London Ambulance Service NHS Trust

Annual Accounts for Year 2012-13

Independent Auditors' Report to the Directors of the Board of London Ambulance Service NHS Trust

We have audited the financial statements of London Ambulance Service NHS Trust ("the Trust") for the year ended 31 March 2013 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is the accounting policies directed by the Secretary of State for Health with the consent of the Treasury as being relevant to the National Health Service in England set out therein.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the accounting policies directed by the Secretary of State, with the consent of the Treasury, as being relevant to the National Health Service in England. Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 for local NHS bodies issued by the Audit Commission and International Standards on Auditing (ISAs) (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Board of London Ambulance Service NHS Trust in accordance with Part II of the Audit Commission Act 1998 as set out in paragraph 45 of the Statement of Responsibilities of Auditors and of Audited Bodies (Local NHS bodies) published by the Audit Commission in March 2010, and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2013 and of its income and expenditure and cash flows for the year then ended; and

- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as being relevant to the National Health Service in England.

Opinion on other matters prescribed by the Code of Audit Practice
In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as being relevant to the National Health Service in England; and

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Governance Statement does not comply with the Department of Health's requirements set out in "2012/13 Governance Statements Guidance", issued on 31 January 2013 or is misleading or inconsistent with information of which we are aware from our audit;

- we refer a matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or

- we issue a report in the public interest under section 8 of the Audit Commission Act 1998

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

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

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

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

Scope of the review of the arrangements for securing economy, efficiency and effectiveness in the use of resources
We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission on 1 November 2012, as to whether the Trust has proper arrangements for:

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

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

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

Conclusion
On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission on 1 November 2012, we are satisfied that, in all significant respects, London Ambulance Service NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

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

Janet Dawson

Janet Dawson, Engagement Lead
For and on behalf of PricewaterhouseCoopers LLP
Appointed Auditors
London
6th June 2013

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

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

2012-13 Annual Accounts of London Ambulance Service NHS Trust

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

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

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

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

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

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

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

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

nb: sign and date in any colour ink except black

Signed...Chief Executive

Date....4/6/13..

2012-13 Annual Accounts of London Ambulance Service NHS Trust

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

- make judgements and estimates which are reasonable and prudent;

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

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

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

By order of the Board

nb: sign and date in any colour ink except black

....4/6/13....Date..Chief Executive

....4/6/13....Date..Finance Director

Governance Statement

Scope of responsibility

The Board is accountable for internal control and, as Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

As Accountable Officer I have overall accountability for having a robust risk management system in place which is supported by a governance structure (please figures one and two), processes and monitoring arrangements, and an assurance and risk management framework. These arrangements are documented in the Risk Management Policy and Strategy which defines risk as anything threatening the achievement of our strategic objectives. It defines the ownership and subsequent management of the identified risks and the responsibilities of individuals and it describes the Trust Board's corporate responsibility for the system of internal control and robust risk management.

As part of London's local health economy we work with our partners to minimise the risks to patient care. To do so we meet routinely with our lead commissioners and with the performance team at NHS London in order to progress and maintain the key performance targets set for ambulance services.

We work in partnership with health and social care organisations in the development and provision of emergency and urgent healthcare across London. In 2012/2013 this included service developments in the care provided to diabetic patients and the weekend opening of the Soho Alcohol Recovery Centre. We increased the number of calls we handled and resolve through hear and treat and we worked with emergency departments and NHS London to improve the handover of patients from our service into an acute healthcare setting. We continued to consolidate our cardiac referral pathways and developed bypass criteria for patients who have suffered acute stroke and major trauma, so that they can receive the highest standards of care in specialist centres.

We provided care and treatment to patients at various events during the Queen's Diamond Jubilee Celebrations in June 2012. We successfully implemented the Olympic delivery plan, providing increased resources to the Olympics and Paralympics whilst maintaining a safe service to London residents and visitors. We actively engaged with a wide range of stakeholders across London which has been particularly important during the transition phase of the implementation of the Health and Social Care Act in the NHS. We undertook approximately 1,086 patient and public involvement events including local community and foundation trust membership events, all of which were well received by those attending.

Our governance framework

I can confirm that arrangements in place for the discharge of statutory functions have been checked for any irregularities and that they are legally compliant. The governance structure underpinning these arrangements is described below. These include the arrangements in place for the Trust Board to govern and manage the organisation through a committee structure that covers a range of functions.

Each board committee is chaired by a non-executive director. Membership of the Remuneration and Nomination, and Audit committees is non-executive only with executives in attendance where relevant and required. The Quality Committee is chaired by a non-executive director. The governance structure was fully reviewed in July 2012 along with the annual effectiveness review of the Trust Board, its reporting committees and the quality, safety and risk-related committees: Risk Compliance and Assurance, Clinical Quality Safety & Effectiveness, and Learning from Experience.

No further changes were made to the governance structure and the Trust Board continued to take assurance from this throughout 2012/13. Our Chair and Director of Corporate Services undertake a post-Board review each month to ensure the agenda has been covered, sufficient time allotted to agenda items and effective contribution and scrutiny given. The Board was formally observed on at least one occasion during the year and feedback has been built into subsequent board meetings and taken up with individual board members where appropriate.

The annual Board effectiveness review comprises the Corporate Governance Code and other recommended good practice on Board governance, such as Monitor's Code of Governance. The Trust Board reviewed its effectiveness in July 2012, based on the 2010 Code and there were no areas of non-compliance to report. The review identified an overall rating of 'good' and areas where further development was required: strategic planning and review, annual appraisal and time commitment for non-executive directors. These reflected the independent board governance assurance framework review for which an action plan is in place and has been progressed. Aspects of the review were refreshed in February 2013 with positive assurance that progress was being made. The Board development programme also addresses some of the areas.

Attendance by Board members at Trust Board meetings is recorded in the minutes and included in the annual effectiveness review. Attendance at key board committees is also monitored and recorded by the Committee Secretariat (see figures two to seven).

The Trust Board understands its responsibilities for discharging the statutory functions and takes assurance from the Audit Committee that systems are in place and that these are legally compliant.

The Chair of the Audit Committee provides a report to the next meeting of the Trust Board. This report includes a summary of the business discussed and the assurances received from the executive, the internal and external auditors and from counter fraud. The role of the Audit Committee is to focus on the controls and related assurance that underpin the achievement of our objectives and the processes by which the risks to achieving these objectives are managed. At the Trust Board meeting on 4 June 2013 the Audit Committee chair provided assurance to the Board of the effectiveness of our systems of integrated governance, risk management and internal control, based on the key sources of assurance identified in the board assurance framework. Throughout the year, the committee assesses the appropriateness and effectiveness of the corporate processes around risk identification and management, as reflected in the corporate risk register. The committee meets five times during the year with one meeting held without the internal or external auditors present.

