

# Lincolnshire Community Health Services



NHS Trust

Annual Accounts for the period

1 April 2015 to 31 March 2016

Produced under the direction of National Health Service Act 2006 c. 41 Schedule 15.

Further copies may be obtained upon request from:  
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## 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

- 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

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



Director of Finance

Date

27 May 2016 .

Chief Executive



Date

27<sup>th</sup> May 2016

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

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

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

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.

I confirm that, as far as I am aware, there is no relevant audit information of which the trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the trust's

I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Chief Executive



Date

27th May 2016

**Statement of Comprehensive Income for year ended  
31 March 2016**

	NOTE	2015-16 £000s	2014-15 £000s
Gross employee benefits	10.1	(72,276)	(72,383)
Other operating costs	8	(33,031)	(36,817)
Revenue from patient care activities	5	99,658	105,264
Other operating revenue	6	6,285	5,223
<b>Operating surplus/(deficit)</b>		<b>636</b>	<b>1,287</b>
Investment revenue	12	25	25
Other gains and (losses)	13	0	(1)
Finance costs	14	0	0
<b>Surplus/(deficit) for the financial year</b>		<b>661</b>	<b>1,311</b>
Public dividend capital dividends payable		0	0
Transfers by absorption - gains		0	0
Transfers by absorption - (losses)		0	0
<b>Net Gain/(loss) on transfers by absorption</b>		<b>0</b>	<b>0</b>
<b>Retained surplus/(deficit) for the year</b>		<b>661</b>	<b>1,311</b>

**Other Comprehensive Income**

	2015-16 £000s	2014-15 £000s
Impairments and reversals taken to the revaluation reserve	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
Other gain/(loss)	0	0
Net gain/(loss) on revaluation of available for sale financial assets	0	0
Net actuarial gain/(loss) on pension schemes	0	0
Other pension remeasurements	0	0
<b>Reclassification adjustments</b>		
On disposal of available for sale financial assets	0	0
<b>Total Other Comprehensive Income</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the year</b>	<b>661</b>	<b>1,311</b>

**Financial performance for the year**

Retained surplus/(deficit) for the year	661	1,311
Prior period adjustment to correct errors and other performance adjustments	0	0
IFRIC 12 adjustment (including IFRIC 12 impairments)	0	0
Impairments (excluding IFRIC 12 impairments)	0	0
Adjustments in respect of donated gov't grant asset reserve elimination*	(92)	(37)
Adjustment re absorption accounting	0	0
<b>Adjusted retained surplus/(deficit)</b>	<b>569</b>	<b>1,274</b>

\* The 2015/16 adjustments above relate to the net effect upon performance of removing income recognised for donated assets received in year (£124,000) and the reversal of the impact of depreciation expenses (£32,000) incurred on donated assets held. For 2014/15 equivalent adjustments were made for assets received (£46,000) and depreciation on donated assets (£9,000).


The notes on pages 8 to 40 form part of this account.

**Statement of Financial Position as at  
31 March 2016**

		31 March 2016	31 March 2015
	NOTE	£000s	£000s
<b>Non-current assets:</b>			
Property, plant and equipment	15	4,225	3,230
Intangible assets	16	195	78
Investment property	18	0	0
Other financial assets		0	0
Trade and other receivables	22.1	0	0
<b>Total non-current assets</b>		<b>4,420</b>	<b>3,308</b>
<b>Current assets:</b>			
Inventories	21	0	0
Trade and other receivables	22.1	5,920	4,700
Other financial assets	24	0	0
Other current assets	25	0	0
Cash and cash equivalents	26	10,526	13,089
<b>Sub-total current assets</b>		<b>16,446</b>	<b>17,789</b>
Non-current assets held for sale	27	0	0
<b>Total current assets</b>		<b>16,446</b>	<b>17,789</b>
<b>Total assets</b>		<b>20,866</b>	<b>21,097</b>
<b>Current liabilities</b>			
Trade and other payables	28	(11,390)	(12,297)
Other liabilities	29	0	0
Provisions	35	(40)	(25)
Borrowings	30	0	0
Other financial liabilities	31	0	0
DH revenue support loan	30	0	0
DH capital loan	30	0	0
<b>Total current liabilities</b>		<b>(11,430)</b>	<b>(12,322)</b>
<b>Net current assets/(liabilities)</b>		<b>5,016</b>	<b>5,467</b>
<b>Total assets less current liabilities</b>		<b>9,436</b>	<b>8,775</b>
<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	31	0	0
DH revenue support loan	30	0	0
DH capital loan	30	0	0
<b>Total non-current liabilities</b>		<b>0</b>	<b>0</b>
<b>Total assets employed:</b>		<b>9,436</b>	<b>8,775</b>
<b>FINANCED BY:</b>			
Public Dividend Capital		0	0
Retained earnings		8,498	7,817
Revaluation reserve		938	958
Other reserves		0	0
<b>Total Taxpayers' Equity:</b>		<b>9,436</b>	<b>8,775</b>

The financial statements on pages 4 to 7 were approved by the Board on 27th May 2016 and signed on its behalf by

Chief Executive:

  
.....  
Andrew Morgan, Chief Executive

Date: 27<sup>th</sup> May 2016

**Statement of Changes in Taxpayers' Equity**  
**For the year ending 31 March 2016**

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Other reserves £000s	Total reserves £000s
<b>Balance at 1 April 2015</b>	0	7,817	958	0	8,775
<b>Changes in taxpayers' equity for 2015-16</b>					
Retained surplus/(deficit) for the year		661			661
Net gain / (loss) on revaluation of property, plant, equipment			0		0
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of available for sale financial Impairments and reversals			0		0
Other gains/(loss) (provide details below)				0	0
Transfers between reserves		20	(20)	0	0
<b>Reclassification Adjustments</b>					
Transfers between Reserves in respect of assets transferred under absorption	0	0	0	0	0
On disposal of available for sale financial assets			0		0
Reserves eliminated on dissolution		0	0	0	0
Originating capital for Trust established in year	0				0
Permanent PDC received - cash	0				0
Permanent PDC repaid in year	0				0
PDC written off	0	0			0
Transfer due to change of status from Trust to Foundation Trust	0	0	0	0	0
Other movements	0	0	0	0	0
Net actuarial gain/(loss) on pension				0	0
Other pensions remeasurement				0	0
<b>Net recognised revenue/(expense) for the year</b>	<b>0</b>	<b>681</b>	<b>(20)</b>	<b>0</b>	<b>661</b>
<b>Balance at 31 March 2016</b>	<b>0</b>	<b>8,498</b>	<b>938</b>	<b>0</b>	<b>9,436</b>
<b>Balance at 1 April 2014</b>	<b>0</b>	<b>6,486</b>	<b>978</b>	<b>0</b>	<b>7,464</b>
<b>Changes in taxpayers' equity for the year ended 31 March 2015</b>					
Retained surplus/(deficit) for the year		1,311			1,311
Net gain / (loss) on revaluation of property, plant, equipment			0		0
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of assets held for sale			0		0
Impairments and reversals			0		0
Other gains / (loss)				0	0
Transfers between reserves		20	(20)	0	0
<b>Reclassification Adjustments</b>					
Transfers to/(from) Other Bodies within the Resource	0	0	0	0	0
Transfers between revaluation reserve & retained earnings reserve in respect of assets transferred under absorption		0	0		0
On disposal of available for sale financial assets			0		0
Originating capital for Trust established in year	0				0
New temporary and permanent PDC received - cash	0				0
New temporary and permanent PDC repaid in year	0				0
Other movements	0	0	0	0	0
Net actuarial gain/(loss) on pension				0	0
Other pension remeasurement				0	0
<b>Net recognised revenue/(expense) for the year</b>	<b>0</b>	<b>1,331</b>	<b>(20)</b>	<b>0</b>	<b>1,311</b>
<b>Balance at 31 March 2015</b>	<b>0</b>	<b>7,817</b>	<b>958</b>	<b>0</b>	<b>8,775</b>

