted**

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2012-13. The application of the Standards as revised would not have a material impact on the accounts for 2012-13, were they applied in that year:

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

## 2. The Integrated Community Equipment pooled budget

Hounslow and Richmond Community Healthcare NHS Trust has a pooled budget arrangement with London Borough of Richmond, for community based equipment. London Borough of Richmond is the host. The memorandum account for the pooled budget is shown below

The trust's shares of the income and expenditure handled by the pooled budget in the financial year were:

	2012-13 £000	2011-12 £000
Income	460	577
Expenditure	460	577

## 3. Operating segments

The trust does not operate on a segmental basis.

## 4. Income generation activities

The trust does not undertake income generation activities with an aim of achieving profit.

## 5. Revenue from patient care activities

	2012-13 £000	2011-12 £000
Strategic health authorities	0	0
NHS trusts	1,553	1,655
Primary care trusts - tariff	626	574
Primary care trusts - non-tariff	55,058	50,180
Primary care trusts - market forces factor	0	0
Foundation trusts	41	34
Local authorities	995	1,033
Department of Health	0	1
NHS other	0	0
Non-NHS:		
Private patients	4	6
Overseas patients (non-reciprocal)	0	0
Injury costs recovery	109	78
Other	60	19
	<u>58,446</u>	<u>53,580</u>

## 6. Other operating revenue

	2012-13 £000	2011-12 £000
Recoveries in respect of employee benefits	0	0
Patient transport services	0	0
Education, training and research	642	648
Charitable and other contributions to expenditure	0	0
Receipt of donations for capital acquisitions	0	0
Receipt of Government grants for capital acquisitions	0	0
Non-patient care services to other bodies	224	246
Income generation	3	5
Rental revenue from finance leases	0	0
Rental revenue from operating leases	0	0
Other revenue	24	1
	<u>893</u>	<u>900</u>
Total operating revenue	<u>59,339</u>	<u>54,480</u>

## 7. Revenue

	2012-13 £000	2011-12 £000
From rendering of services	59,336	54,474
From sale of goods	3	6

<b>8. Operating expenses (excluding employee benefits)</b>	<b>2012-13</b>	2011-12
	<b>£000</b>	£000
Services from other NHS trusts	813	160
Services from PCTs	30	30
Services from other NHS bodies	0	0
Services from foundation trusts	168	131
Purchase of healthcare from non NHS bodies	0	544
Trust chair and non executive directors	49	51
Supplies and services - clinical	4,888	3,619
Supplies and services - general	131	125
Consultancy services	2,166	844
Establishment	2,737	2,878
Transport	272	222
Premises	7,026	5,765
Impairments and Reversals of Receivables	4	22
Inventories write down	0	0
Depreciation	0	0
Amortisation	0	0
Impairments and reversals of property, plant and equipment	0	0
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets	0	0
Impairments and reversals of non current assets held for sale	0	0
Impairments and reversals of investment properties	0	0
Audit fees	54	83
Other auditor's remuneration	18	74
Clinical negligence	102	0
Research and development (excluding staff costs)	0	0
Education and Training	0	0
Other	54	0
	<b>18,512</b>	<b>14,548</b>
<b>Employee benefits</b>		
Employee benefits excluding Board members	39,390	37,628
Board members	747	645
<b>Total employee benefits</b>	<b>40,137</b>	<b>38,273</b>
<b>Total operating expenses</b>	<b>58,649</b>	<b>52,821</b>

## 9 Operating Leases

The trust has one operating lease for a franking machine.

<b>9.1 Trust as lessee</b>	<b>Land £000</b>	<b>Buildings £000</b>	<b>Other £000</b>	<b>2012-13 Total £000</b>	<b>2011-12 £000</b>
<b>Payments recognised as an expense</b>					
Minimum lease payments	0	0	0	<b>0</b>	8
Contingent rents	0	0	0	<b>0</b>	0
Sub-lease payments	0	0	0	<b>0</b>	0
<b>Total</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u><b>0</b></u>	<u>8</u>
<b>Payable:</b>					
No later than one year	0	0	2	<b>2</b>	4
Between one and five years	0	0	1	<b>1</b>	9
After five years	0	0	0	<b>0</b>	0
<b>Total</b>	<u>0</u>	<u>0</u>	<u>3</u>	<u><b>3</b></u>	<u>13</u>
Total future sublease payments expected to be received:				<u>0</u>	<u>0</u>

## 9.2 Trust as lessor

The trust was not a lessor in 2012-13.