The Chair of the Quality Committee provides a report to the next meeting of the Trust Board. This report includes the committee's assessment of quality and risk as taken from the reports and evidence presented to the committee, and from quarterly review of the board assurance framework and corporate risk register. The committee also reviews the cost improvement programme to seek assurance that there is no detrimental impact on patient and staff safety and the quality of services provided as a result of the programme. At the Trust Board meeting on 26 March 2013 the Quality Committee chair provided assurance on the quality and safety of service provision, including the supporting clinical, information and corporate governance framework. The committee meets five times during the year.

The Chair of the Finance and Investment Committee provides a report to the next meeting of the Trust Board. The committee provides assurance on the scrutiny of current finance and investment issues based on the reports and evidence presented to it throughout the year. At the Trust Board meeting the chair of the committee reported on the cash position, cash management, liquidity, CIP progress, and capital expenditure. The committee meets five times during the year.

The Trust Board works within the remit of the Standing Orders and Standing Financial Instructions and Scheme of Delegation and each of these has been reviewed and updated during 2012/13. We have prepared our constitution, governance rationale and standing orders in readiness for foundation trust status and will update these prior to application. The constitution will be updated in 2013/14 to reflect Monitor's Model Core Constitution and therefore the requirements of the Health and Social Care Act 2012. The governance rationale meets the requirements of Monitor's Code of Governance and will be updated in 2013/14.

We were subject to a number of external independent reviews during 2012/13. KPMG undertook the Board Governance Assurance Framework review; RSM Tenon undertook a review against Monitor's Quality Governance Framework. The incoming Director of Finance commissioned an independent baseline financial review by Grant Thornton, incorporating cash planning, cash forecasting, income and expenditure, and capital expenditure.

Once a review is completed we implement an action plan to address areas requiring development and these are then monitored by the Executive Management Team, the Trust Board and the relevant Board committee. The potential scope and impact of the recommendations of the Francis Report and Winterbourne review have been presented to the Trust Board.

We received unconditional registration from the Care Quality Commission (CQC) in March 2010 to provide the following regulated activities:

- Transport services, triage and medical advice provided remotely
- Treatment of disease, disorder or injury
- Diagnostic and screening procedures.

The CQC undertook an unannounced compliance inspection in November 2012. Two areas for improvement were identified and action plans have been implemented to address the following: Outcome 11:- Safety, availability and suitability of equipment - moderate impact on patient safety and care; and Outcome 13:- Staffing – minor impact on patient safety and care.

We can confirm that all premises which we own, occupy or manage had fire risk assessments that complied with the Regulatory Reform (Fire Safety) Order 2005. We also achieved compliance with the Department of Health Fire Safety Policy.

Risk assessment

The Risk Management Policy and Strategy defines the risk management process which specifies the way risk (or change in risk) is identified, assessed and managed through controls. We were reassessed at level one of the NHSLA risk management standards for ambulance trusts and are fully compliant. We are working towards level two.

The Risk Management Policy and Strategy describes the process for embedding risk management throughout the Trust and during 2012/13 we made further progress with developing and managing local risk register processes. Risks can be escalated to the Risk Compliance Assurance Group (RCAG) for discussion and addition to the corporate risk register if required. We have also aligned project management risks with the corporate risk register. The policy and strategy have been updated and re-formatted in line with NHSLA requirements. A risk maturity audit was undertaken by the internal auditors who report compliance and recommend strategies for embedding the framework within the Trust. The audit showed that our risk maturity was increasing with more emphasis on risk management approaches being built into normal business processes.

Patient and staff safety and other incidents are reported in accordance with the incident reporting procedure and are then scored, either by local managers or by the risk and safety team, using the NPSA risk severity matrix. Action is then taken to control, manage or mitigate the risk and depending upon the score the risk may be added to the corporate register for review by the RCAG or monitored at a local level. A Serious Incident Group meets weekly to review any serious incidents that need investigating and may need to be formally declared as Serious Incidents.

New risks with a net severity rating of High >15 are added to the corporate risk register and the board assurance framework which are reviewed by the Trust Board on a quarterly basis. The following risks were added in 2012/13:

- ID 355 – Mandatory training

There is a risk of staff not receiving clinical and non-clinical mandatory training.

- ID 368 – CommandPoint and mobile data terminal messaging

There is a risk that messages between mobile data terminals in vehicles and the CommandPoint CAD system become out of sequence, cross one another while one is being processed or a job is being 'cycled' through to closure in error.

- ID 378 – Locality Alert Register

There is a risk that insufficient information is contained within Metropolitan Police Service referrals for inclusion in our locality alert register.

- ID 379 – Category C calls – delayed or inappropriate responses

There is a risk that calls received and triaged as Category C, subdivided into C1, C2, C3 and C4, could receive a delayed or inappropriate response because of increased levels of Category A demand.

- ID 371 – Level 2 information governance toolkit – risk due to lack of training

There is a risk that we will not continue to maintain Level 2 for IG Toolkit Requirement 112 because operational staff will not have completed their online IG refresher training.

There were two risks assessed below the threshold for the board assurance framework but being kept visible to the Trust Board and these concerned the changes to Board membership during 2012/13 and into 2013/14 and the potential impact of these on a) our governance, and b) signing off the strategy.

There were 11 lapses of data security in 2012/13 but none reached the threshold for reporting to the Information Commissioner.

We have undertaken risk assessments and carbon reduction delivery plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

To provide increased resilience and reduce the risk of service failure a second control room has been opened at Bow. This will allow for some transition of call taking should the Emergency Control room at Waterloo become inoperable. We now have two control rooms in operation.

We continued to make significant progress against the Information Governance toolkit in-year achieving 82 per cent at the required Level 2 standards.

The risk and control framework

Systems are in place to monitor compliance throughout the year and to address any emerging gaps or risks. The board assurance framework shows the linkages between the strategic goals for the next five years and the most significant strategic risks to the achievement of these. This is mapped to the key risks the Trust Board chose to focus on during the year as well as the top risks on the corporate risk register. The board assurance framework is mapped to the Care Quality Commission's outcomes and requirements. The Quality Committee reviews the board assurance framework and corporate risk register quarterly as does the Trust Board. Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

The Risk Compliance and Assurance Group reviews the corporate risk register in detail at each meeting, adding 17 risks and archiving 24 risks during 2012/13. The Audit Committee assess the effectiveness of the corporate risk register annually. The Trust Board, Quality Committee and Executive Management Team receive a quality dashboard showing monthly performance and any identified risks, from which they seek improvements and mitigations.

