

Cambridgeshire Community Services NHS Trust

Annual accounts for the year ended 31 March 2019

## Statement of Comprehensive Income

		2018/19	2017/18
	Note	£000	£000
Operating income from patient care activities	3	128,191	109,324
Other operating income	4	8,454	7,216
Operating expenses	6	<u>(131,116)</u>	<u>(111,742)</u>
<b>Operating surplus/(deficit) from continuing operations</b>		<b><u>5,529</u></b>	<b><u>4,798</u></b>
PDC dividends payable		<u>(1,675)</u>	<u>(1,609)</u>
<b>Surplus / (deficit) for the year</b>		<b><u>3,854</u></b>	<b><u>3,189</u></b>
<b>Other comprehensive income</b>			
<b>Will not be reclassified to income and expenditure:</b>			
Impairments	7	-	(53)
Revaluations	12	-	1,542
Other reserve movements		73	-
<b>Total comprehensive income / (expense) for the period</b>		<b><u>3,927</u></b>	<b><u>4,678</u></b>

## Statement of Financial Position

		<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Non-current assets</b>			
Intangible assets		117	185
Property, plant and equipment	11	52,982	51,506
<b>Total non-current assets</b>		<b>53,099</b>	<b>51,691</b>
<b>Current assets</b>			
Inventories		41	41
Receivables	13	14,781	12,767
Cash and cash equivalents	14	11,546	8,698
<b>Total current assets</b>		<b>26,368</b>	<b>21,506</b>
<b>Current liabilities</b>			
Trade and other payables	15	(14,949)	(12,080)
Provisions	16	(418)	(449)
Other liabilities		(258)	(428)
<b>Total current liabilities</b>		<b>(15,625)</b>	<b>(12,957)</b>
<b>Total assets less current liabilities</b>		<b>63,843</b>	<b>60,240</b>
<b>Non-current liabilities</b>			
Trade and other payables	15	(1,045)	(1,045)
Provisions	16	(1,340)	(1,803)
<b>Total non-current liabilities</b>		<b>(2,385)</b>	<b>(2,848)</b>
<b>Total assets employed</b>		<b>61,458</b>	<b>57,392</b>
<b>Financed by</b>			
Public dividend capital		2,245	2,107
Revaluation reserve		18,772	18,772
Other reserves		(16)	46
Income and expenditure reserve		40,457	36,467
<b>Total taxpayers' equity</b>		<b>61,458</b>	<b>57,392</b>

The notes on pages 7 to 39 form part of these accounts.

Name	<b>Matthew Winn</b>
Position	<b>Chief Executive</b>
Date	<b>24 May 2019</b>

**Statement of Changes in Equity for the year ended 31 March 2019**

	Public dividend capital £000	Revaluation reserve £000	Other reserves £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' equity at 1 April 2018 - brought forward</b>	<b>2,107</b>	<b>18,772</b>	<b>46</b>	<b>36,467</b>	<b>57,392</b>
Surplus/(deficit) for the year	-	-	-	3,855	3,855
Transfers by absorption: transfers between reserves	-	-	(62)	62	-
Public dividend capital received	138	-	-	-	138
Other reserve movements	-	-	-	73	73
<b>Taxpayers' equity at 31 March 2019</b>	<b>2,245</b>	<b>18,772</b>	<b>(16)</b>	<b>40,457</b>	<b>61,458</b>

\* Following the implementation of IFRS 9 from 1 April 2018, the 'Available for sale investment reserve' is now renamed as the 'Financial assets reserve'

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

	Public dividend capital £000	Revaluation reserve £000	Other reserves £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' equity at 1 April 2017 - brought forward</b>	<b>2,107</b>	<b>17,283</b>	<b>46</b>	<b>33,278</b>	<b>52,714</b>
Surplus/(deficit) for the year	-	-	-	3,189	3,189
Impairments	-	(53)	-	-	(53)
Revaluations	-	1,542	-	-	1,542
<b>Taxpayers' equity at 31 March 2018</b>	<b>2,107</b>	<b>18,772</b>	<b>46</b>	<b>36,467</b>	<b>57,392</b>

## **Information on reserves**

### **Public dividend capital**

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

### **Revaluation reserve**

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

### **Other reserves**

In line with Department of Health accounting instructions in the 2010-11 Manual for Accounts the net assets (£1,653,000) of the Trust's predecessor or Autonomous Provider Organisation (APO) were acquired by the Trust upon establishment. The transaction resulted in the Trust making a payment to NHS Cambridgeshire, returning the reserves associated with these assets to them. This created a merger reserve in the CCS Trust's 2010/11 accounts.

### **Income and expenditure reserve**

The balance of this reserve is the accumulated surpluses and deficits of the trust.