## 10 Employee benefits and staff numbers

### 10.1 Employee benefits

	2012-13		2011-12	
	Total £000	Permanently employed £000	Other £000	Total £000
<b>Employee Benefits - Gross Expenditure</b>				
Salaries and wages	33895	28384	5511	32481
Social security costs	2352	2226	126	2133
Employer contributions to NHS Pensions scheme	3890	3744	146	3659
Other pension costs	0	0	0	0
Other post-employment benefits	0	0	0	0
Other employment benefits	0	0	0	0
Termination benefits	0	0	0	0
<b>Total employee benefits</b>	<b>40137</b>	<b>34354</b>	<b>5783</b>	<b>38273</b>
<b>Less recoveries in respect of employee benefits (table below)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total - Net Employee Benefits including capitalised costs</b>	<b>40137</b>	<b>34354</b>	<b>5783</b>	<b>38273</b>
<b>Employee costs capitalised</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Employee Benefits excluding capitalised costs</b>	<b>40137</b>	<b>34354</b>	<b>5783</b>	<b>38273</b>

### Employee Benefits 2012-13 - income

Salaries and wages	0	0	0	0
Social Security costs	0	0	0	0
Employer Contributions to NHS BSA - Pensions Division	0	0	0	0
Other pension costs	0	0	0	0
Other Post Employment Benefits	0	0	0	0
Other Employment Benefits	0	0	0	0
Termination Benefits	0	0	0	0
<b>TOTAL excluding capitalised costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	2012-13		2011-12	
	Total £000	Permanently employed £000	Other £000	Total £000
<b>Employee Benefits Net expenditure - 2012-13</b>				
Salaries and wages	33895	28384	5511	32481
Social security costs	2352	2226	126	2133
Employer contributions to NHS Pensions scheme	3890	3744	146	3659
Other pension costs	0	0	0	0
Other post-employment benefits	0	0	0	0
Other employment benefits	0	0	0	0
Termination benefits	0	0	0	0
<b>Total employee benefits</b>	<b>40137</b>	<b>34354</b>	<b>5783</b>	<b>38273</b>
<b>Employee costs capitalised</b>	<b>0</b>			<b>0</b>
<b>Net Employee Benefits excluding capitalised costs</b>	<b>40137</b>			<b>38273</b>

### 10.2 Staff Numbers

	2012-13		2011-12	
	Total Number	Permanently employed Number	Other Number	Total Number
<b>Average Staff Numbers</b>				
Medical and dental	8.86	8.4	0.46	8.15
Ambulance staff	0	0	0	0
Administration and estates	260.61	208.22	52.39	233.98
Healthcare assistants and other support staff	132.01	115.91	16.1	131.76
Nursing, midwifery and health visiting staff	318.48	263.1	55.38	297.22
Nursing, midwifery and health visiting learners	14	14	0	18.2
Scientific, therapeutic and technical staff	255.88	220.15	35.73	243.98
Social Care Staff	0	0	0	0
Other	18.56	18.51	0.05	22.33
<b>TOTAL</b>	<b>1008.4</b>	<b>848.29</b>	<b>160.11</b>	<b>955.62</b>

Of the above - staff engaged on capital projects 0 0 0 0  
 2011-12 figures are restated to ensure a consistent comparison basis

### 10.3 Staff Sickness absence and ill health retirements

	<b>2012-13</b>	2011-12
	<b>Number</b>	Number
Total Days Lost	12273	11,376
Total Staff Years	1394	1,347
Average working Days Lost	<u>8.80</u>	<u>8.45</u>

2011-12 figures are restated to ensure a consistent comparison basis

	<b>2012-13</b>	2011-12
	<b>Number</b>	Number
Number of persons retired early on ill health grounds	1	2
Total additional pensions liabilities accrued in the year	<b>£000s</b> 11	£000s 135