The local counter fraud specialist (LCFS) attends four meetings of the Audit Committee per year and monthly executive counter fraud meetings. During 2012/13 we undertook a procurement exercise for local counter fraud services and the contract was awarded to KPMG from 1 April 2013.

The Internal Auditors attend four meetings of the Audit Committee per year and work closely with the Governance and Compliance team to execute the annual audit workplan. Internal audit also attend meetings of the Quality Committee and the committee has input to the development of the annual audit workplan. This work is also informed by the executive team.

During 2012/13 we undertook a procurement exercise for internal audit services and the contract was awarded to KPMG from 1 April 2013.

KPMG will manage the transition from RSM Tenon to the new contract in the first quarter of 2013/14.

The Audit Commission ceased to provide external audit services during 2012/13. The Department of Health awarded the contract to Price Waterhouse Cooper and this took effect during 2012/13.

Review of the effectiveness of risk management and internal control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors, clinical audit and our executive management team who have responsibility for the development and maintenance of the internal control framework.

I have drawn on the content of the Quality Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of the effectiveness of the system of internal control by the Board, the Audit Committee and the Quality Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant issues

We declared 16 serious incidents to NHS London and the Commissioners in 2012/13. Thematically, four were related to maternity calls and nine were delays in responding to patients, while there was one each relating to equipment, a road traffic incident and the response to an incident also involving the police.

With our lead commissioners, we recognised the increasing gap between demand and the available resources and jointly commissioned ORH Limited, a company specialising in planning and modelling, to undertake a capacity review. This was reported in January 2013 and has informed the contract for 2013/14 including identifying risk sharing arrangements and mitigating actions. This is incorporated in our modernisation programme that commences in May 2013.

As a result of the mitigating actions we took to ensure resources were available to meet the increasing demand on services during 2012/13, we sought and gained approval from NHS London to reduce the control total from £3.2m to £262k. We therefore failed to meet the 2012/13 financial plan. We also undershot on our Capital Resourcing Limit and failed to deliver CQUINs to an approximate value of £3m. The Grant Thornton review was commissioned to undertake a baseline financial review incorporating cash planning and forecasting, income and expenditure and capital expenditure, the outcome of which will inform future financial planning and management.

Our organisation underwent several Board changes during 2012/13. Peter Bradley left the post of Chief Executive on 10 September 2012 and Martin Flaherty was acting Chief Executive until 6 January 2013. I took over the position of Chief Executive on 7 January 2013. Michael Dinan left the post of Director of Finance on 20 January 2013 and Andrew Grimshaw was appointed as interim Director of Finance for a period of six months. Mr Grimshaw was subsequently appointed to the substantive post and will assume the role permanently from July 2013.

Letters of representation were obtained from Martin Flaherty and Michael Dinan confirming that, to the best of their knowledge, there were no significant issues arising during their period of office in 2012/13. My statement therefore as Accountable Officer pertains to the period 7 January – 31 March 2013. This was discussed by the Audit Committee and assurance given that the Trust Board is accountable for internal control with responsibility delegated to Peter Bradley as Chief Executive during the period 1 April – 10 September 2012. The Board is unaware of any significant issues other than those stated in the narrative above.

Head of Internal Audit opinion
Based on the work undertaken in 2012/13, significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.

Accountable Officer : Ann Radmore, Chief Executive

Organisation: London Ambulance Service NHS Trust

Signature:

Date: 4/6/13

Statement of Comprehensive Income for year ended 31 March 2013

	NOTE	**2012-13 £000**	2011-12 £000
Gross employee benefits	10.1	**(211,242)**	(205,248)
Other costs	8	**(87,779)**	(68,774)
Revenue from patient care activities	5	**301,285**	278,267
Other Operating revenue	6	**1,824**	3,464
Operating surplus/(deficit)		**4,088**	7,709
Investment revenue	12	**77**	281
Other gains and (losses)	13	**(233)**	(715)
Finance costs	14	**(498)**	(864)
Surplus/(deficit) for the financial year		**3,434**	6,411
Public dividend capital dividends payable		**(3,851)**	(3,884)
Net Gain/(loss) on transfers by absorption		**0**	0
Retained surplus/(deficit) for the year		**(417)**	2,527

Other Comprehensive Income	**2012-13 £000**	2011-12 £000
Impairments and reversals	**(861)**	(956)
Net gain/(loss) on revaluation of property, plant & equipment	**1,741**	922
Total comprehensive income for the year*	**463**	2,493

* This sums the rows above and the surplus / (deficit) for the year before adjustments for PDC dividend and absorption accounting

Financial performance for the year		
Retained surplus/(deficit) for the year	**(417)**	2,527
Impairments	**723**	247
Adjustments to donated asset	**(44)**	(23)
Adjusted retained surplus/(deficit)	**262**	2,751

There is a statutory requirement for NHS trusts to break even taking on year with another. Details of the break-even duty is given in note 36.1.

A Trust's Reported NHS financial performance position is derived from its Retained surplus/(Deficit), but adjusted for the following:-

a) Impairments to Fixed Assets 2009-10 was the final year for organisations to revalue their assets to a Modern Equivalent Asset (MEA) basis of valuation. An impairment charge is not considered part of the organisation's operating position.

b) The 2011-12 Treasury FReM changed the treatment of donated assets. Donated Assets are now shown as income and are not considered part of the organisation's operating position.