## Statement of Cash Flows

	2018/19	2017/18
Note	£000	£000
<b>Cash flows from operating activities</b>		
Operating surplus / (deficit)	5,530	4,798
<b>Non-cash income and expense:</b>		
Depreciation and amortisation	11 2,803	2,616
(Increase) / decrease in receivables and other assets	13 & 14 (1,916)	(609)
Increase / (decrease) in payables and other liabilities	15 2,897	(2,285)
Increase / (decrease) in provisions	16 (494)	251
<b>Net cash generated from / (used in) operating activities</b>	<b>8,820</b>	<b>4,771</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(33)	-
Purchase of property, plant, equipment and investment property	(4,280)	(2,066)
<b>Net cash generated from / (used in) investing activities</b>	<b>(4,313)</b>	<b>(2,066)</b>
<b>Cash flows from financing activities</b>		
Public dividend capital received	138	-
PDC dividend (paid) / refunded	(1,734)	(1,782)
<b>Net cash generated from / (used in) financing activities</b>	<b>(1,596)</b>	<b>(1,782)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>2,911</b>	<b>923</b>
<b>Cash and cash equivalents at 1 April - brought forward</b>	<b>8,698</b>	<b>7,775</b>
<b>Cash and cash equivalents at 1 April - restated</b>	<b>8,698</b>	<b>7,775</b>
Cash and cash equivalents transferred under absorption accounting	(62)	-
<b>Cash and cash equivalents at 31 March</b>	<b>11,547</b>	<b>8,698</b>

## **Notes to the Accounts**

### **Note 1 Accounting policies and other information**

#### **Note 1.1 Basis of preparation**

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2018/19 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

#### **Note 1.1.1 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.

#### **Note 1.2 Going concern**

The Trust has prepared the accounts on a going concern basis and believes that it will continue to provide services for the year from sign off date for the following reasons:

The Trust has operated to within the NHSI control total and thus achieved its Provider Sustainability Fund (PSF) funding for the year resulting in a surplus overall of £3,854,000. Since its establishment on the 1st April 2010 the Trust has consistently delivered its control total and a surplus position.

The Trust has agreed contracts for provision of services for 2019/20, which cover circa 95% of its income and are block contracts which give certainty over income levels. In addition circa £50m of income relates to contracts which have a contract term greater than 1 year, which gives certainty of income post 2019/20.

The Trust constantly works to grow its portfolio of services where tenders are issued for services which are a strategic fit and has a strong track record of success in tenders and subsequent contract delivery.

The Trust has maintained good scores in performance metrics such as the acting within the agency cap, the NHS single oversight framework and CQC inspections. Both internal and external audit opinions provide further assurance of the Trusts position as a going concern.

### **Note 1.3.1 Revenue from contracts with customers**

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

### **Note 1.3.2 Revenue grants and other contributions to expenditure**

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

The value of the benefit received when accessing funds from the the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

### **Note 1.4 Expenditure on employee benefits**

#### **Short-term employee benefits**

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

#### **Pension costs**

##### *NHS Pension Scheme*

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

The NHS Pension scheme is the only Pension scheme the Trust operates.

### **Note 1.5 Expenditure on other goods and services**

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.



## **Note 1.6 Property, plant and equipment**

### **Note 1.6.1 Recognition**

Property, plant and equipment is capitalised where:

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

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

### **Note 1.6.2 Measurement**

#### **Valuation**

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

All assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use.

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

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

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

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

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

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

#### **Subsequent expenditure**

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

### **Depreciation**

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

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

Leasehold improvements in respect of buildings for which the Trust is a lessee under an operating lease will be depreciated over the lease duration (or other period deemed appropriate) and carried at depreciated historic cost, as this is not considered to be materially different from current value. Thus improvements are not revalued, and no indexation is applied as the adjustments which would arise are not considered material.

### **Revaluation gains and losses**

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

### **Impairments**

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised. Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

**Note 1.6.3 Useful lives of property, plant and equipment**

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	<b>Min life</b>	<b>Max life</b>
	<b>Years</b>	<b>Years</b>
Buildings, excluding dwellings	25	25
Plant & machinery	5	10
Information technology	5	5
Furniture & fittings	5	10

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

**Note 1.7 Intangible assets****Note 1.7.1 Recognition**

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

***Internally generated intangible assets***

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the trust intends to complete the asset and sell or use it
- the trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, eg, the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset and
- the trust can measure reliably the expenses attributable to the asset during development.

***Software***

Software which is integral to the operation of hardware, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset.

**Note 1.7.2 Measurement**

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

Intangible assets held for sale are measured at the lower of their carrying amount or "fair value less costs to sell".

***Amortisation***

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

**Note 1.7.3 Useful economic life of intangible assets**

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	<b>Min life</b>	<b>Max life</b>
	<b>Years</b>	<b>Years</b>
Development expenditure	5	5
Websites	5	5
Software licences	5	5

**Note 1.8 Inventories**

Inventories are valued at the lower of cost and net realisable value.

**Note 1.9 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.

**Note 1.10 Financial assets and financial liabilities**

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 initially recognised at fair value.

All of the Trust's financial assets fall into the loans and receivables category, as defined by IAS 39. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

***Loans and receivables***

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

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 that occurred after the initial recognition of the asset and that have 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/through a provision for impairment of receivables.

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

***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. All of the Trust's financial liabilities fall into the category of other financial liabilities as defined by IAS 39.

***Other financial liabilities***

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

**Note 1.11 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.

**Note 1.11.1 The trust as lessee**

***Operating leases***

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.