### 10.4 Exit Packages agreed in 2011-12

Exit package cost band (including any special payment element)	2012-13			2011-12		
	*Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band	*Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
Less than £10,000	0	0	0	1	0	1
£10,001-£25,000	0	0	0	8	0	8
£25,001-£50,000	0	0	0	6	0	6
£50,001-£100,000	1	0	1	4	0	4
£100,001 - £150,000	0	0	0	4	0	4
£150,001 - £200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
<b>Total number of exit packages by type (total cost)</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>23</b>	<b>0</b>	<b>23</b>
<b>Total resource cost (£000s)</b>	98	0	98	1,132	0	1,132

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

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

## 10.5 Pensions Costs

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

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

### a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2013, is based on the valuation data as 31 March 2012, updated to 31 March 2013 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

### b) Full actuarial (funding) valuation

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

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

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

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

### c) Scheme provisions

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

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

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

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

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

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

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

## 11 Better Payment Practice Code

### 11.1 Measure of compliance

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
<b>Non-NHS Payables</b>				
Total Non-NHS Trade Invoices Paid in the Year	12,429	22,844	10,689	18,034
Total Non-NHS Trade Invoices Paid Within Target	11,164	20,873	6,937	15,033
Percentage of NHS Trade Invoices Paid Within Target	89.82%	91.37%	64.90%	83.36%
<b>NHS Payables</b>				
Total NHS Trade Invoices Paid in the Year	612	23,026	499	21,084
Total NHS Trade Invoices Paid Within Target	555	22,619	335	19,017
Percentage of NHS Trade Invoices Paid Within Target	90.69%	98.23%	67.13%	90.20%

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

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

There were no late payments of commercial debts during 2012-13 (nil 2011-12)

## 12 Investment Income

	2012-13 £000	2011-12 £000
<b>Rental Income</b>		
PFI finance lease revenue (planned)	0	0
PFI finance lease revenue (contingent)	0	0
Other finance lease revenue	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>
<b>Interest Income</b>		
LIFT: equity dividends receivable	0	0
LIFT: loan interest receivable	0	0
Bank interest	14	8
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Subtotal</b>	<b>14</b>	<b>8</b>
<b>Total investment income</b>	<b>14</b>	<b>8</b>

## 13 Other Gains and Losses

There were no gains and losses in the year ending 31st March 2013 ( Nil 31st March 2012).

## 14 Finance Costs

There were no finance costs in the year ending 31st March 2013 ( Nil 31st March 2012).

### 15 Property, plant and equipment

The Trust has no recognised assets as at 31 March 2013 due to a delay in the legal transfer from the PCT's in respect of the Health Bill approval. These are now due to legally transfer on 1 April 2013.

### 16 Intangible non-current assets

The Trust did not hold any non-current assets at 31st March 2013

### 17 Analysis of impairments and reversals recognised in 2012-13

The trust did not have any impairments or reversals recognised in 2012.13.

### 18 Investment property

The trust did not hold any investment property at 31st March 2013.

### 19 Commitments

The trust did not hold any commitments at 31st March 2013.

### 20 Intra-Government and other balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s	Non-current payables £000s
Balances with other Central Government Bodies	2,225	0	1,639	0
Balances with Local Authorities	36	0	665	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	90	0	582	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	32	1	3,544	0
<b>At 31 March 2013</b>	<b>2,383</b>	<b>1</b>	<b>6,430</b>	<b>0</b>
<b>prior period:</b>				
Balances with other Central Government Bodies	1,350	0	1,513	0
Balances with Local Authorities	89	0	242	0
Balances with NHS bodies outside the Departmental Group	283	0	217	0
Balances with NHS Trusts and Foundation Trusts	0	0	0	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	41	0	1,659	0
<b>At 31 March 2012</b>	<b>1,763</b>	<b>0</b>	<b>3,631</b>	<b>0</b>

### 21 Inventories

There are no inventory valuations to disclose.