Note that prior year performance is not re-assessed following accounting restatements

PDC dividend: balance (payable) at 31 March 2013	**(6)**
PDC dividend: balance (payable) at 31 March 2012	**(52)**

Statement of Financial Position as at 31 March 2013

	NOTE	**31 March 2013** **£000s**	31 March 2012 £000s
Non-current assets:			
Property, plant and equipment	14	**119,021**	123,055
Intangible assets	15	**13,628**	15,033
Trade and other receivables	20.1	**0**	1,770
Total non-current assets		**132,649**	139,858
Current assets:			
Inventories	19	**3,264**	2,812
Trade and other receivables	20.1	**16,075**	11,940
Cash and cash equivalents	22	**5,500**	5,250
Total current assets		**24,839**	20,002
Total assets		**157,488**	159,860
Current liabilities			
Trade and other payables	24	**(24,546)**	(21,364)
Provisions	29	**(2,098)**	(1,411)
Borrowings	25	**(309)**	(1,268)
Capital loan from Department	25	**(1,244)**	(1,244)
Total current liabilities		**(28,197)**	(25,287)
Non-current assets plus/less net current assets/liabilities		**129,291**	134,573
Non-current liabilities			
Provisions	29	(8,731)	(7,743)
Borrowings	25	**(641)**	(6,130)
Capital loan from Department	25	**(4,343)**	(5,587)
Total non-current liabilities		**(13,715)**	(19,460)
Total Assets Employed:		**115,576**	115,113
FINANCED BY:			
TAXPAYERS' EQUITY			
Public Dividend Capital		**62,516**	62,516
Retained earnings		**20,053**	19,304
Revaluation reserve		**33,426**	33,712
Other reserves		**(419)**	(419)
Total Taxpayers' Equity:		**115,576**	115,113

The notes on pages 5 to 43 form part of this account.

The financial statements on pages *1 to 43* were approved by the Board on *4 June 2013* and signed on its behalf

Chief Executive: Date: 4/6/13

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

	Public Dividend capital	Retained earnings	Revaluation reserve	Other reserves	Total reserves
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2012	**62,516**	**19,304**	**33,712**	**(419)**	**115,113**
Changes in taxpayers' equity for 2012-13					
Retained surplus/(deficit) for the year	0	(417)	0	0	**(417)**
Net gain / (loss) on revaluation of property, plant, equipment	0	0	1,741	0	**1,741**
Impairments and reversals	0	0	(861)	0	**(861)**
Transfers between reserves	0	1,166	(1,166)	0	**0**
Net recognised revenue/(expense) for the year	**0**	**749**	**(286)**	**0**	**463**
Balance at 31 March 2013	**62,516**	**20,053**	**33,426**	**(419)**	**115,576**

	Public Dividend capital	Retained earnings	Revaluation reserve	Other reserves	Total reserves
Balance at 1 April 2011	**62,516**	**14,851**	**35,672**	**(419)**	**112,620**
Changes in taxpayers' equity for the year ended 31 March 2012					
Retained surplus/(deficit) for the year	0	2,527	0	0	2,527
Net gain / (loss) on revaluation of property, plant, equipment	0	0	922	0	922
Impairments and reversals	0	0	(956)	0	(956)
Transfers between reserves	0	1,926	(1,926)	0	0
Net recognised revenue/(expense) for the year	0	4,453	(1,960)	0	2,493
Balance at 31 March 2012	**62,516**	**19,304**	**33,712**	**(419)**	**115,113**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2013

	NOTE	2012-13 £000s	2011-12 £000s
Cash Flows from Operating Activities			
Operating Surplus/Deficit		**4,088**	7,709
Depreciation and Amortisation		**12,956**	11,430
Impairments and Reversals		**723**	248
Donated Assets received credited to revenue but non-cash		**0**	(23)
Interest Paid		**(300)**	(670)
Dividend (Paid)		**(3,897)**	(3,832)
(Increase)/Decrease in Inventories		**(452)**	(241)
(Increase)/Decrease in Trade and Other Receivables		**(6,163)**	13,495
Increase/(Decrease) in Trade and Other Payables		**5,908**	(13,976)
Provisions Utilised		**(1,160)**	(1,047)
Increase/(Decrease) in Provisions		**2,305**	636
Net Cash Inflow/(Outflow) from Operating Activities		**14,008**	13,729
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received		**77**	59
(Payments) for Property, Plant and Equipment		**(11,468)**	(13,987)
(Payments) for Intangible Assets		**(655)**	(1,600)
Proceeds of disposal of assets held for sale (PPE)		**36**	8,868
Net Cash Inflow/(Outflow) from Investing Activities		**(12,010)**	(6,660)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		**1,998**	7,069
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid to DH - Capital Investment Loans Repayment of Principal		**(1,244)**	(1,244)
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(504)**	(1,411)
Net Cash Inflow/(Outflow) from Financing Activities		**(1,748)**	(2,655)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**250**	4,414
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**5,250**	836
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		**0**	0
Cash and Cash Equivalents (and Bank Overdraft) at year end		**5,500**	5,250

NOTES TO THE ACCOUNTS

1. Accounting Policies

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

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

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 Critical accounting judgements and key sources of estimation uncertainty

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

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

1.3.1 Critical judgements in applying accounting policies

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

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

1.3.2 Key sources of estimation uncertainty

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

Asset Valuations

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

The reported amounts for depreciation of property, plant and equipment and amortisation of non-current intangible assets can be materially affected by the judgements exercised in determining their estimated economic lives.

The estimated economic lives are disclosed in note 1.9 and the carrying values of property, plant and equipment and intangible assets in notes 15.1 and 16.1 respectively.

Provisions

Provisions are made for liabilities that are uncertain in amount. These include provisions for the cost of pensions relating to other staff, legal claims, restructuring and other provisions.

Calculations of these provisions are based on estimated cash flows relating to these costs, discounted at an appropriate rate where significant. The costs and timings of cash flows relating to these liabilities are based on management estimates supported by external advisors.

The carrying values of provisions are shown in note 35.

Annual Leave Accrual

The Trust's annual leave year for crew staff and emergency operational centre staff has changed since 2009/10. It no longer runs from 1 April to 31 March, but runs from the date an employee starts employment. The accrual is based on managements estimation of untaken leave as at 31 March 2013. The carrying value of the accrual is £3.53m shown in note 28 under accruals and deferred income.

Injury Cost Recovery Scheme Accrual

The Trust receives income from the NHS injury cost recovery scheme for the recovery of ambulance journey costs relating to road traffic accidents. Accruals are made for receivables that are uncertain in amount. The receivables are based on "management estimates supported by the number of cases" supplied by hospitals. The carrying value of the receivable is £3.2m shown in note 22.1 other receivables.

1.4 Revenue

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

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

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and 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.

1.5 Employee Benefits

Short-term employee benefits

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

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

Retirement benefit costs

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

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

1.6 Other expenses

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

1.7 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.

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

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

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

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

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

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there.

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

1.8 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

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

- 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.