**Statement of Cash Flows for the Year ended 31 March 2016**

	NOTE	2015-16 £000s	2014-15 £000s
<b>Cash Flows from Operating Activities</b>			
Operating surplus/(deficit)		636	1,287
Depreciation and amortisation	8	575	409
Impairments and reversals	17	0	0
Other gains/(losses) on foreign exchange	13	0	0
Donated Assets received credited to revenue but non-cash	6	(19)	(46)
Government Granted Assets received credited to revenue but non-cash		0	0
Interest paid		0	0
PDC Dividend (paid)/refunded		0	0
Release of PFI/deferred credit		0	0
(Increase)/Decrease in Inventories		0	0
(Increase)/Decrease in Trade and Other Receivables		(1,220)	653
(Increase)/Decrease in Other Current Assets		0	0
Increase/(Decrease) in Trade and Other Payables		(1,269)	1,746
(Increase)/Decrease in Other Current Liabilities		0	0
Provisions utilised		(5)	(331)
Increase/(Decrease) in movement in non cash provisions		20	(482)
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<b>(1,282)</b>	<b>3,236</b>
<b>Cash Flows from Investing Activities</b>			
Interest Received		25	25
(Payments) for Property, Plant and Equipment		(1,161)	(835)
(Payments) for Intangible Assets		(145)	(30)
(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>(1,281)</b>	<b>(840)</b>
<b>Net Cash Inflow / (Outflow) before Financing</b>		<b>(2,563)</b>	<b>2,396</b>
<b>Cash Flows from Financing Activities</b>			
Loans received from DH - New Capital Investment Loans		0	0
Loans received from DH - New Revenue Support 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/Revenue Support Loans		0	0
Other Loans Repaid		0	0
Cash transferred to NHS Foundation Trusts or on dissolution		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 (excluding donated / government granted cash 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>(2,563)</b>	<b>2,396</b>
<b>Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period</b>		<b>13,089</b>	<b>10,693</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>26</b>	<b>10,526</b>	<b>13,089</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 Department of Health Group Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DH Group Manual for Accounts 2015-16 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 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 Movement of assets within the DH Group

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

Other transfers of assets and liabilities within the Group are accounted for in line with IAS 20 and similarly give rise to income and expenditure entries.

#### 1.4 Charitable Funds

Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated (if material) within the entity's financial statements. In accordance with IAS 1 Presentation of Financial Statements, restated prior period accounts are presented where the adoption of the new policy has a material impact.

#### 1.5 Pooled Budgets

Lincolnshire Community Health Services had, up to 31st March 2015, direct financial involvement in a pooled budget hosted by Lincolnshire County Council. Under this arrangement funds were pooled under S75 of the NHS Act 2006 for Integrated Community Services Equipment activities. From the 1st April 2015, the direct financial involvement transferred from the Trust to Clinical Commissioning Groups (CCGs). The Trust has indirect influence over the expenditure incurred through its prescribing and utilisation of community equipment for its patients.

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

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

##### 1.6.1 Critical judgements in applying accounting policies

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

**Contingence Products:** as a result of varying levels of usage, accruals and prepayments are based upon the average usage level.

##### 1.6.2 Key sources of estimation uncertainty

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

The key sources of estimation uncertainty for the Trust relate to accruals included in the financial statements and the non-current asset lives and depreciation amounts.



## NOTES TO THE ACCOUNTS

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

#### 1.7 Revenue

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

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

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

#### 1.8 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.

##### 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 Lincolnshire Community Health Services NHS Trust commits itself to the retirement, regardless of the method of payment.

Some employees are members of the NEST superannuation scheme, which is a defined benefit pension scheme administered by the government. The Trust collects contributions from employees and pays them over on a monthly basis. The Trust incurs no costs or liabilities from the scheme.

#### 1.9 Other expenses

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

## NOTES TO THE ACCOUNTS

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

#### 1.10 Property, plant and equipment

##### Recognition

Property, plant and equipment is capitalised if:

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

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

##### Valuation

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

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

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.

The last revaluation exercise was undertaken as at 31st March 2014 by Maurice Berry BSc (Hons) MRICS Dip Bldg on the Trust owned land and buildings. A revaluation exercise is scheduled to take place during the 2016/17 financial year.

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.

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

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

#### 1.11 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.

#### 1.12 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 NHS trust expects to obtain economic benefits or service potential from the asset. This is specific to the NHS trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

At each reporting period end, the NHS 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.

#### 1.13 Donated assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

#### 1.14 Government grants

Government grant funded assets are capitalised at their fair value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

## NOTES TO THE ACCOUNTS

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

#### 1.15 Non-current assets held for sale

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

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

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

#### 1.16 Leases

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

##### The trust as lessee

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

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

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

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

##### The NHS trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS 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.

#### 1.17 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust does not control the use of the infrastructure and the residual interest of any PFI schemes. Lincolnshire Community Health Services NHS Trust has not entered into any PFI arrangements.

#### 1.18 Inventories

The Trust does not hold a material level of inventories. No value for inventories is included on the Statement of Financial Position.

#### 1.19 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 NHS trust's cash management.

## NOTES TO THE ACCOUNTS

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

#### 1.20 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. This rate is 1.55% in real terms for general provisions payable within five years and 1.37% for employee early departure obligations.

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

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

#### 1.21 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.

#### 1.22 Non-clinical risk pooling

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

#### 1.23 Carbon Reduction Commitment Scheme (CRC)

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

#### 1.24 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 NHS 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 NHS 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.

#### 1.25 Financial assets

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

Financial assets are 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.

## NOTES TO THE ACCOUNTS

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

#### Available for sale financial assets

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

#### Loans and receivables

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

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

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

At the end of the reporting period, the NHS 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.

#### 1.26 Financial liabilities

Financial liabilities are recognised on the statement of financial position when the NHS 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 amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- The premium received (or imputed) for entering into the guarantee less cumulative amortisation.

#### 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 NHS trust's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

#### 1.27 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.

#### 1.28 Foreign currencies

The Trust's functional currency and presentational currency is sterling.

#### 1.29 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.

#### 1.30 Public Dividend Capital (PDC) and PDC dividend

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

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities (except for donated assets and cash balances with the Government Banking Service). The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets. The Trust currently has no PDC and as such pays no PDC dividend.