## 22.1 Trade and other receivables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
NHS receivables - revenue	2,049	1,261	0	0
NHS receivables - capital	0	0	0	0
NHS prepayments and accrued income	179	268	0	0
Non-NHS receivables - revenue	91	137	0	0
Non-NHS receivables - capital	0	0	0	0
Non-NHS prepayments and accrued income	3	15	1	4
Provision for the impairment of receivables	(26)	(22)	0	0
VAT	87	104	0	0
Current part of PFI and other PPP arrangements prepayments and	0	0	0	0
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	0	0	0	0
Other receivables	0	0	0	0
<b>Total</b>	<b>2,383</b>	<b>1,763</b>	<b>1</b>	<b>4</b>
<b>Total current and non current</b>	<b>2,384</b>	<b>1,767</b>		
Included in NHS receivables are prepaid pension contributions:	0	0		

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

## 22.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	569	1,561
By three to six months	45	65
By more than six months	103	141
<b>Total</b>	<b>717</b>	<b>1,767</b>

## 22.3 Provision for impairment of receivables

	2012-13 £000	2011-12 £000
Balance at 1 April 2012	(22)	0
Amount written off during the year	0	0
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	(4)	(22)
Transfer to NHS Foundation Trust	0	0
<b>Balance at 31 March 2013</b>	<b>(26)</b>	<b>(22)</b>

The provision for impairment of receivables relates to non-nhs debts that the trust considers may not be recoverable.

## 23 NHS LIFT investments

The trust did not have any NHS LIFT investments at 31st March 2013 ( Nil at 31st March 2012).

## 24 Other financial assets

The trust did not have any other financial assets at 31st March 2013 ( Nil at 31st March 2012).

## 25 Other current assets

	31 March 2013 £000	31 March 2012 £000
EU Emissions Trading Scheme Allowance	0	0
Other Assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 26 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
<b>Opening balance</b>	<b>3,814</b>	<b>0</b>
Net change in year	2,845	3,814
<b>Closing balance</b>	<b>6,659</b>	<b>3,814</b>
<b>Made up of</b>		
Cash with Government Banking Service	6,659	3,814
Commercial banks	0	0
Cash in hand	0	0
Current investments	0	0
<b>Cash and cash equivalents as in statement of financial position</b>	<b>6,659</b>	<b>3,814</b>
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in statement of cash flows</b>	<b>6,659</b>	<b>3,814</b>
Patients' money held by the trust, not included above	0	0

## 27 Non-current assets held for sale

The trust did not hold any non-current assets for sale at 31st March 2013.

**28 Trade and other payables**

	<b>Current</b>		<b>Non-current</b>	
	<b>31 March 2013</b>	<b>31 March 2012</b>	<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Interest payable	0	0		
NHS payables - revenue	986	537	0	0
NHS payables - capital	0	0	0	0
NHS accruals and deferred income	0	0	0	0
Non-NHS payables - revenue	2,619	1,547	0	0
Non-NHS payables - capital	0	0	0	0
Non_NHS accruals and deferred income	1,657	819	0	0
Social security costs	365	349		
VAT	0	0		
Tax	379	379	0	0
Payments received on account	0	0	0	0
Other	0	0	0	0
<b>Total</b>	<b>6,006</b>	<b>3,631</b>	<b>0</b>	<b>0</b>
<b>Total payables (current and non-current)</b>	<b>6,006</b>	<b>3,631</b>		

**Included above:**

to Buy Out the Liability for Early Retirements Over 5 Years	0	0
number of Cases Involved (number)	0	0
outstanding Pension Contributions at the year end	491	0

**29 Other liabilities**

There were no other liabilities at 31st March 2013 (Nil 31st March 2012).

**30 Borrowings**

There were no borrowings at 31st March 2013 (Nil 31st March 2012).

**31 Other financial liabilities**

There were no other financial liabilities at 31st March 2013 (Nil 31st March 2012).

**32 Deferred income**

The trust did not have any deferred income at 31st March 2013.

**33 Finance lease obligations as lessee**

The trust does not have any finance lease obligations as Lessee.

**34 Finance lease receivables as lessor**

The trust does not have any finance lease obligations as Lessor.