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

The estimated useful lives are as follows:

Medical equipment & engineering plant & equipment	5 to 10
Furniture	10
Set up costs in new buildings	10
Fork Lift Truck	10
A&E Ambulances	9
Command Point	7
PTS Ambulances & Other Vehicles	7
Defibrillator Lifepak 15	7
Defibrillator Lifepak 12	5
Rapid Response Vehicles	5
Office Equipment	5
Information Technology Equipment	3
Internally Generated Software	3
Second-Hand Vans	2

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

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

1.10 Donated assets

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

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.11 Government grants

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

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

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

1.12 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. For donated and government-granted assets, a transfer is made to or from the relevant reserve to the profit/loss on disposal account so that no profit or loss is recognised in income or expenses. The remaining surplus or deficit in the donated asset or government grant reserve is then 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.

1.13 Leases

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

The trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate 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.

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

1.14 Inventories

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

1.15 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.

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

1.16 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% in real terms (2.35% for employee early departure obligations).

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

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

1.17 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 29. The provision for clinical negligence claims is included in the accounts of the NHSLA and is not included in these accounts.

1.18 Non-clinical risk pooling

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

1.19 Contingencies

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

1.20 Financial assets

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

Financial assets are initially recognised at fair value.

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

Loans and receivables

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

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

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

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

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

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

1.21 Financial liabilities

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

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

Other financial liabilities

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

1.22 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.

1.23 Foreign currencies

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

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

1.24 Public Dividend Capital (PDC) and PDC dividend

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

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

1.25 Losses and Special Payments

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

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

1.26 Subsidiaries

For 2011-12 and 2012-13 in accordance with the directed accounting policy from the Secretary of State, the Trust does not consolidate the NHS charitable funds for which it is the corporate trustee.

1.27 Other Reserve

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

1.28 Heritage Assets

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

1.29 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 Operating Cost Statement 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.

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

1.30 Accounting Standards that have been issued but have not yet been adopted

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

IAS 1 Presentation of Financial Statements IAS 12
Income Taxes IAS 19 Employee
Benefits
IAS 27 Separate Financial Statements - subject to consultation
IAS 28 Investments in Associates and Joint Ventures - subject to consultation IAS 32
Financial Instruments Presentation IFRS 7 Financial
Instruments Disclosures
IFRS 9 Financial Instruments - subject to consultation - subject to consultation
IFRS 10 Consolidated Financial Statements - subject to consultation
IFRS 11 Joint Arrangements - subject to consultation
IFRS 12 Disclosure of Interests in Other Entities - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation
IPSAS 32 - Service Concession Arrangement - subject to consultation

2. Operating segments

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

3. Income generation activities

The Trust does not undertake any income generation activities.

4. Revenue from patient care activities	2012-13 £000s	2011-12 £000s
Strategic Health Authorities	**4,151**	0
NHS Trusts	**4,967**	4,577
Primary Care Trusts - non-tariff	**286,768**	267,610
NHS Foundation Trusts	**1,694**	1,649
Local Authorities	**19**	32
Department of Health	**734**	1,046
Non-NHS:		
Injury costs recovery	**1,948**	1,253
Other	**1,004**	2,100
Total Revenue from patient care activities	**301,285**	278,267

5. Other operating revenue	2012-13 £000s	2011-12 £000s
Education, training and research	**171**	1,445
Charitable and other contributions to revenue expenditure - NHS	**3**	0
Charitable and other contributions to revenue expenditure -non- NHS	**0**	3
Receipt of donations for capital acquisitions - NHS Charity	**44**	23
Other revenue	**1,606**	1,993
Total Other Operating Revenue	**1,824**	3,464
Total operating revenue	**303,109**	281,731

6. Revenue	2012-13 £000	2011-12 £000
From rendering of services	**303,109**	281,731

7. Operating expenses (excluding employee benefits)	2012-13 £000s	2011-12 £000s
Trust Chair and Non-executive Directors	59	57
Supplies and services - clinical	7,073	5,598
Supplies and services - general	1,677	1,531
Consultancy services	1,211	1,394
Establishment	8,969	7,587
Transport	32,979	23,551
Premises	15,557	13,555
Impairments and Reversals of Receivables	338	20
Depreciation	11,127	10,967
Amortisation	1,829	463
Impairments and reversals of property, plant and equipment	723	248
Audit fees	91	139
Other auditor's remuneration	0	1
Clinical negligence	716	682
Education and Training	614	634
Change in Discount Rate	333	58
Other	4,483	2,289
Total Operating expenses (excluding employee benefits)	**87,779**	68,774
Employee benefits		
Employee benefits excluding Executive Board members	210,312	204,463
Executive Board members	930	842
Total employee benefits	**211,242**	205,305
Total operating expenses	**299,021**	274,079

8 Operating Leases

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

8.1 Trust as lessee	Land	Buildings	Other	2012-13 Total	2011-12
	£000s	£000s	£000s	£000s	£000s
Payments recognised as an expense					
Minimum lease payments	17	2,520	4,346	**6,883**	5,541
Total	**17**	**2,520**	**4,346**	**6,883**	5,541
Payable:					
No later than one year	17	2,097	3,944	**6,058**	5,989
Between one and five years	68	5,921	7,547	**13,536**	15,510
After five years	191	7,726	0	**7,917**	9,278
Total	**276**	**15,744**	**11,491**	**27,511**	30,777
Total future sublease payments expected to be received:				0	0

9 Employee benefits and staff numbers

9.1 Employee benefits

	2012-13 Total £000s	Permanently employed £000s	Other £000s
Employee Benefits 2012-13- Gross Expenditure			
Salaries and wages	**176,058**	173,961	2,097
Social security costs	**14,313**	14,313	0
Employer Contributions to NHS BSA - Pensions Division	**20,667**	20,667	0
Other pension costs	**101**	101	0
Termination benefits	**103**	103	0
Total employee benefits	**211,242**	**209,145**	**2,097**
Less recoveries in respect of employee benefits (table below)	**0**	0	0
Total - Net Employee Benefits including capitalised costs	**211,242**	**209,145**	**2,097**
Employee costs capitalised	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**211,242**	**209,145**	**2,097**

	Total £000s	Permanently employed £000s	Other £000s
Gross Employee Benefits & Net expenditure 2011-12			
Salaries and wages	171,417	169,270	2,147
Social security costs	13,719	13,719	0
Employer Contributions to NHS BSA - Pensions Division	21,210	21,210	0
Other pension costs	(70)	(70)	0
TOTAL - including capitalised costs	**206,276**	**204,129**	**2,147**
Less recoveries in respect of employee benefits	0	0	0
Total - Net Employee Benefits including capitalised costs	**206,276**	**204,129**	**2,147**
Recognised as			
Employee costs capitalised	**1,028**		
Net Employee Benefits excluding capitalised costs	**205,248**		