***Leases of land and buildings***

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

**Note 1.11.2 The trust as lessor**

***Operating leases***

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

**Note 1.12 Provisions**

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation.

***Clinical negligence costs***

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 17.1 but is not recognised in the Trust's accounts.

***Non-clinical risk pooling***

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

### **Note 1.13 Public dividend capital**

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

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

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

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

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

### **Note 1.14 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.

### **Note 1.15 Losses and special payments**

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

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

### **Note 1.16 Critical judgements in applying accounting policies**

The need for the application of management judgement within the Trust's accounts is limited by the nature of its transactions. 64% of the Trust's expenditure is in relation to staff costs that are paid in the month the costs are incurred.

The Trusts charitable funds have not been consolidated due to the immaterial level of movements against the funds.

#### **Note 1.16.1 Sources of estimation uncertainty**

There are a number of areas in which management have exercised judgement in order to estimate Trust liabilities. Management do not consider that any of these constitute a material risk to the financial statements of the Trust, however more information on these risks is detailed below.

#### ***The Trust's provision for the impairment of receivables***

There are a number of long standing debts owed to the Trust from non NHS bodies. Management have reviewed all debts past their due date and formed a judgement on each one's recoverability. This provision represents the sum of all those debts that management consider to be at significant risk. Resolution on these outstanding debts is expected within the next financial year.

#### ***Accruals and provisions***

In line with the framework set out by International Financial Reporting Standards, the Trust has made expenditure accruals and provisions for transactions (and other events) that relate to 2018/19 irrespective of whether cash or its equivalent has been paid.

In some cases, this has resulted in estimates being made by management for transactions or events that have already occurred but whose costs are not known exactly. In such cases management have exercised judgement in calculating an estimate for the costs and do not expect that to differ significantly to those finally incurred on payment. The liabilities will be settled during the normal course of the Trust's business.

#### ***Asset lives, impairment and depreciation methodology***

In line with IAS 16, Property, Plant and Equipment (PPE), the Trust depreciates its Non Current PPE in line with the assets' useful economic lives. The Trust's management team believe that the economic benefits associated with such assets are broadly consumed on a straight line basis in line with the useful economic lives contained within note 1.6.3.

### **Note 1.17 Early adoption of standards, amendments and interpretations**

No new accounting standards or revisions to existing standards have been early adopted in 2018/19.

### **Note 1.18 Standards, amendments and interpretations in issue but not yet effective or adopted**

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2018-19. These standards are still subject to HM Treasury FReM interpretation.

- IFRS 16 Leases – Application required for accounting periods beginning on or after 01 April 2020, but not yet adopted by the FReM: early adoption is not therefore permitted.
- IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021 but not yet adopted by the FReM: early adoption is not therefore permitted.
- IFRIC 23 Uncertainty over Income Tax Treatments - Application required for accounting periods beginning on or after 1 January 2019.

**Note 2 Operating Segments**

IFRS 8 requires income and expenditure to be broken down into the operating segments reported to the Chief Operating Decision Maker. The Trust considers the Board to be the Chief Operating Decision Maker because it is responsible for approving its budget and hence responsible for allocating resources to operating segments and assessing their performance. For 2018-19 the Trust has five Divisions with the addition of Bedfordshire Community Unit from 1st April 2018. The divisions are Ambulatory Care Services, providing a diverse range of primary care services including sexual health, musculoskeletal services, Dental and outpatients, Bedfordshire Community Unit providing Children's and Young Peoples Services (including Health Visiting, School Nursing and Speech Therapies services within Bedfordshire), Luton Community Unit, providing a range of community nursing, therapy and hospital based services for both Adults and Children throughout Luton, Children's and Young Peoples Services (including Health Visiting, School Nursing and Speech Therapies services within Cambridgeshire) and Other Services which includes Corporate Costs, Contracted income and other indirect costs. The Trust's operating segments reflect the services that it provides across Bedfordshire, Cambridgeshire, Luton, Suffolk and Norfolk. Expenditure is reported to the Board on a regular basis by Division.

The Statement of Financial Position is reported to the Board on a Trust wide basis only.

**2018/19**

<b>Division Level</b>	<b>Income £'000</b>	<b>Pay £'000</b>	<b>Non-Pay £'000</b>	<b>Net Total £'000</b>
Ambulatory Care Services	1,706	(17,605)	(10,545)	(26,444)
Bedfordshire Community Unit	1,119	(11,893)	(2,406)	(13,180)
Childrens & Younger Peoples Services	2,827	(32,067)	(4,410)	(33,650)
Luton Community Unit	1,659	(17,315)	(3,603)	(19,259)
Other Services	129,332	(7,167)	(25,778)	96,387
<b>CCS Total 2018/19</b>	<b>136,643</b>	<b>(86,047)</b>	<b>(46,742)</b>	<b>3,854</b>