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

## NOTES TO THE ACCOUNTS

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

#### 1.31 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 trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

#### 1.32 Subsidiaries

Material entities over which the NHS trust has the power to exercise control are classified as subsidiaries and are consolidated. The NHS trust has control when it is exposed to or has rights to variable returns through its power over another entity. The income and expenses; gains and losses; assets, liabilities and reserves; and cash flows of the subsidiary are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the NHS trust or where the subsidiary's accounting date is not co-terminus.

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

The Trust administers Lincolnshire Community Health Services NHS Trust Charitable Funds and has the power to exercise control in accordance with IAS27 requirements. As disclosed in note 1.4 (above) the Charitable Funds are not material in relation to the Trust and are not consolidated within these accounts.

#### 1.33 Associates

Material entities over which the Trust has the power to exercise significant influence so as to obtain economic or other benefits are classified as associates and are recognised in the Trust's accounts using the equity method. No associates are included in these accounts.

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

#### 1.34 Joint arrangements

Material entities over which the Trust has joint control with one or more other parties so as to obtain economic or other benefits are classified as joint arrangements. No joint arrangements are contained within these accounts.

A joint operation exists where the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. Where the NHS body is a joint operator it recognises its share of, assets, liabilities, income and expenses in its own accounts.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are recognised as an investment and accounted for using the equity method.

#### 1.35 Research and Development

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

#### 1.36 Accounting Standards that have been issued but have not yet been adopted

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2015-16. These standards are still subject to HM Treasury FReM interpretation, with IFRS 9 and IFRS 15 being for implementation in 2018-19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration.

- IFRS 9 *Financial Instruments* – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 15 *Revenue for Contracts with Customers* - Application required for accounting periods beginning on or after 1 January 2017, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 16 *Leases* – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

## **2. Integrated Community Services Equipment (ICES) Pooled Budget**

To the 31st March 2015, Lincolnshire Community Health Services NHS Trust was directly engaged as a partner in a pooled budget arrangement with Lincolnshire County Council and other Lincolnshire NHS organisations. For 2014/15, Trust expenditure into this pooled arrangement totalled £4.3m.

For 2015/16, the direct management responsibility of the health proportion of the ICES budget was undertaken by Lincolnshire Clinical Commissioning Groups (CCGs). Lincolnshire Community Health Services NHS Trust, whilst not now bearing financial costs, remains a key partner in the arrangement through its management of volumes of equipment issued by Trust staff.

## **3. Operating segments**

No segmental analysis is shown as the sole activity of Lincolnshire Community Health Services NHS Trust in 2015/16 was the provision of community health services for the people of Lincolnshire and surrounding areas.

The "Chief Operating Decision Maker" is deemed to be the Trust Board of Directors. The Board currently receives only high level financial reporting information and does not therefore review information or allocate resources in any way that could be perceived to represent operating segments. This will be reviewed during the course of 2016/17 dependent upon the information received by the Chief Operating Decision Maker.

The Trust has a group of customers, Lincolnshire Clinical Commissioning Groups from which more than 10% of its total revenue is derived from providing community health services.

## **4. Income generation activities**

NHS Trusts can undertake income generation activities with an aim of achieving profit, which is then used in patient care. Lincolnshire Community Health Services NHS Trust did not undertake any significant income generation activities in 2015/16. (2014/15: £0)



**5. Revenue from patient care activities**

	2015-16 £000s	2014-15 £000s
NHS Trusts	40	0
NHS England*	9,055	14,967
Clinical Commissioning Groups	78,359	81,852
Foundation Trusts	21	20
Department of Health	0	1
NHS Other (including Public Health England and Prop Co)	0	20
Additional income for delivery of healthcare services	0	0
Non-NHS:		
Local Authorities*	11,929	8,177
Private patients	0	0
Overseas patients (non-reciprocal)	5	5
Injury costs recovery	171	155
Other	78	67
<b>Total Revenue from patient care activities</b>	<b>99,658</b>	<b>105,264</b>

\* Significant year-on-year changes in categorisation between NHS and Local Authority income are as a result of the in-year transfer of commissioning of health visiting services between bodies (from NHS England to Lincolnshire County Council).

**6. Other operating revenue**

	2015-16 £000s	2014-15 £000s
Recoveries in respect of employee benefits	424	416
Patient transport services	0	0
Education, training and research	1,518	1,407
Charitable and other contributions to revenue expenditure - NHS	39	31
Charitable and other contributions to revenue expenditure -non- NHS	26	0
Receipt of donations for capital acquisitions - Charity	124	46
Support from DH for mergers	0	0
Receipt of Government grants for capital acquisitions	0	0
Non-patient care services to other bodies	4,150	3,302
Income generation (Other fees and charges)	0	0
Rental revenue from finance leases	0	0
Rental revenue from operating leases	0	0
Other revenue	4	21
<b>Total Other Operating Revenue</b>	<b>6,285</b>	<b>5,223</b>
<b>Total operating revenue</b>	<b>105,943</b>	<b>110,487</b>

**7. Overseas Visitors Disclosure**

	2015-16 £000	2014-15 £000s
Income recognised during 2015-16 (invoiced amounts and accruals)	5	5
Cash payments received in-year (re receivables at 31 March 2015)	0	0
Cash payments received in-year (iro invoices issued 2014-15)	5	5
Amounts added to provision for impairment of receivables (re receivables at 31 March 2014)	0	0
Amounts added to provision for impairment of receivables (iro invoices issued 2014-15)	0	0
Amounts written off in-year (irrespective of year of recognition)	0	0

**8. Operating expenses**

	2015-16 £000s	2014-15 £000s
Purchase of healthcare from non-NHS bodies	0	0
Purchase of Social Care	0	
Trust Chair and Non-executive Directors	62	54
Supplies and services - clinical	13,657	12,283
Supplies and services - general	2,675	7,229
Consultancy services	30	163
Establishment	4,385	4,484
Transport	253	166
Service charges - ON-SOFP PFIs and other service concession arrangements	0	0
Service charges - On-SOFP LIFT contracts	0	0
Total charges - Off-SOFP PFIs and other service concession arrangements	0	0
Total charges - Off-SOFP LIFT contracts	0	0
Business rates paid to local authorities	168	244
Premises	10,206	10,843
Hospitality	0	0
Insurance	0	0
Legal Fees	88	169
Impairments and Reversals of Receivables	1	2
Inventories write down	0	0
Depreciation	531	360
Amortisation	44	49
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
Internal Audit Fees	66	67
Audit fees	49	58
Other auditor's remuneration	0	0
Clinical negligence	180	173
Research and development (excluding staff costs)	141	0
Education and Training	492	452
Change in Discount Rate	0	0
Other	3	21
<b>Total Operating expenses (excluding employee benefits)</b>	<b><u>33,031</u></b>	<b><u>36,817</u></b>
<b>Employee Benefits</b>		
Employee benefits excluding Board members	71,317	71,545
Board members	959	838
<b>Total Employee Benefits</b>	<b><u>72,276</u></b>	<b><u>72,383</u></b>
<b>Total Operating Expenses</b>	<b><u>105,307</u></b>	<b><u>109,200</u></b>

## 9. Operating Leases

Lincolnshire Community Health Services NHS Trust operates patient services in a variety of locations across the county of Lincolnshire. As a result, the Trust is party to a number of leasing arrangements for occupation of properties. Many of these arrangements are with NHS Property Services Ltd.