9.2 Staff Numbers

	2012-13 Total Number	Permanently employed Number	Other Number	2011-12 Total Number
Average Staff Numbers				
Ambulance staff	**3,467**	3,467	0	3,629
Administration and estates	**1,106**	1,067	39	1,135
TOTAL	**4,573**	**4,534**	**39**	4,764
Of the above - staff engaged on capital projects	**0**	0	0	23

9.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	53,317	55,048
Total Staff Years	4,443	4,660
Average working Days Lost	12.00	11.81

	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	**7**	8
	£000s	£000s
Total additional pensions liabilities accrued in the year	**407**	888

9.4 Exit Packages agreed in 2012-13

	2012-13			2011-12		
Exit package cost band (including any special payment element)	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	Number	**Number**	**Number**	Number	Number	Number
£25,001-£50,000	1	0	1	0	0	0
£50,001-£100,000	1	0	1	0	0	0
Total number of exit packages by type (total cost	**2**	**0**	**2**	0	0	0
Total resource cost (£000s)	**103**	**0**	**103**	0	0	0

Redundancy and other departure costs have been paid in accordance with the provisions of the Agenda for Change. 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 by staff in the year. Note: The expense associated with these departures may have been recognised in part or in full in a previous period.

9.5 Pension costs

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

The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. An outline of these follows:

a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004.

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

Following the full actuarial review by the Government Actuary undertaken as at 31 March 2004, and after consideration of changes to the NHS Pension Scheme taking effect from 1 April 2008, his Valuation report recommended that employer contributions could continue at the existing rate of 14% of pensionable pay, from 1 April 2008, following the introduction of employee contributions on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities.

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the scheme actuary. At this point the assumptions regarding the composition of the scheme membership are updated to allow the scheme liability to be valued.

The valuation of the scheme liability as at 31 March 2011, is based on detailed membership data as at 31 March 2008 (the latest midpoint) updated to 31 March 2011 with summary global member and accounting data.

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) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

c) Scheme provisions

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

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

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

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year.

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

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

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

10 Better Payment Practice Code

10.1 Measure of compliance

	2012-13 Number	2012-13 £000s	2011-12 Number	2011-12 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**49,368**	**64,627**	51,604	69,019
Total Non-NHS Trade Invoices Paid Within Target	**39,893**	**49,073**	46,136	60,795
Percentage of NHS Trade Invoices Paid Within Target	**80.81%**	**75.93%**	89.40%	88.08%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**311**	**3,357**	339	**4,133**
Total NHS Trade Invoices Paid Within Target	**171**	**1,866**	289	**2,331**
Percentage of NHS Trade Invoices Paid Within Target	**54.98%**	**55.59%**	85.25%	56.40%

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

11 Investment Income

	2012-13 £000s	2011-12 £000s
Interest Income		
Bank interest	**42**	60
Other loans and receivables	**35**	221
Total investment income	**77**	281

12 Other Gains and Losses

	2012-13 £000s	2011-12 £000s
Gain/(Loss) on disposal of assets other than by sale (PPE)	**(233)**	(715)
Total	**(233)**	(715)

13 Finance Costs

	2012-13 £000s	2011-12 £000s
Interest		
Interest on loans and overdrafts	**174**	206
Interest on obligations under finance leases	**127**	463
Total interest expense	**301**	669
Other finance costs	**0**	1
Provisions - unwinding of discount	**197**	194
Total	**498**	864

14.1 Property, plant and equipment

2012-13	Land £000's	Buildings excluding dwellings £000's	Dwellings £000's	Assets under construction & payments on account £000's	Plant & machinery £000's	Transport equipment £000's	Information technology £000's	Furniture & fittings £000's	Total £000's
Cost or valuation:									
At 1 April 2012	**43,316**	**47,043**	**0**	**7,535**	**16,499**	**43,866**	**15,446**	**109**	**173,813**
Additions of Assets Under Construction				**877**					**877**
Additions Purchased	0	831	0		554	6,447	557	0	**8,389**
Additions Donated	0	0	0	0	0	44	0	0	**44**
Additions Leased	0	110	0		0	0	0	0	**110**
Reclassifications	0	330	0	(6,869)	2,141	2,738	1,557	0	**(103)**
Disposals other than for sale	0	(162)	0	0	(1,078)	(8,963)	(2,579)	0	**(12,782)**
Upward revaluation/positive indexation	1,708	33	0	0	0	0	0	0	**1,741**
Impairments/negative indexation	(6)	(943)	0	0	0	0	0	0	**(949)**
Reversal of Impairments	33	55	0	0	0	0	0	0	**88**
At 31 March 2013	**45,051**	**47,297**	**0**	**1,543**	**18,116**	**44,131**	**14,981**	**109**	**171,228**
Depreciation									
At 1 April 2012	**0**	**0**	**0**	**0**	**9,906**	**30,647**	**10,168**	**37**	**50,758**
Reclassifications	0	0	0		(16)	0	16	0	**0**
Disposals other than for sale	0	(112)	0		(1,078)	(6,632)	(2,579)	0	**(10,401)**
Impairments	6	719	0	0	0	0	0	0	**725**
Reversal of Impairments	0	(2)	0	0	0	0	0	0	**(2)**
Charged During the Year	0	2,140	0		1,703	5,295	1,978	11	**11,127**
At 31 March 2013	**6**	**2,745**	**0**	**0**	**10,515**	**29,310**	**9,583**	**48**	**52,207**
Net Book Value at 31 March 2013	**45,045**	**44,552**	**0**	**1,543**	**7,601**	**14,821**	**5,398**	**61**	**119,021**
Purchased	45,045	44,552	0	1,543	7,601	14,775	5,398	61	**118,975**
Donated	0	0	0	0	0	46	0	0	**46**
Government Granted	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**45,045**	**44,552**	**0**	**1,543**	**7,601**	**14,821**	**5,398**	**61**	**119,021**
Asset financing:									
Owned	45,045	44,552	0	1,543	7,601	14,821	5,398	61	**119,021**
Total at 31 March 2013	**45,045**	**44,552**	**0**	**1,543**	**7,601**	**14,821**	**5,398**	**61**	**119,021**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land £000's	Buildings £000's	Dwellings £000's	Assets under construction & payments on account £000's	Plant & machinery £000's	Transport equipment £000's	Information technology £000's	Furniture & fittings £000's	Total £000's
At 1 April 2012	18,072	15,640	0	0	0	0	0	0	**33,712**
Movements revaluations	1,735	(2,021)	0	0	0	0	0	0	**(286)**
At 31 March 2013	**19,807**	**13,619**	**0**	**0**	**0**	**0**	**0**	**0**	**33,426**