**2017/18**

<b>Division Level</b>	<b>Income £'000</b>	<b>Pay £'000</b>	<b>Non-Pay £'000</b>	<b>Net Total £'000</b>
Ambulatory Care Services	1,760	(17,149)	(10,741)	(26,130)
Childrens & Younger Peoples Services	2,406	(30,054)	(4,717)	(32,365)
Luton Community Unit	509	(17,083)	(2,817)	(19,391)
Other Services	111,866	(6,855)	(23,937)	81,074
<b>CCS Total 2017/18</b>	<b>116,541</b>	<b>(71,141)</b>	<b>(42,211)</b>	<b>3,189</b>

	<b>2018-19 £000</b>	<b>2017-18 £000</b>
Revenue from patient care activities	128,191	109,324
Other operating revenue	8,454	7,216
Operating expenses	(131,116)	(111,742)
<b>Operating surplus</b>	<b>5,529</b>	<b>4,798</b>
Public dividend capital dividends payable	(1,675)	(1,609)
<b>Retained Surplus for the financial year</b>	<b>3,854</b>	<b>3,189</b>



**Note 3 Operating income from patient care activities**

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3.1

<b>Note 3.1 Income from patient care activities (by nature)</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
<b>Acute services</b>		
High cost drugs income from commissioners (excluding pass-through costs)	4,974	-
<b>Community services</b>		
Community services income from CCGs and NHS England	46,727	48,716
Income from other sources (e.g. local authorities)	69,626	54,612
<b>All services</b>		
Private patient income	128	139
Agenda for Change pay award central funding	1,073	-
Other clinical income	5,663	5,857
<b>Total income from activities</b>	<b>128,191</b>	<b>109,324</b>

**Note 3.2 Income from patient care activities (by source)**

<b>Income from patient care activities received from:</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
NHS England	9,966	10,001
Clinical commissioning groups	41,735	38,715
Department of Health and Social Care	1,115	81
Other NHS providers	17,719	2,345
NHS other	2,133	2,805
Local authorities	49,732	49,381
Non-NHS: private patients	128	139
Injury cost recovery scheme	-	2
Non NHS: other	5,663	5,855
<b>Total income from activities</b>	<b>128,191</b>	<b>109,324</b>
<b>Of which:</b>		
Related to continuing operations	128,191	109,324

**Note 4 Other operating income**

	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
<b>Other operating income from contracts with customers:</b>		
Education and training (excluding notional apprenticeship levy income)	233	159
Non-patient care services to other bodies	2	-
Provider sustainability / sustainability and transformation fund income (PSF / STF)	3,236	2,252
Income in respect of employee benefits accounted on a gross basis	100	80
Other contract income	780	659
<b>Other non-contract operating income</b>		
Charitable and other contributions to expenditure	54	44
Rental revenue from operating leases	4,049	4,022
<b>Total other operating income</b>	<b><u>8,454</u></b>	<b><u>7,216</u></b>
<b>Of which:</b>		
Related to continuing operations	8,454	7,216

**Note 5.1 Additional information on revenue from contracts with customers recognised in the period**

	<b>2018/19</b>
	<b>£000</b>
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	428

**Note 6.1 Operating expenses**

	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
Purchase of healthcare from NHS and DHSC bodies	5,136	6,585
Purchase of healthcare from non-NHS and non-DHSC bodies	5,899	2,853
Staff and executive directors costs	85,995	71,091
Remuneration of non-executive directors	52	57
Supplies and services - clinical (excluding drugs costs)	2,451	2,233
Supplies and services - general	5,016	4,154
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	5,758	6,247
Consultancy costs	407	184
Establishment	1,669	1,824
Premises	8,204	6,029
Transport (including patient travel)	2,252	1,973
Depreciation on property, plant and equipment	2,702	2,521
Amortisation on intangible assets	101	95
Movement in credit loss allowance: contract receivables / contract assets	(63)	
Movement in credit loss allowance: all other receivables and investments	-	169
Increase/(decrease) in other provisions	(296)	97
Change in provisions discount rate(s)	(198)	154
Audit fees payable to the external auditor		
audit services- statutory audit	42	48
Internal audit costs	67	66
Clinical negligence	417	373
Legal fees	-	60
Education and training	983	815
Rentals under operating leases	3,239	3,320
Redundancy	-	49
Other	1,282	745
<b>Total</b>	<b>131,116</b>	<b>111,742</b>
<b>Of which:</b>		
Related to continuing operations	131,116	111,742

**Note 6.2 Limitation on auditor's liability**

The limitation on auditor's liability for external audit work is £2m (2017/18: £5m).

**Note 7 Impairment of assets**

	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
<b>Total net impairments charged to operating surplus / deficit</b>	<b>-</b>	<b>-</b>
Impairments charged to the revaluation reserve	-	53
<b>Total net impairments</b>	<b>-</b>	<b>53</b>

**Note 8 Employee benefits**

	<b>2018/19</b>	<b>2017/18</b>
	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Salaries and wages	66,743	54,838
Social security costs	6,445	5,342
Apprenticeship levy	327	265
Employer's contributions to NHS pensions	8,862	7,249
Termination benefits	18	49
Temporary staff (including agency)	3,600	3,397
<b>Total gross staff costs</b>	<b>85,995</b>	<b>71,140</b>
Recoveries in respect of seconded staff	-	-
<b>Total staff costs</b>	<b>85,995</b>	<b>71,140</b>

**Note 8.1 Retirements due to ill-health**

During 2018/19 there were 2 early retirements from the trust agreed on the grounds of ill-health (4 in the year ended 31 March 2018). The estimated additional pension liabilities of these ill-health retirements is £56k (£249k in 2017/18).