In July 2015, the Trust entered into a 15 year lease for Beech House where the Trust's Headquarters are based. This lease arrangement was made between the Trust and Investors in Lincoln Limited.

The Trust also operates a lease car scheme to enable staff to deliver services in the community, these arrangements involve three-year agreements with private leasing providers.

### 9.1. Lincolnshire Community Health Services NHS Trust as lessee

	Land £000s	Buildings £000s	Other £000s	2015-16 Total £000s	2014-15 £000s
<b>Payments recognised as an expense</b>					
Minimum lease payments				8,975	8,799
Contingent rents				0	0
Sub-lease payments				0	0
<b>Total</b>				<b>8,975</b>	<b>8,799</b>
	Land £000s	Buildings £000s	Other £000s	2015-16 Total £000s	2014-15 £000s
<b>Payable:</b>					
No later than one year	0	7,570	742	8,312	7,893
Between one and five years	0	1,891	587	2,478	1,160
After five years	0	2,769	0	2,769	79
<b>Total</b>	<b>0</b>	<b>12,230</b>	<b>1,329</b>	<b>13,559</b>	<b>9,132</b>
Total future sublease payments expected to be received:				0	0

### 9.2. Lincolnshire Community Health Services NHS Trust as lessor

Lincolnshire Community Health Service has not acted as a lessor in any leasing arrangements in 2015/16 (2014/15:£0)

**10. Employee benefits and staff numbers****10.1. Employee benefits**

	2015-16		
	Total £000s	Permanently employed £000s	Other £000s
<b>Employee Benefits - Gross Expenditure</b>			
Salaries and wages	60,738	55,235	5,503
Social security costs	3,869	3,869	0
Employer Contributions to NHS BSA - Pensions Division	7,366	7,366	0
Other pension costs	6	6	0
Termination benefits	297	297	0
<b>Total employee benefits</b>	<b>72,276</b>	<b>66,773</b>	<b>5,503</b>
<b>Employee costs capitalised</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Gross Employee Benefits excluding capitalised costs</b>	<b>72,276</b>	<b>66,773</b>	<b>5,503</b>

	2015-16			2014-15		
	Total £000s	Permanently employed £000s	Other £000s	Total £000s	Permanently employed £000s	Other £000s
Salaries and wages	61,154	55,201	5,953			
Social security costs	3,959	3,959	0			
Employer Contributions to NHS BSA - Pensions Division	7,266	7,266	0			
Other pension costs	4	4	0			
Termination benefits	0	0	0			
TOTAL - including capitalised costs	72,383	66,430	5,953			
Employee costs capitalised	0	0	0			
<b>Gross Employee Benefits excluding capitalised costs</b>	<b>72,383</b>	<b>66,430</b>	<b>5,953</b>			

In 2012-13 there were rows for 'other post-employment benefits' and 'other employment benefits'. These are now included within the 'Salaries and wages' row.

**10.2. Staff Numbers**

	2015-16			2014-15
	Total Number	Permanently employed Number	Other Number	Total Number
<b>Average Staff Numbers</b>				
Medical and dental	17	15	2	50
Ambulance staff	0	0	0	0
Administration and estates	332	322	10	341
Healthcare assistants and other support staff	429	429	0	389
Nursing, midwifery and health visiting staff	874	859	15	898
Nursing, midwifery and health visiting learners	0	0	0	0
Scientific, therapeutic and technical staff	212	210	2	213
Social Care Staff	0	0	0	0
Healthcare Science Staff	0	0	0	0
Other	63	47	16	43
<b>TOTAL</b>	<b>1,927</b>	<b>1,882</b>	<b>45</b>	<b>1,934</b>
Of the above - staff engaged on capital projects	0	0	0	0

**10.3. Staff Sickness absence and ill health retirements**

	2015-16		2014-15	
	Number	£000s	Number	£000s
Total Days Lost	20,149		21,030	
Total Staff Years	1,885		1,995	
<b>Average working Days Lost</b>	<b>10.69</b>		<b>10.54</b>	
Number of persons retired early on ill health grounds	2		3	
Total additional pensions liabilities accrued in the year	91		297	

The above costs are borne by the NHS Pension Scheme and not the Trust. They are calculated by multiplying the average value of ill health pension by the number of years from payment to age sixty. Any pensions increase has been ignored.

**10.4. Exit Packages agreed in 2015-16**

2015-16								
Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed.	Total number of exit packages	Total cost of exit packages	Number of Departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£s	Number	£s	Number	£s	Number	£
Less than £10,000	0	0	2	11,773	2	11,773	0	0
£10,000-£25,000	2	39,395	0	0	2	39,395	0	0
£25,001-£50,000	7	245,101	0	0	7	245,101	0	0
£50,001-£100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>9</b>	<b>284,496</b>	<b>2</b>	<b>11,773</b>	<b>11</b>	<b>296,269</b>	<b>0</b>	<b>0</b>

2014-15								
Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed.	Total number of exit packages	Total cost of exit packages	Number of Departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£s	Number	£s	Number	£s	Number	£
Less than £10,000	1	9,863	2	11,721	3	21,584	0	0
£10,000-£25,000	0	0	1	11,812	1	11,812	0	0
£25,001-£50,000	3	101,916	2	90,283	5	192,199	0	0
£50,001-£100,000	1	62,081	0	0	1	62,081	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>173,860</b>	<b>5</b>	<b>113,816</b>	<b>10</b>	<b>287,676</b>	<b>0</b>	<b>0</b>

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

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

**10.5. Exit packages - Other Departures analysis**

	2015-16		2014-15	
	Agreements	Total value of agreements	Agreements	Total value of agreements
	Number	£000s	Number	£000s
Voluntary redundancies including early retirement contractual costs	0	0	2	90
Mutually agreed resignations (MARS) contractual costs	0	0	0	0
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	2	12	2	15
Exit payments following Employment Tribunals or court orders	0	0	1	9
Non-contractual payments requiring HMT approval*	0	0	0	0
<b>Total</b>	<b>2</b>	<b>12</b>	<b>5</b>	<b>114</b>
Non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary	0	0	0	0

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

As a single exit package can be made up of several components each of which will be counted separately in this Note, the total number above will not necessarily match the total numbers in Note 10.4 which will be the number of individuals.

\*includes any non-contractual severance payment made following judicial mediation, and 0 (£0) relating to non-contractual payments in lieu of notice.

0 non-contractual payments (£0,000) were made to individuals where the payment value was more than 12 months' of their annual salary.

The Remuneration Report includes disclosure of exit payments payable to individuals named in that Report.

**10.6. Pension costs**

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

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

**a) Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 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. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

**b) Full actuarial (funding) valuation**

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

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

The Trust has employees who pay into the National Employment Services Trust (NEST) pension scheme and this is not connected to the NHS Pension Scheme.