14.2 Property, plant and equipment prior-year

2011-12	Land	Buildings excluding dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation:								
At 1 April 2011	42,454	49,098	4,383	15,707	55,083	16,997	109	183,831
Additions - purchased	0	1,142	6,757	1,385	3,935	1,205	0	14,424
Additions - donated	0	0	0	0	23	0	0	23
Reclassifications	0	163	(3,605)	301	2,496	1,393	0	748
Disposals other than by sale	0	(107)	0	(894)	(17,672)	(4,149)	0	(22,822)
Revaluation & indexation gains	823	99	0	0	0	0	0	922
Impairments	0	(1,020)	0	0	0	0	0	(1,020)
Reversals of impairments	39	25	0	0	0	0	0	64
Cumulative dep netted off cost following revaluation	0	(2,109)	0	0	0	0	0	(2,109)
At 31 March 2012	43,316	47,291	7,535	16,499	43,865	15,446	109	174,061
Depreciation								
At 1 April 2011	0	0	0	9,483	33,970	12,308	26	55,787
Disposals other than for sale	0	(107)	0	(893)	(8,799)	(4,088)	0	(13,887)
Impairments	0	255	0	0	0	0	0	255
Reversal of Impairments	0	(7)	0	0	0	0	0	(7)
Charged During the Year	0	2,216	0	1,316	5,476	1,948	11	10,967
Cumulative dep netted off cost following revaluation	0	(2,109)	0	0	0	0	0	(2,109)
At 31 March 2012	0	248	0	9,906	30,647	10,168	37	51,006
Net book value at 31 March 2012	43,316	47,043	7,535	6,593	13,218	5,278	72	123,055
Purchased	43,316	47,043	7,535	6,593	13,204	5,278	72	123,041
Donated	0	0	0	0	14	0	0	14
Total at 31 March 2012	43,316	47,043	7,535	6,593	13,218	5,278	72	123,055
Asset financing:								
Owned	43,316	47,043	7,535	6,593	9,416	5,278	72	119,253
Held on finance lease	0	0	0	0	3,802	0	0	3,802
Total at 31 March 2012	43,316	47,043	7,535	6,593	13,218	5,278	72	123,055

14.3 (cont). Property, plant and

The Trust received a donation to purchase two vehicles (£44k) from the London Ambulance Service Charitable Funds .

Revaluation was undertaken on all land and building on the 31st March 2013

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

The Market Value was used in arrriving at fair value for the operational assets subject to the additional special assumptions that:

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

and in the respect of the Market Value of non-operational asset only:

(b) the NHS is assumed not to be in the market for the property interest;

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

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

Economic Life of Assets	**Years**
Buildings	5 to 99
Plant and Machinery	5 to 15
Transport Equipment	2 to 9
Information Technology Equipment	3 to 5
Furniture and Fittings	10

The Gross Carrying Value of fully depreciated assets still in use

Transport Equipment	£ 22.2m
Plant & Machinery	£ 6.0m
Information Technology	£ 5.9m
	£ 34.1m

15.1 Intangible non-current assets

2012-13	Software internally generated £000's	Development expenditure £000's	Total £000's
At 1 April 2012	**3,454**	**14,432**	**17,886**
Additions - internally generated	295	26	**321**
Reclassifications	14,394	(14,291)	**103**
Disposals other than by sale	(745)	0	**(745)**
At 31 March 2013	**17,398**	**167**	**17,565**
Amortisation			
At 1 April 2012	**2,853**	**0**	**2,853**
Disposals other than by sale	(745)	0	**(745)**
Charged during the year	1,829	0	**1,829**
At 31 March 2013	**3,937**	**0**	**3,937**
Net Book Value at 31 March 2013	**13,461**	**167**	**13,628**
Net book value at 31 March 2013 comprises:			
Purchased	13,461	167	**13,628**
Total at 31 March 2013	**13,461**	**167**	**13,628**

15.2 Intangible non-current assets prior year

2011-12	Software internally generated £000s	Development expenditure £000s	Total £000s
Cost or valuation:			
At 1 April 2011	5,433	13,802	19,235
Additions - internally generated	387	1,378	1,765
Reclassifications	0	(748)	(748)
Disposals other than by sale	(2,366)	0	(2,366)
At 31 March 2012	3,454	14,432	17,886
Amortisation			
At 1 April 2011	4,756	0	4,756
Disposals other than by sale	(2,366)	0	(2,366)
Charged during the year	463	0	463
At 31 March 2012	2,853	0	2,853
Net book value at 31 March 2012	601	14,432	15,033
Net book value at 31 March 2012 comprises:			
Purchased	601	14,432	15,033
Total at 31 March 2012	601	14,432	15,033

15.3 Intangible non-current assets

The Trust does not revalue its intangible assets.

Economic Lives of intangible assets

	Useful Lives
Software Licences	3 to 7
Development Expenditure	0

15.4 The Gross Carrying Value of Fully depreciated Assets still in use:

The gross carrying value of fully depreciated intangible assets is £2.1 million.

16 Analysis of impairments and reversals recognised in 2012-13

	2012-13 Total £000s
Property, Plant and Equipment impairments and reversals taken to SoCI	
Changes in market price	723
Total charged to Annually Managed Expenditure	**723**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve	
Changes in market price	861
Total impairments for PPE charged to reserves	**861**
Total Impairments of Property, Plant and Equipment	**1,584**
Total Impairments charged to Revaluation Reserve	**861**
Total Impairments charged to SoCI - AME	**723**
Overall Total Impairments	**1,584**

17 Commitments

17.1 Capital commitments

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

	31 March 2013	31 March 2012
	£000s	£000s
Property, plant and equipment	**1,523**	9,327
Intangible assets	**383**	207
Total	**1,906**	9,534

18 Intra-Government and other balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s	Non-current payables £000s
Balances with other Central Government Bodies	11,608	0	4,590	0
Balances with NHS Trusts and Foundation Trusts	1,033	0	508	0
Balances with bodies external to government	3,434	0	19,448	0
At 31 March 2013	**16,075**	**0**	**24,546**	**0**
prior period:				
Balances with other Central Government Bodies	2,819	1,718	6,213	0
Balances with Local Authorities	20	0	0	0
Balances with NHS Trusts and Foundation Trusts	1,461	0	131	0
Balances with bodies external to government	7,640	52	15,020	0
At 31 March 2012	**11,940**	**1,770**	**21,364**	**0**