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

## **Note 9 Pension costs**

Past and present employees are covered by the provisions of the two NHS Pension Schemes. The Trust operates no other Pension Schemes outside the NHS Pension Scheme. 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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

**Note 10 Operating leases****Note 10.1 Cambridgeshire Community Services NHS Trust as a lessor**

This note discloses income generated in operating lease agreements where Cambridgeshire Community Services NHS Trust is the lessor.

The lease agreements are managed through lease contracts and Memorandum of Occupations, with both NHS and Non-NHS organisations. The properties are either freeholds of the Trust or properties where the Trust holds the head lease.

	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
<b>Operating lease revenue</b>		
Minimum lease receipts	4,049	4,022
<b>Total</b>	<b>4,049</b>	<b>4,022</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Future minimum lease receipts due:</b>		
- not later than one year;	4,431	4,252
- later than one year and not later than five years;	227	2,426
- later than five years.	75	107
<b>Total</b>	<b>4,733</b>	<b>6,785</b>

**Note 10.2 Cambridgeshire Community Services NHS Trust as a lessee**

This note discloses costs and commitments incurred in operating lease arrangements where Cambridgeshire Community Services NHS Trust is the lessee.

The leases are managed through lease contracts with NHS, local authority and Non-NHS organisations. The lease agreements are based on agreed contracted amounts per annum which include contingent rent based on periodic rent reviews. The Trust does not have a purchase option included in the lease contracts.

	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
<b>Operating lease expense</b>		
Minimum lease payments	3,239	3,320
<b>Total</b>	<b>3,239</b>	<b>3,320</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Future minimum lease payments due:</b>		
- not later than one year;	2,906	3,082
- later than one year and not later than five years;	7,033	8,501
- later than five years.	5,131	5,962
<b>Total</b>	<b>15,070</b>	<b>17,545</b>
Future minimum sublease payments to be received	-	-

**Note 11.1 Property, plant and equipment - 2018/19**

	Land £000	Buildings excluding dwellings £000	Plant & machinery £0	Information technology £000	Furniture & fittings £000	Total £000
<b>Valuation/gross cost at 1 April 2018 - brought forward</b>	<b>11,709</b>	<b>45,863</b>	<b>1,393</b>	<b>1,678</b>	<b>796</b>	<b>61,440</b>
Additions	-	3,096	304	747	31	4,178
<b>Valuation/gross cost at 31 March 2019</b>	<b>11,709</b>	<b>48,959</b>	<b>1,697</b>	<b>2,425</b>	<b>827</b>	<b>65,618</b>
<b>Accumulated depreciation at 1 April 2018 - brought forward</b>	<b>-</b>	<b>7,958</b>	<b>884</b>	<b>888</b>	<b>204</b>	<b>9,934</b>
Provided during the year	-	2,167	101	357	77	2,702
<b>Accumulated depreciation at 31 March 2019</b>	<b>-</b>	<b>10,125</b>	<b>985</b>	<b>1,245</b>	<b>281</b>	<b>12,636</b>
<b>Net book value at 31 March 2019</b>	<b>11,709</b>	<b>38,834</b>	<b>712</b>	<b>1,180</b>	<b>546</b>	<b>52,982</b>
<b>Net book value at 1 April 2018</b>	<b>11,709</b>	<b>37,905</b>	<b>509</b>	<b>790</b>	<b>592</b>	<b>51,506</b>

**Note 11.2 Property, plant and equipment - 2017/18**

	Land £000	Buildings excluding dwellings £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Valuation / gross cost at 1 April 2017 - as previously stated</b>	<b>11,709</b>	<b>42,884</b>	<b>1,239</b>	<b>1,581</b>	<b>531</b>	<b>57,945</b>
<b>Valuation / gross cost at 1 April 2017 - restated</b>	<b>11,709</b>	<b>42,884</b>	<b>1,239</b>	<b>1,581</b>	<b>531</b>	<b>57,945</b>
Additions	-	1,490	154	97	265	2,006
Impairments	-	(53)	-	-	-	(53)
Revaluations	-	1,542	-	-	-	1,542
<b>Valuation/gross cost at 31 March 2018</b>	<b>11,709</b>	<b>45,863</b>	<b>1,393</b>	<b>1,678</b>	<b>796</b>	<b>61,440</b>
<b>Accumulated depreciation at 1 April 2017 - as previously stated</b>	<b>-</b>	<b>5,946</b>	<b>783</b>	<b>552</b>	<b>132</b>	<b>7,413</b>
<b>Accumulated depreciation at 1 April 2017 - restated</b>	<b>-</b>	<b>5,946</b>	<b>783</b>	<b>552</b>	<b>132</b>	<b>7,413</b>
Provided during the year	-	2,012	101	336	72	2,521
<b>Accumulated depreciation at 31 March 2018</b>	<b>-</b>	<b>7,958</b>	<b>884</b>	<b>888</b>	<b>204</b>	<b>9,934</b>
<b>Net book value at 31 March 2018</b>	<b>11,709</b>	<b>37,905</b>	<b>509</b>	<b>790</b>	<b>592</b>	<b>51,506</b>
<b>Net book value at 1 April 2017</b>	<b>11,709</b>	<b>36,938</b>	<b>456</b>	<b>1,029</b>	<b>399</b>	<b>50,532</b>