### 35 Provisions

	Comprising:									
	Total	Pensions to Former Directors	Pensions Relating to Other Staff	Legal Claims	Restructuring	Continuing Care	Equal Pay	Agenda for Change	Other	Redundancy
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Balance at 1 April 2012</b>	<b>283</b>	0	0	186	0	0	0	0	0	97
Arising During the Year	666	0	0	8	0	0	0	0	0	658
Utilised During the Year	(123)	0	0	(26)	0	0	0	0	0	(97)
Reversed Unused	(160)	0	0	(160)	0	0	0	0	0	0
Unwinding of Discount	0	0	0	0	0	0	0	0	0	0
Change in Discount Rate	0	0	0	0	0	0	0	0	0	0
Transferred (to)/from other NHS bodies	0	0	0	0	0	0	0	0	0	0
<b>Balance at 31 March 2013</b>	<b>666</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>658</b>

#### Expected Timing of Cash Flows:

No Later than One Year	666	0	0	8	0	0	0	0	0	658
Later than One Year and not later than Five Years	0	0	0	0	0	0	0	0	0	0
Later than Five Years	0	0	0	0	0	0	0	0	0	0

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

<b>As at 31 March 2013</b>	0
<b>As at 31 March 2012</b>	0

Legal claims are made up of one employment tribunal cases. The amount is based on 75% of the NHSLA excess for the case. Agreement is expected to be reached soon with payment following quickly afterwards.

The Remuneration Committee on 5th March 2013 approved the position of the redundancy provision.

### 36 Contingencies

	31 March 2013	31 March 2012
	£000s	£000s
<b>Contingent liabilities</b>		
Equal Pay	0	0
Other - 25% NHSLA Excess	(2)	0
Amounts Recoverable Against Contingent Liabilities	(2)	0
<b>Net Value of Contingent Liabilities</b>	<b>0</b>	<b>0</b>
<b>Contingent Assets</b>		
Contingent Assets [give details]	0	0
<b>Net Value of Contingent Assets</b>	<b>0</b>	<b>0</b>

### 37 PFI and LIFT - additional information

The trust does not have any PFI or LIFT schemes.

### 38 Impact of IFRS treatment - current year

There were no impacts on the trust as a result of IFRS treatment.

### 39 Financial Instruments

#### 39.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in under activities. Because of the continuing service provider relationship that the NHS trust has with primary care trusts and the way those primary care trusts are financed, the NHS is 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 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 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 instrument 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 and therefore has low exposure to currency rate fluctuations.

#### Interest rate risk

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

#### Credit risk

Because the majority of the trust's income comes from contracts with other public sector bodies, the trust has low exposure to credit risk. The maximum exposures as at 31 March 2013 are in receivables from customers, as disclosed in the trade and other receivables note.

#### Liquidity risk

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

	At 'fair value through profit and loss' £000	Loans and receivables £000	Available for sale £000
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#### 39.2 Financial Assets

Embedded derivatives	0	0	0
Receivables - NHS	0	2,049	0
Receivables - non-NHS	0	91	0
Cash at bank and in hand	0	6,659	0
Other financial assets	0	0	0
<b>Total at 31 March 2013</b>	<b>0</b>	<b>8,799</b>	<b>0</b>

Embedded derivatives	0	0	0
Receivables - NHS	0	1,529	0
Receivables - non-NHS	0	137	0
Cash at bank and in hand	0	3,814	0
Other financial assets	0	0	0
<b>Total at 31 March 2012</b>	<b>0</b>	<b>5,480</b>	<b>0</b>

	At 'fair value through profit and loss' £000	Other £000	Total £000
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#### 39.3 Financial Liabilities

Embedded derivatives	0	0	0
NHS payables	0	986	986
Non-NHS payables	0	4,098	4,098
Other borrowings	0	0	0
PFI & finance lease obligations	0	0	0
Other financial liabilities	0	178	178
<b>Total at 31 March 2013</b>	<b>0</b>	<b>5,262</b>	<b>5,262</b>

Embedded derivatives	0	0	0
NHS payables	0	537	537
Non-NHS payables	0	2,195	2,195
Other borrowings	0	0	0
PFI & finance lease obligations	0	0	0
Other financial liabilities	0	171	171
<b>Total at 31 March 2012</b>	<b>0</b>	<b>2,903</b>	<b>2,903</b>

#### 40 Events after the end of the reporting period

Assets from NHS Richmond and NHS Hounslow PCTs did not transfer during 2012-13, it is anticipated that these will legally transfer in 2013/14 from the outgoing PCTs to HRCH at an estimated value of £20.3m. They include Land, buildings and equipment.