**11. Better Payment Practice Code****11.1. Measure of compliance**

	2015-16 Number	2015-16 £000s	2014-15 Number	2014-15 £000s
<b>Non-NHS Payables</b>				
Total Non-NHS Trade Invoices Paid in the Year	16,329	24,930	16,373	25,190
Total Non-NHS Trade Invoices Paid Within Target	13,640	18,523	13,243	19,009
Percentage of NHS Trade Invoices Paid Within Target	<u>83.53%</u>	<u>74.30%</u>	<u>80.88%</u>	<u>75.46%</u>
<b>NHS Payables</b>				
Total NHS Trade Invoices Paid in the Year	988	17,417	1,023	16,893
Total NHS Trade Invoices Paid Within Target	620	8,997	598	8,061
Percentage of NHS Trade Invoices Paid Within Target	<u>62.75%</u>	<u>51.66%</u>	<u>58.46%</u>	<u>47.72%</u>

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

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

	2015-16 £000s	2014-15 £000s
Amounts included in finance costs from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

**12. Investment Revenue**

	2015-16 £000s	2014-15 £000s
<b>Rental revenue</b>		
PFI finance lease revenue (planned)	0	0
PFI finance lease revenue (contingent)	0	0
Other finance lease revenue	0	0
<b>Subtotal</b>	<u>0</u>	<u>0</u>
<b>Interest revenue</b>		
LIFT: equity dividends receivable	0	0
LIFT: loan interest receivable	0	0
Bank interest	25	25
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Subtotal</b>	<u>25</u>	<u>25</u>
<b>Total investment revenue</b>	<u>25</u>	<u>25</u>

Interest recognised above represents interest received on cash balances held within Government Banking Services accounts.

**13. Other Gains and Losses**

	2015-16 £000s	2014-15 £000s
Gain/(Loss) on disposal of assets other than by sale (PPE)	0	(1)
Gain/(Loss) on disposal of assets other than by sale (intangibles)	0	0
Gain/(Loss) on disposal of Financial Assets other than held for sale	0	0
Gain (Loss) on disposal of assets held for sale	0	0
Gain/(loss) on foreign exchange	0	0
Change in fair value of financial assets carried at fair value through the SoCI	0	0
Change in fair value of financial liabilities carried at fair value through the SoCI	0	0
Change in fair value of investment property	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<u>0</u>	<u>(1)</u>

**14. Finance Costs**

In 2015/16, Lincolnshire Community Health Services NHS Trust did not undertake any loan or borrowing arrangements and as such, did not incur any finance costs. (2014/15: £0)

**15.1. Property, plant and equipment**

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
2015-16	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Cost or valuation:</b>									
<b>At 1 April 2015</b>	681	1,594	0	113	1,612	0	1,143	250	5,393
Additions of Assets Under Construction				374					374
Additions Purchased	0	378	0		94	0	547	114	1,133
Additions - Non Cash Donations (i.e. physical assets)*	0	0	0	0	7	0	0	12	19
Additions - Purchases from Cash Donations & Government Grants	0	0	0	0	0	0	0	0	0
Additions Leased (including PFI/LIFT)	0	0	0		0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale and reversals	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairment/reversals charged to operating expenses	0	0	0	0	0	0	0	0	0
Impairments/reversals charged to reserves	0	0	0	0	0	0	0	0	0
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0	0
<b>At 31 March 2016</b>	<b>681</b>	<b>1,972</b>	<b>0</b>	<b>487</b>	<b>1,713</b>	<b>0</b>	<b>1,690</b>	<b>376</b>	<b>6,919</b>
<b>Depreciation</b>									
<b>At 1 April 2015</b>	0	102	0		1,346	0	618	97	2,163
Reclassifications	0	0	0		0	0	0	0	0
Reclassifications as Held for Sale and reversals	0	0	0		0	0	0	0	0
Disposals other than for sale	0	0	0		0	0	0	0	0
Upward revaluation/positive indexation	0	0	0		0	0	0	0	0
Impairment/reversals charged to reserves	0	0	0		0	0	0	0	0
Impairments/reversals charged to operating expenses	0	0	0		0	0	0	0	0
Charged During the Year	0	165	0		61	0	240	65	531
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0		0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0		0	0	0	0	0
<b>At 31 March 2016</b>	<b>0</b>	<b>267</b>	<b>0</b>	<b>0</b>	<b>1,407</b>	<b>0</b>	<b>858</b>	<b>162</b>	<b>2,694</b>
<b>Net Book Value at 31 March 2016</b>	<b>681</b>	<b>1,705</b>	<b>0</b>	<b>487</b>	<b>306</b>	<b>0</b>	<b>832</b>	<b>214</b>	<b>4,225</b>
<b>Asset financing:</b>									
Owned - Purchased	681	1,619	0	487	231	0	832	204	4,054
Owned - Donated	0	86	0	0	75	0	0	10	171
Owned - Government Granted	0	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual: interests	0	0	0	0	0	0	0	0	0
<b>Total at 31 March 2016</b>	<b>681</b>	<b>1,705</b>	<b>0</b>	<b>487</b>	<b>306</b>	<b>0</b>	<b>832</b>	<b>214</b>	<b>4,225</b>

**Revaluation Reserve Balance for Property, Plant & Equipment**

	Land	Buildings	Dwellings	Assets under construction & payments	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>At 1 April 2015</b>	459	493	0	0	6	0	0	0	958
Movements (specify)	0	(19)	0	0	(1)	0	0	0	(20)
<b>At 31 March 2016</b>	<b>459</b>	<b>474</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>938</b>

**Additions to Assets Under Construction in 2015-16**

Land	0
Buildings excl Dwellings	242
Dwellings	0
Plant & Machinery	132
<b>Balance as at YTD</b>	<b>374</b>



15.2. Property, plant and equipment prior-year

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>2014-15</b>									
<b>Cost or valuation:</b>									
At 1 April 2014	681	1,323	0	0	1,512	0	847	174	4,537
Additions of Assets Under Construction				113					113
Additions Purchased	0	272	0		54	0	322	76	724
Additions - Non Cash Donations (i.e. Physical Assets)*	0	0	0	0	46	0	0	0	46
Additions - Purchases from Cash Donations & Government Grants	0	0	0	0	0	0	0	0	0
Additions Leased (including PFI/LIFT)	0	0	0		0	0	0	0	0
Reclassifications	0	0	0	0	0	0	(26)	0	(26)
Reclassifications as Held for Sale and Reversals	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	(1)	0	0	0	0	0	0	(1)
Revaluation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation charged to reserves	0	0	0	0	0	0	0	0	0
Reversal of Impairments charged to reserves	0	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0	0
At 31 March 2015	<b>681</b>	<b>1,594</b>	<b>0</b>	<b>113</b>	<b>1,612</b>	<b>0</b>	<b>1,143</b>	<b>250</b>	<b>5,393</b>
<b>Depreciation</b>									
At 1 April 2014	0	15	0	0	1,267	0	468	53	1,803
Reclassifications	0	0	0		(6)	0	5	1	0
Reclassifications as Held for Sale and Reversals	0	0	0		0	0	0	0	0
Disposals other than for sale	0	0	0		0	0	0	0	0
Revaluation	0	0	0		0	0	0	0	0
Impairments/negative indexation charged to operating expenses	0	0	0	0	0	0	0	0	0
Reversal of Impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Charged During the Year	0	87	0		85	0	145	43	360
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0		0	0	0	0	0
At 31 March 2015	<b>0</b>	<b>102</b>	<b>0</b>	<b>0</b>	<b>1,346</b>	<b>0</b>	<b>618</b>	<b>97</b>	<b>2,163</b>
<b>Net Book Value at 31 March 2015</b>	<b>681</b>	<b>1,492</b>	<b>0</b>	<b>113</b>	<b>266</b>	<b>0</b>	<b>525</b>	<b>153</b>	<b>3,230</b>
<b>Asset financing:</b>									
Owned - Purchased	681	1,492	0	113	187	0	525	153	3,151
Owned - Donated	0	0	0	0	79	0	0	0	79
Owned - Government Granted	0	0	0	0	0	0	0	0	0
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual: interests	0	0	0	0	0	0	0	0	0
Total at 31 March 2015	<b>681</b>	<b>1,492</b>	<b>0</b>	<b>113</b>	<b>266</b>	<b>0</b>	<b>525</b>	<b>153</b>	<b>3,230</b>