**Note 11.3 Property, plant and equipment financing - 2018/19**

	Land £000	Buildings excluding dwellings £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Net book value at 31 March 2019</b>							
Owned - purchased	11,709	38,834	712	1	1,180	546	<b>52,982</b>
<b>NBV total at 31 March 2019</b>	<b>11,709</b>	<b>38,834</b>	<b>712</b>	<b>1</b>	<b>1,180</b>	<b>546</b>	<b>52,982</b>

**Note 11.4 Property, plant and equipment financing - 2017/18**

	Land £000	Buildings excluding dwellings £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Net book value at 31 March 2018</b>							
Owned - purchased	11,709	37,905	509	1	790	592	<b>51,506</b>
<b>NBV total at 31 March 2018</b>	<b>11,709</b>	<b>37,905</b>	<b>509</b>	<b>1</b>	<b>790</b>	<b>592</b>	<b>51,506</b>

## **Note 12 Revaluations of property, plant and equipment**

In accordance with the requirements of the Group Accounting Manual 2018/19, the Trust's freehold land and buildings were valued in 2014/15 by external valuers Boshier & company, Chartered Surveyors, in accordance with the requirements of the RICS Valuation Standards and International Accounting Standards. In March 2019 Boshiers did a desktop review of the Trust freehold operational assets valuation and concluded that the current book values reflected fair values of the assets.

In March 2018 Boshiers also reviewed the asset lives of the Trusts freehold operational assets and determined revised asset lives up to a maximum of 37 years, which will reviewed and potentially be applied from 2019/20.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the Statement to Financial Position date. In practice the Trust will ensure there is a full quinquennial valuation and an interim calculation in the third year of each quinquennial cycle. In any intervening year the Trust will carry out a review of movements in appropriate land and building indices and where material fluctuations occur, will engage the services of a professional valuer to determine appropriate adjustments to the valuations of assets to ensure that the book values reflect fair values. Fair values are determined as follows:

The valuation of each property was on the basis of fair value, subject to the assumption that all property would be sold as part of the continuing enterprise in occupation.

The Valuers opinion of the market value was primarily derived using comparable recent market transactions on arms length terms.

The depreciated replacement cost method of valuation as the specialised nature of the asset means that there is no market transaction of this type except as part of the enterprise in occupation and is subject to the prospect and viability of the continued occupation and use.

**Note 13.1 Trade receivables and other receivables**

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Current</b>		
Contract receivables*	13,607	
Trade receivables*		9,018
Accrued income*		2,990
Allowance for impaired contract receivables / assets*	(543)	
Allowance for other impaired receivables	-	(606)
Prepayments (non-PFI)	1,335	1,200
PDC dividend receivable	36	-
VAT receivable	346	165
<b>Total current trade and other receivables</b>	<b>14,781</b>	<b>12,767</b>
<b>Of which receivables from NHS and DHSC group bodies:</b>		
Current	7,066	5,510

\*Following the application of IFRS 15 from 1 April 2018, the trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

**Note 13.2 Allowances for credit losses - 2018/19**

	<b>Contract receivables and contract assets</b>	<b>All other receivables</b>
	<b>£000</b>	<b>£000</b>
<b>Allowances as at 1 Apr 2018 - brought forward</b>		<b>606</b>
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	606	(606)
New allowances arising	95	-
Reversals of allowances	(158)	-
<b>Allowances as at 31 Mar 2019</b>	<b>543</b>	<b>-</b>

**Note 14.1 Cash and cash equivalents movements**

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

	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 April</b>	<b>8,698</b>	<b>7,775</b>
Prior period adjustments	-	-
<b>At 1 April (restated)</b>	<b>8,698</b>	<b>7,775</b>
Transfers by absorption	(62)	-
Net change in year	2,910	923
<b>At 31 March</b>	<b>11,546</b>	<b>8,698</b>
<b>Broken down into:</b>		
Cash at commercial banks and in hand	3	4
Cash with the Government Banking Service	11,543	8,694
<b>Total cash and cash equivalents as in SoCF</b>	<b>11,546</b>	<b>8,698</b>

**Note 15.1 Trade and other payables**

	<b>31 March 2019 £000</b>	<b>31 March 2018 £000</b>
<b>Current</b>		
Trade payables *	4,302	5,136
Capital payables *	-	102
Accruals *	9,588	5,753
Other taxes payable	1,059	1,066
PDC dividend payable	-	23
<b>Total current trade and other payables</b>	<b><u>14,949</u></b>	<b><u>12,080</u></b>
<b>Non-current</b>		
Other payables	<u>1,045</u>	<u>1,045</u>
<b>Total non-current trade and other payables</b>	<b><u>1,045</u></b>	<b><u>1,045</u></b>
<b>Of which payables from NHS and DHSC group bodies:</b>		
Current	3,081	3,078
Non-current	-	-

\*Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note . IFRS 9 is applied without restatement therefore comparatives have not been restated.