#### 41 Related party transactions

During the year none of the Department of Health Ministers, trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Hounslow and Richmond Community Healthcare NHS Trust.

The Department of Health is regarded as a related party. During the year Hounslow and Richmond Community Healthcare NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. *For example :*

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£
Ealing PCT	21,622	695,654	20,583	69,344
Hounslow PCT	0	30,637,302	337,904	584,348
Richmond and Twickenham PCT	3,634,403	23,414,124	45,397	1,285,989
Guys and St Thomas NHS Foundation Trust	1,168,331	0	133,744	0
West Middlesex University NHS Trust	1,111,298	1,323,845	414,435	59,295
London Strategic Health Authority	0	656,309	0	12,500

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with London Borough of Hounslow and London Borough of Richmond upon Thames (LBR). The expenditure with LBR includes £460k for Joint Equipment services.

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£
London Borough of Hounslow	485,756	537,114	302,159	15,278
London Borough of Richmond upon Thames	1,160,263	455,939	363,367	20,835

The trust has not received any payments from the charitable fund it hosts, the trustees for which are also members of the trust Board. The summary financial statements of the Funds Held on Trust are not included in these accounts, they are reported separately to the Charities Commission.

#### 42 Losses and special payments

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

	Total Value of Cases £s	Total Number of Cases
Losses	0	0
Special payments	1,198	2
<b>Total losses and special payments</b>	<b>1,198</b>	<b>2</b>

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

	Total Value of Cases £s	Total Number of Cases
Losses	35	3
Special payments	3,500	1
<b>Total losses and special payments</b>	<b>3,535</b>	<b>4</b>

#### Details of cases individually over £250,000

There were no individual cases over £250,000

**43. Financial performance targets**

Hounslow and Richmond Community Healthcare NHS Trust had an external financing limit to achieve a surplus of £698k (£1639k for 11.12)

**43.1 Breakeven performance**

	<b>2012-13</b>	<b>2011-12</b>
	<b>£000</b>	<b>£000</b>
Turnover	59,339	54,480
Retained surplus/(deficit) for the year	704	1,667
Adjustment for:		
Timing/non-cash impacting distortions:		
Adjustments for Impairments	0	0
Consolidated Budgetary Guidance - Adjustment for Dual Accounting under IFRIC12*	0	0
Adjustments for impact of policy change re donated/government grants assets	0	0
Other agreed adjustments	0	0
Break-even in-year position	<u>704</u>	<u>1,667</u>
Break-even cumulative position	<u>2,371</u>	<u>1,667</u>

	<b>2012-13</b>	<b>2011-12</b>
	<b>%</b>	<b>%</b>
Materiality test (I.e. is it equal to or less than 0.5%):		
Break-even in-year position as a percentage of turnover	1.19%	3.06%
Break-even cumulative position as a percentage of turnover	4.00%	3.06%

**43.2 External financing**

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

	<b>2012-13</b>	<b>2011-12</b>
	<b>£000</b>	<b>£000</b>
External financing limit	0	0
Cash flow financing	(2,845)	(3,814)
Finance leases taken out in the year	0	0
Other capital receipts	0	0
External financing requirement	<u>(2,845)</u>	<u>(3,814)</u>
<b>Undershoot/(overshoot)</b>	<u><b>2,845</b></u>	<u><b>3,814</b></u>

**43.3 Capital resource limit**

The trust does not hold any assets and therefore does not have a capital limit, but in future when assets are transferred will generate funds from the depreciation element of current assets and spare cash funds.

**44 Third party assets**

The trust did not hold any cash and cash equivalents at 31 March 2013(nil at 31st March 2012) which relates to monies held by the NHS trust on behalf of patients.