**15.3. Property, plant and equipment**

\*Assets donated in year were purchased by Lincolnshire Community Health Services NHS Trust Charitable Funds.

**Economic Lives of Non-Current Assets**

	Min Life Years	Max Life Years
Property, Plant and Equipment	1	24
Plant and Machinery	1	10
Information Technology	1	4
Furniture and Fittings	2	4

**16. Intangible non-current assets****16.1. Intangible non-current assets**

2015-16

	IT - in- house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
	£000's	£000's	£000's	£000's	£000's	£000's
<b>At 1 April 2015</b>	<b>0</b>	<b>275</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>275</b>
Additions Purchased	93	68	0	0	0	161
Additions Internally Generated	0	0	0	0	0	0
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	0
Additions - Purchases from Cash Donations and Government Grants	0	0	0	0	0	0
Additions Leased (including PFI/LIFT)	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as Held for Sale and Reversals	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments/reversals charged to operating expenses	0	0	0	0	0	0
Impairments/reversals charged to reserves	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	0
<b>At 31 March 2016</b>	<b>93</b>	<b>343</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>436</b>
<b>Amortisation</b>						
<b>At 1 April 2015</b>	<b>0</b>	<b>197</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>197</b>
Reclassifications	0	0	0	0	0	0
Reclassified as Held for Sale and Reversals	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairment/reversals charged to reserves	0	0	0	0	0	0
Impairments/reversals charged to operating expenses	0	0	0	0	0	0
Charged During the Year	8	36	0	0	0	44
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	0
<b>At 31 March 2016</b>	<b>8</b>	<b>233</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>241</b>
<b>Net Book Value at 31 March 2016</b>	<b>85</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>195</b>
<b>Asset Financing: Net book value at 31 March 2016 comprises:</b>						
Purchased	85	110	0	0	0	195
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Finance Leased	0	0	0	0	0	0
On-balance Sheet PFIs	0	0	0	0	0	0
<b>Total at 31 March 2016</b>	<b>85</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>195</b>

**Revaluation reserve balance for intangible non-current assets**

	£000's	£000's	£000's	£000's	£000's	£000's
<b>At 1 April 2015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Movements	0	0	0	0	0	0
<b>At 31 March 2016</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**16.2. Intangible non-current assets prior year**

2014-15	IT - in-house & 3rd party software	Computer Licenses	Licenses and Trademarks	Patents	Development Expenditure - Internally Generated	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:						
At 1 April 2014	0	219	0	0	0	219
Additions - purchased	0	30	0	0	0	30
Additions - internally generated	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Additions Leased (including PFI/LIFT)	0	0	0	0	0	0
Reclassifications	0	26	0	0	0	26
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	0
At 31 March 2015	<u>0</u>	<u>275</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>275</u>
Amortisation						
At 1 April 2014	0	148	0	0	0	148
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Upward revaluation/positive indexation	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	0	49	0	0	0	49
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0	0	0	0
At 31 March 2015	<u>0</u>	<u>197</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>197</u>

**Economic Lives of Non-Current Assets (Intangible)**

	Min Life Years	Max Life Years
Software Licences	1	4
IT Inhouse and Third Party software	3	4

**17. Analysis of impairments and reversals recognised in 2015-16**

Lincolnshire Community Health Services NHS Trust did not recognise any asset impairment or reversals in 2015/16.

**18. Investment property**

Lincolnshire Community Health Services NHS Trust does not hold any properties for the purposes of capital appreciation (investment).

**19. Commitments****19.1. Capital commitments**

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

	31 March 2016 £000s	31 March 2015 £000s
Property, plant and equipment	78	86
Intangible assets	0	0
<b>Total</b>	<b>78</b>	<b>86</b>

**19.2. Other financial commitments**

Lincolnshire Community Health Services NHS Trust has not entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements).

**20. Intra-Government and other balances**

	Current receivables	Non- current receivable s	Current payables	Non- current payables
	£000s	£000s	£000s	£000s
Balances with Other Central Government Bodies	285	0	1,090	0
Balances with Local Authorities	23	0	6	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS bodies inside the Departmental Group	4,200	0	5,118	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	1,412	0	5,176	0
<b>At 31 March 2016</b>	<b>5,920</b>	<b>0</b>	<b>11,390</b>	<b>0</b>
<b>prior period:</b>				
Balances with Other Central Government Bodies	46	0	2,166	0
Balances with Local Authorities	314	0	116	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS bodies inside the Departmental Group	3,355	0	3,853	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	985	0	6,162	0
<b>At 31 March 2015</b>	<b>4,700</b>	<b>0</b>	<b>12,297</b>	<b>0</b>

**21. Inventories**

Lincolnshire Community Health Services does not separately account for inventory on the basis of immateriality.

**22.1. Trade and other receivables**

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
NHS receivables - revenue	2,942	1,932	0	0
NHS receivables - capital	0	0	0	0
NHS prepayments and accrued income	1,258	1,292	0	0
Non-NHS receivables - revenue	159	402	0	0
Non-NHS receivables - capital	0	0	0	0
Non-NHS prepayments and accrued income	1,286	1,039	0	0
PDC Dividend prepaid to DH	0	0		
Provision for the impairment of receivables	(15)	(14)	0	0
VAT	285	46	0	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	0	0	0	0
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	0	0	0	0
Other receivables	5	3	0	0
<b>Total</b>	<b>5,920</b>	<b>4,700</b>	<b>0</b>	<b>0</b>
<b>Total current and non current</b>	<b>5,920</b>	<b>4,700</b>		
Included in NHS receivables are prepaid pension contributions:			<b>0</b>	

The great majority of trade is with NHS Clinical Commissioning Groups and other Government Funded bodies to fund patient care services and as such, no credit scoring of them is considered necessary

**22.2. Receivables past their due date but not impaired**

	31 March 2016 £000s	31 March 2015 £000s
By up to three months	870	771
By three to six months	54	134
By more than six months	6	31
<b>Total</b>	<b>930</b>	<b>936</b>

**22.3. Provision for impairment of receivables**

	<b>2015-16</b>	2014-15
	<b>£000s</b>	£000s
<b>Balance at 1 April 2015</b>	<b>(14)</b>	(17)
Amount written off during the year	<b>0</b>	5
Amount recovered during the year	<b>0</b>	2
(Increase)/decrease in receivables impaired	<b>(1)</b>	(4)
Transfers to NHS Foundation Trust on authorisation as FT	<b>0</b>	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	<b>0</b>	0
<b>Balance at 31 March 2016</b>	<b><u>(15)</u></b>	<u>(14)</u>

**23. NHS LIFT investments**

Lincolnshire Community Health Services NHS Trust is not party to any agreement involving Local Improvement Finance Trusts (LIFT).