**Note 16.1 Provisions for liabilities and charges analysis**

	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 April 2018</b>	<b>2,252</b>	<b>2,252</b>
Change in the discount rate	(198)	<b>(198)</b>
Arising during the year	31	<b>31</b>
Reversed unused	(327)	<b>(327)</b>
<b>At 31 March 2019</b>	<b>1,758</b>	<b>1,758</b>
<b>Expected timing of cash flows:</b>		
- not later than one year;	418	<b>418</b>
- later than one year and not later than five years;	1,005	<b>1,005</b>
- later than five years.	335	<b>335</b>
<b>Total</b>	<b>1,758</b>	<b>1,758</b>

**Other: Dilapidations**

The Trust occupies a number of properties on short term leasehold agreements (see note 10.2). There are a number of lease covenants requiring that during and on expiry of the leases, the properties need to be maintained in a good condition and state of repair, which usually requires a level of reinstatement, repair or decoration. As such, it is deemed appropriate to create a provision to ensure that leased properties can be maintained and vacated in correct condition. Sweett (UK) Limited were appointed by the Trust to advise on this.

**Note 17.1 Clinical negligence liabilities**

At 31 March 2019, £702k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Cambridgeshire Community Services NHS Trust (31 March 2018: £786k).



## **Note 18 Financial instruments**

### **Note 18.1 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 Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The 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.

#### ***Currency risk***

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

#### ***Interest rate risk***

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

The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health and Social Care (the lender) at the point borrowing is undertaken.

The Trust therefore has low exposure to interest rate fluctuations.

#### ***Credit risk***

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2018 are in receivables from customers, as disclosed in the trade and other receivables note.

#### ***Liquidity risk***

The Trust's operating costs are incurred under contracts with CCG's and Local Authorities, 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.

**Note 18.2 Carrying values of financial assets**

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	Held at amortised cost £000	Total book value £000
<b>Carrying values of financial assets as at 31 March 2019 under IFRS 9</b>		
Trade and other receivables excluding non financial assets	13,064	<b>13,064</b>
Cash and cash equivalents at bank and in hand	11,546	<b>11,546</b>
<b>Total at 31 March 2019</b>	<b>24,610</b>	<b>24,610</b>

	Loans and receivables £000	Total book value £000
<b>Carrying values of financial assets as at 31 March 2018 under IAS 39</b>		
Trade and other receivables excluding non financial assets	12,008	<b>12,008</b>
Cash and cash equivalents at bank and in hand	8,698	<b>8,698</b>
<b>Total at 31 March 2018</b>	<b>20,706</b>	<b>20,706</b>

**Note 18.3 Carrying value of financial liabilities**

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	Held at amortised cost £000	Total book value £000
<b>Carrying values of financial liabilities as at 31 March 2019 under IFRS 9</b>		
Trade and other payables excluding non financial liabilities	13,890	<b>13,890</b>
<b>Total at 31 March 2019</b>	<b>13,890</b>	<b>13,890</b>

	Other financial liabilities £000	Total book value £000
<b>Carrying values of financial liabilities as at 31 March 2018 under IAS 39</b>		
Trade and other payables excluding non financial liabilities	10,991	<b>10,991</b>
<b>Total at 31 March 2018</b>	<b>10,991</b>	<b>10,991</b>

**Note 18.4 Maturity of financial liabilities**

	31 March 2019 £000	31 March 2018 £000
In one year or less	13,890	10,991
<b>Total</b>	<b>13,890</b>	<b>10,991</b>

**Note 19.1 Initial application of IFRS 9**

IFRS 9 Financial Instruments as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to reserves on 1 April 2018.

IFRS 9 replaces IAS 39 and introduces a revised approach to classification and measurement of financial assets and financial liabilities, a new forward-looking 'expected loss' impairment model and a revised approach to hedge accounting.

**Note 19.2 Initial application of IFRS 15**

IFRS 15 Revenue from Contracts with Customers as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the income and expenditure reserve on 1 April 2018.

IFRS 15 introduces a new model for the recognition of revenue from contracts with customers replacing the previous standards IAS 11, IAS 18 and related Interpretations. The core principle of IFRS 15 is that an entity recognises revenue when it satisfies performance obligations through the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

As directed by the GAM, the Trust has applied the practical expedient offered in C7A of the standard removing the need to retrospectively restate any contract modifications that occurred before the date of implementation (1 April 2018).

**Note 20 Related parties**

The Department of Health and Social Care is the Trust's parent entity and also regarded as a related party. During the year Cambridgeshire Community Services NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is also regarded as the parent Department. The Trust also had transactions with other government bodies which are regarded as related parties. These entities are:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£
Bedfordshire CCG				
Cambridgeshire and Peterborough CCG				
Luton CCG				
Milton Keynes CCG				
West Norfolk CCG				
NHS England Core				
Local Area Teams - East Local Office				
Specialist Commissioning - East Commissioning Hub				
Bedford Hospital NHS Trust				
St Helens and Knowsley Hospital Services NHS Trust				
Cambridge University Hospitals NHS Foundation Trust				
Cambridgeshire and Peterborough NHS Foundation Trust				
East London NHS Foundation Trust				
Essex Partnership University NHS Foundation Trust				
Luton and Dunstable University Hospital NHS Foundation Trust				
Norfolk and Norwich University Hospital NHS Foundation Trust				
North West Anglia NHS Foundation Trust				
Queen Elizabeth Hospital, Kings Lynn NHS Foundation Trust				
West Suffolk NHS Foundation Trust				
Bedford Unitary Authority	84	2,356	0	68
Cambridgeshire County Council	50	13,198	19	1,502
Huntingdonshire District Council	1,570	0	0	0
Lincolnshire County Council	0	241	0	31
Luton Borough Council	166	4,220	0	316
Norfolk County Council	8	22,805	0	2,587
Peterborough City Council	130	1,450	0	2
Suffolk County Council	123	5,062	6	252
Department of Health and Social Care				
Health Education England				
NHS Resolution				
Care Quality Commission				
NHS Property Services				
HM Revenue and Customs	6,772	0	1,059	0
NHS Pension Scheme				

The NHS Pension Scheme is a related party to the Trust.

Transactions with the NHS Pension Scheme comprise the employer contribution disclosed in note 8. No contributions were owed at the start or end of the financial year. The Scheme is administered by the NHS Business Services Authority.

There have been transactions in the ordinary course of the Trust's business with an organisation with which Directors of the Trust are connected. The Chief Executive is Chair of both the Cambridgeshire and Peterborough and Bedfordshire/Luton and Milton Keynes Local Workforce Action Boards, both hosted by Health Education England. The Chairman is the Chair of Cambridge Housing Society. The Medical Director is Trustee for East Anglia's Childrens Hospices.

Details of directors' and senior managers remuneration are given in the Remuneration Report included in the Trust's Annual Report.

The Trust is corporate Trustee for the children's charity Dreamdrops and the Community Services. These have not been consolidated within the Trust's accounts on the grounds of materiality, with the unaudited results for 2018/19 being £38k and £476k respectively of income generation, a revaluation loss of £102k for the Community Services funds, resources expended of £28k and £112k respectively and a closing fund balance of £539k and £1,301k respectively.

**Note 21 Events after the reporting date**

On the 1st April 2019 the Trust ceased providing Acute Paediatric services at Hinchingsbrooke Hospital with the services transferring to North West Anglia Foundation Trust. This equated to £3,826k reduction in income from Cambridgeshire and Peterborough CCG and £1,968k reduction in income from NHSE Specialist Commissioning.

**Note 22 Better Payment Practice code**

	<b>2018/19</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2017/18</b>
	<b>Number</b>	<b>£000</b>	<b>Number</b>	<b>£000</b>
<b>Non-NHS Payables</b>				
Total non-NHS trade invoices paid in the year	17,384	53,679	15,747	48,044
Total non-NHS trade invoices paid within target	15,856	50,111	14,120	45,246
Percentage of non-NHS trade invoices paid within target	91.2%	93.4%	89.7%	94.2%
<b>NHS Payables</b>				
Total NHS trade invoices paid in the year	995	12,213	1,283	10,652
Total NHS trade invoices paid within target	744	9,502	1,073	8,975
Percentage of NHS trade invoices paid within target	74.8%	77.8%	83.6%	84.3%

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

**Note 23 External financing**

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

	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
Cash flow financing	(2,772)	(923)
<b>External financing requirement</b>	<b>(2,772)</b>	<b>(923)</b>
External financing limit (EFL)	245	
<b>Under / (over) spend against EFL</b>	<b>3,017</b>	<b>923</b>

**Note 24 Capital Resource Limit**

	<b>2018/19</b>	<b>2017/18</b>
	<b>£000</b>	<b>£000</b>
Gross capital expenditure	4,211	2,006
<b>Charge against Capital Resource Limit</b>	<b>4,211</b>	<b>2,006</b>
Capital Resource Limit	4,211	3,000
<b>Under / (over) spend against CRL</b>	<b>-</b>	<b>994</b>

**Note 25 Breakeven duty financial performance**

	<b>2018/19</b>
	<b>£000</b>
Adjusted financial performance surplus / (deficit) (control total basis)	3,855
<b>Breakeven duty financial performance surplus / (deficit)</b>	<b>3,855</b>

**Note 26 Breakeven duty rolling assessment**

	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Breakeven duty in-year financial performance	513	681	1,632	777	766	576	2,098	3,189	3,855
Breakeven duty cumulative position	513	1,194	2,826	3,603	4,369	4,945	7,043	10,232	14,087
Operating income	102,793	158,331	161,921	157,589	160,501	110,365	116,570	116,540	136,645
Cumulative breakeven position as a percentage of operating income	0.5%	0.8%	1.7%	2.3%	2.7%	4.5%	6.0%	8.8%	10.3%

The Trust was established as an independent NHS Trust on 1st April 2010 and can therefore only provide 8 years of historic performance

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