**24.1. Other Financial Assets - Current**

Lincolnshire Community Health Services NHS Trust does not hold or classify any current other financial assets.

**24.2. Other Financial Assets - Non Current**

Lincolnshire Community Health Services NHS Trust does not hold or classify any other financial assets as non-current.

**25. Other current assets**

	<b>31 March 2016 £000s</b>	31 March 2015 £000s
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**

	<b>31 March 2016 £000s</b>	31 March 2015 £000s
<b>Opening balance</b>	<b>13,089</b>	10,693
Net change in year	(2,563)	2,396
<b>Closing balance</b>	<b>10,526</b>	13,089
<b>Made up of</b>		
Cash with Government Banking Service	10,524	13,087
Commercial banks	0	0
Cash in hand	2	2
Liquid deposits with NLF	0	0
Current investments	0	0
<b>Cash and cash equivalents as in statement of financial position</b>	<b>10,526</b>	13,089
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>10,526</b>	13,089

Note: Lincolnshire Community Health Services NHS Trust does not hold any monies on behalf of patients.

**27. Non-current assets held for sale**

At the balance sheet date, Lincolnshire Community Health Services NHS Trust did not have any assets classified as held for sale. (2014/15; £0)

**28. Trade and other payables**

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
NHS payables - revenue	3,691	3,139	0	0
NHS payables - capital	17	0	0	0
NHS accruals and deferred income	1,410	714	0	0
Non-NHS payables - revenue	1,154	2,821	0	0
Non-NHS payables - capital	354	9	0	0
Non-NHS accruals and deferred income	2,681	3,448	0	0
Social security costs	587	627		
PDC Dividend payable to DH	0	0		
Accrued Interest on DH Loans	0			
VAT	0	0	0	0
Tax	503	548		
Payments received on account	0	0	0	0
Other	993	991	0	0
<b>Total</b>	<b>11,390</b>	<b>12,297</b>	<b>0</b>	<b>0</b>
<b>Total payables (current and non-current)</b>	<b>11,390</b>	<b>12,297</b>		
<b>Included above:</b>				
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	991	991		

**29. Other liabilities**

Lincolnshire Community Health Services NHS Trust does not have any other liabilities. (2014/15: £0)

**30. Borrowings**

Lincolnshire Community Health Services NHS Trust does not have any borrowing commitments. (2014/15: £0)

**31. Other financial liabilities**

Lincolnshire Community Health Services NHS Trust does not have transactions or items classified as other financial liabilities. (2014/15: £0)

**32. Deferred income**

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
Opening balance at 1 April 2015	127	0	0	0
Deferred revenue addition	290	127	0	0
Transfer of deferred revenue	(126)	0	0	0
<b>Current deferred Income at 31 March 2016</b>	<b>291</b>	<b>127</b>	<b>0</b>	<b>0</b>
Total deferred income (current and non-current)	291	127		

**33. Finance lease obligations as lessee**

Lincolnshire Community Health Services NHS Trust does not have any finance lease obligations as lessee. (2014/15: £0)

**34. Finance lease receivables as lessor**

Lincolnshire Community Health Services NHS Trust does not have any finance lease obligations as lessor. (2014/15: £0)



### 35. Provisions

	Comprising:							
	Total	Early Departure Costs	Legal Claims	Restructuring	Continuing Care	Equal Pay (incl. Agenda for Change)	Other	Redundancy
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Balance at 1 April 2015</b>	<b>25</b>	0	25	0	0	0	0	0
Arising during the year	<b>30</b>	0	30	0	0	0	0	0
Utilised during the year	<b>(5)</b>	0	(5)	0	0	0	0	0
Reversed unused	<b>(10)</b>	0	(10)	0	0	0	0	0
Unwinding of discount	<b>0</b>	0	0	0	0	0	0	0
Change in discount rate	<b>0</b>	0	0	0	0	0	0	0
Transfers to NHS Foundation Trusts on being authorised as FT	<b>0</b>	0	0	0	0	0	0	0
Transfers (to)/from other public sector bodies under absorption accounting	<b>0</b>	0	0	0	0	0	0	0
<b>Balance at 31 March 2016</b>	<b>40</b>	<b>0</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expected Timing of Cash Flows:</b>								
No Later than One Year	<b>40</b>	0	40	0	0	0	0	0
Later than One Year and not later than Five Years	<b>0</b>	0	0	0	0	0	0	0
Later than Five Years	<b>0</b>	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 2016</b>	1,819
<b>As at 31 March 2015</b>	336

### 36. Contingencies

#### Contingent liabilities

During 2015/16, Lincolnshire Community Health Services NHS Trust has continued to engage in discussions with HM Revenue and Customs with regards to liabilities due in respect of pay-as-you-earn tax and national insurance. These liabilities relate to individuals engaged by the Trust in the delivery of its services (specifically the GP out-of-hours services), since the Trust's inception in 2011. The arrangements were inherited from the Trust's predecessor organisation (Lincolnshire Primary Care Trust). Discussions with HMRC to date have included explanation of the detail of the arrangement involved and complying with requests for additional information. Depending on the outcome of this issue, there is a potential for a liability to arise. However, at this stage it is not possible to quantify this potential with any reliable degree of certainty. At the time of completion of the financial statements, HMRC were actively pursuing a settlement outcome for this issue.

#### Contingent assets

Lincolnshire Community Health Services NHS Trust recognises no contingent assets for 2015/16. (2014/15: £0)

### **37. PFI and LIFT - additional information**

Lincolnshire Community Health Services NHS Trust does not have any arrangements under Private Finance Initiatives (PFI) or Local Finance Improvement Trusts (LIFT).

### **38. Impact of IFRS treatment - current year**

As a result of the above information, the impact of International Financial Reporting Standards (IFRS) upon Lincolnshire Community Health Services NHS Trust is not applicable.

### **39. Financial Instruments**

#### **39.1. Financial risk management**

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

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

#### **Currency risk**

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

#### **Interest rate risk**

NHS Trusts are eligible borrows from government for capital expenditure, subject to affordability as confirmed by the NHS Trust Development Authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations. Lincolnshire Community Health Services NHS Trust currently has no borrowings.

#### **Credit risk**

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2016 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 Clinical Commissioning Groups (CCGs), Local Authorities or NHS England, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

**39.2. Financial Assets**

	At 'fair value through profit and loss'	Loans and receivables	Available for sale	Total
	£000s	£000s	£000s	£000s
Embedded derivatives	0			0
Receivables - NHS		4,194		4,194
Receivables - non-NHS		200		200
Cash at bank and in hand		10,526		10,526
Other financial assets	0	0	0	0
<b>Total at 31 March 2016</b>	<b>0</b>	<b>14,920</b>	<b>0</b>	<b>14,920</b>
Embedded derivatives	0			0
Receivables - NHS		3,223		3,223
Receivables - non-NHS		469		469
Cash at bank and in hand		13,089		13,089
Other financial assets	0	0	0	0
<b>Total at 31 March 2015</b>	<b>0</b>	<b>16,781</b>	<b>0</b>	<b>16,781</b>

The majority of the Trust's financial assets relate either to cash or money due from other NHS organisations. Other NHS organisations are extremely unlikely to default on payments, and the Trust is only permitted to invest cash deposits within strict guidelines.

Lincolnshire Community Health Services NHS Trust does not undertake any transactions involving hedging, foreign currency or other investments prone to market fluctuations. There is therefore, no material exposure to credit, market or liquidity risks.

**39.3. Financial Liabilities**

	At 'fair value through profit and loss'	Other	Total
	£000s		
Embedded derivatives	0		0
NHS payables		5,118	5,118
Non-NHS payables		5,182	5,182
Other borrowings		0	0
PFI & finance lease obligations		0	0
Other financial liabilities	0	0	0
<b>Total at 31 March 2016</b>	<b>0</b>	<b>10,300</b>	<b>10,300</b>
Embedded derivatives	0		0
NHS payables		3,853	3,853
Non-NHS payables		7,269	7,269
Other borrowings		0	0
PFI & finance lease obligations		0	0
Other financial liabilities	0	0	0
<b>Total at 31 March 2015</b>	<b>0</b>	<b>11,122</b>	<b>11,122</b>

The Trust's financial liabilities are generally of a short-term and uncomplicated nature which are not particularly influenced by external factors. The Trust updates a long term financial plan each year, which includes a detailed cash flow forecast, and has no reason to assume it will be unable to meet its obligations to suppliers, employees and financing costs. There are therefore not any material liquidity risks.

**40. Events after the end of the reporting period**

There were no adjusting or non-adjusting events after the reporting period.

#### 41. Related party transactions

Details of related party transactions with individuals are as follows:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£
E Baylis, Trust Chair Director & Trustee (Deputy Chair) Lincolnshire Action Trust.	-	-	-	120
Dr P Mitchell, Medical Director Working in Out of Hours Service in Lincolnshire	26,119	-	3,186	-
Mrs S Cousland, Director of Nursing & Operations (to 31/12/2015) Trustee of LIVES (Lincolnshire Integrated Voluntary Emergency Service)	60	-	-	-

The Department of Health is regarded as a related party. During the year 2015/16, the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example :

Clinical Commissioning Groups (NHS Lincolnshire East CCG, NHS Lincolnshire West CCG, NHS South West Lincolnshire CCG and NHS South Lincolnshire CCG)  
NHS England (for the commissioning of specialised health services)  
NHS Foundation Trusts (particularly North Lincolnshire and Goole NHS Foundation Trust and Lincolnshire Partnership NHS Foundation trust)  
NHS Trusts (particularly with United Lincolnshire Hospitals NHS Trusts)  
NHS Litigation Authority (in respect of Clinical Negligence contributions)  
NHS Property Services (in respect of buildings, rentals and service charges)  
NHS Business Services Authority

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 Lincolnshire County Council in respect of services commissioned by the local authority.

The Trust has also received revenue and capital payments from a number of charitable funds, certain of the trustees for which are also members of the Trust board.

## 42. Losses and special payments

The total number of losses cases in 2015-16 and their total value was as follows:

	<b>2015/16 Total Value of Cases £s</b>	<b>2015/16 Total Number of Cases</b>
Losses	1,130	9
Special payments	1,980	3
<b>Total losses and special payments</b>	<b>3,110</b>	<b>12</b>

The total number of losses cases in 2014-15 and their total value was as follows:

	<b>2014/15 Total Value of Cases £s</b>	<b>2014/15 Total Number of Cases</b>
Losses	39,816	10
Special payments	26,600	11
<b>Total losses and special payments</b>	<b>66,416</b>	<b>21</b>

**43. Financial performance targets**

**43.1. Breakeven performance**

	2011-12	2012-13	2013-14	2014-15	2015-16
	£000s	£000s	£000s	£000s	£000s
Turnover	108,738	108,773	109,612	110,487	<b>105,943</b>
Retained surplus/(deficit) for the year	1,081	1,512	1,822	1,311	<b>661</b>
Adjustment for:					
Timing/non-cash impacting distortions:					
Pre FDL(97)24 agreements	0	0	0	0	<b>0</b>
2007/08 PPA (relating to 1997/98 to 2006/07)					
2008/09 PPA (relating to 1997/98 to 2007/08)					
Adjustments for impairments	0	0	0	0	<b>0</b>
Adjustments for impact of policy change re donated/government grants assets	0	(39)	3	(37)	<b>(92)</b>
Absorption accounting adjustment		0	0	0	<b>0</b>
Other agreed adjustments	0	<b>0</b>	0	0	<b>0</b>
Break-even in-year position	<b>1,081</b>	<b>1,473</b>	<b>1,825</b>	<b>1,274</b>	<b>569</b>
Break-even cumulative position	<b>1,081</b>	<b>2,554</b>	<b>4,379</b>	<b>5,653</b>	<b>6,222</b>
	2011-12	2012-13	2013-14	2014-15	2015-16
	%	%	%	%	%
Materiality test (I.e. is it equal to or less than 0.5%):					
Break-even in-year position as a percentage of turnover	0.99	1.35	1.66	1.15	<b>0.54</b>
Break-even cumulative position as a percentage of turnover	0.99	2.35	4.00	5.12	<b>5.87</b>

**43.2. Capital cost absorption rate**

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities (except for donated assets, net assets transferred from NHS bodies dissolved on 1 April 2013 and cash balances with the Government Banking Service). The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets. The Trust currently pays no PDC dividend as under the calculation basis, the resulting balance is less than zero.

**43.3. External financing**

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

	<b>2015-16</b>	2014-15
	<b>£000s</b>	£000s
External financing limit (EFL)	<b>4,253</b>	(1,580)
Cash flow financing	<b>2,563</b>	(2,396)
Finance leases taken out in the year	<b>0</b>	0
Other capital receipts	<b>0</b>	0
External financing requirement	<b>2,563</b>	(2,396)
<b>Under/(over) spend against EFL</b>	<b>1,690</b>	816

**43.4. Capital resource limit**

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

	<b>2015-16</b>	2014-15
	<b>£000s</b>	£000s
	<b>1,668</b>	867
Less: book value of assets disposed of	<b>0</b>	0
Less: capital grants	<b>0</b>	0
Less: donations towards the acquisition of non-current assets	<b>0</b>	0
<b>Charge against the capital resource limit</b>	<b>1,668</b>	867
Capital resource limit	<b>2,149</b>	1,000
<b>(Over)/underspend against the capital resource limit</b>	<b>481</b>	133

**44. Third party assets**

The Trust held no cash or cash equivalents which relate to monies held by the Trust on behalf of patients or other parties.