19 Inventories

	Drugs £000s	Consumables £000s	Total £000s
Balance at 1 April 2012	67	2,745	**2,812**
Additions	708	8,848	**9,556**
Inventories recognised as an expense in the period	(715)	(8,389)	**(9,104)**
Balance at 31 March 2013	60	3,204	**3,264**

20.1 Trade and other receivables

	Current		Non-current	
	31 March 2013 £000s	31 March 2012 £000s	**31 March 2013 £000s**	31 March 2012 £000s
NHS receivables - revenue	**1,246**	1,478	**0**	0
NHS prepayments and accrued income	**8,122**	1,254	**0**	0
Non-NHS receivables - revenue	**873**	338	**0**	0
Non-NHS receivables - capital	**5**	2	**0**	0
Non-NHS prepayments and accrued income	**3,146**	3,771	**0**	0
Provision for the impairment of receivables	**(741)**	(403)	**0**	0
VAT	**73**	521	**0**	0
Interest receivables	**0**	1	**0**	0
Other receivables	**3,351**	4,978	**0**	1,770
Total	**16,075**	11,940	**0**	1,770
Total current and non current	**16,075**	13,710		

The great majority of trade is with Primary Care Trusts until 31st March 2013 (from 1st April 2013 CCGs take over the coimmissioning role), as commissioners for NHS patient care services. As Primary Care Trusts are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

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

20.2 Receivables past their due date but not impaired

	31 March 2013 £000s	31 March 2012 £000s
By up to three months	**1,480**	1,458
By three to six months	**162**	420
By more than six months	**0**	170
Total	**1,642**	2,048

20.3 Provision for impairment of receivables

	2012-13 £000s	2011-12 £000s
Balance at 1 April 2012	**(403)**	(411)
Amount written off during the year	**0**	28
Amount recovered during the year	**51**	78
(Increase)/decrease in receivables impaired	**(389)**	(98)
Balance at 31 March 2013	**(741)**	**(403)**

21 NHS LIFT investments

The Trust has no NHS Lift investments.

22 Cash and Cash Equivalents

	31 March 2013 £000s	31 March 2012 £000s
Opening balance	**5,250**	836
Net change in year	**250**	4,414
Closing balance	**5,500**	5,250
Made up of		
Cash with Government Banking Service	**5,429**	5,148
Commercial banks	**64**	94
Cash in hand	**7**	8
Cash and cash equivalents as in statement of financial position	**5,500**	5,250
Cash and cash equivalents as in statement of cash flows	**5,500**	5,250

23 Non-current assets held for sale

	Land	Total
	£000s	£000s
Balance at 1 April 2012	0	**0**
Less assets sold in the year	0	**0**
Balance at 31 March 2013	**0**	**0**
Balance at 1 April 2011	650	**650**
Less assets sold in the year	(650)	**(650)**
Balance at 31 March 2012	**0**	**0**

24 Trade and other payables

	Current	
	31 March 2013	31 March 2012
	£000s	£000s
NHS payables - revenue	**951**	600
NHS payables - capital	**4**	0
Non-NHS payables - revenue	**6,782**	4,756
Non-NHS payables - capital	**1,330**	3,716
Non_NHS accruals and deferred income	**6,315**	4,776
Social security costs	**920**	2,213
Tax	**0**	967
Other	**8,244**	4,336
Total	**24,546**	21,364

Included above:		
outstanding Pension Contributions at the year end	2,673	2,564

25 Borrowings

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000s	£000s	**£000s**	£000s
Loans from Department of Health	**1,244**	1,244	**4,343**	5,587
Loans from other entities	**0**	0	**107**	107
Finance lease liabilities	**309**	1,268	**534**	6,023
Total	**1,553**	**2,512**	**4,984**	**11,717**
Total other liabilities (current and non-current)	**6,537**	**14,229**		

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

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

Details of the finance leases are given in note 33

Loans - repayment of principal falling due in:

	31 March 2013		
	DH	**Other**	**Total**
	£000s	**£000s**	**£000s**
0-1 years	1,244	309	**1,553**
1 - 2 Years	1,244	534	**1,778**
2 - 5 Years	3,099	107	**3,206**
TOTAL	**5,587**	**950**	**6,537**

26 Deferred income

	Current	
	31 March 2013	31 March 2012
	£000s	£000s
Opening balance at 1 April 2012	148	290
Deferred income addition	9	36
Transfer of deferred income	(65)	(178)
Current deferred Income at 31 March 2013	**92**	148

27 Finance lease obligations as lessee

Ambulances have been leased from Singer Healthcare Finance Ltd on a 12 year lease.
The Trust does not have any amounts payable under finance leases for land or buildings.

Amounts payable under finance leases (Other)	**Minimum lease payments**		**Present value of minimum lease**	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000s	£000s	**£000s**	£000s
Within one year	**349**	1,618	**309**	1,268
Between one and five years	**561**	5,460	**534**	4,791
After five years	**0**	1,265	**0**	1,232
Less future finance charges	(67)	(1,052)		
Present value of minimum lease payments	**843**	7,291	**843**	7,291
Included in:				
Current borrowings			**309**	1,268
Non-current borrowings			**534**	6,023
			843	7,291

28 Finance lease commitments

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

29 Provisions

	Total	Comprising: Pensions Relating to Other Staff	Legal Claims	Restructuring	Other	Redundancy
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2012	**9,154**	6,497	687	0	1,970	0
Arising During the Year	**2,305**	912	374	0	991	28
Utilised During the Year	**(1,160)**	(387)	(323)	0	(450)	0
Unwinding of Discount	**197**	149	0	0	48	0
Change in Discount Rate	**333**	291	0	0	42	0
Balance at 31 March 2013	**10,829**	**7,462**	**738**	**0**	**2,601**	**28**
Expected Timing of Cash Flows:						
No Later than One Year	**2,098**	331	738	0	1,001	28
Later than One Year and not later than Five Years	**2,293**	1,524	0	0	769	0
Later than Five Years	**6,438**	5,607	0	0	831	0

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

As at 31 March 2013	10,894
As at 31 March 2012	12,431

Pensions relating to other staff - payments relating to this provision will be quarterly over the life of each member of staff and have been discounted using a rate of 2.8%. Every year the provision is adjusted for inflation. The sum provided for is recalculated annually based upon changes in individual annual rates and their life expectancy.

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

Other - £2,601k (2011-12 £1,970k) includes a provision of £817k for Vat liability relating to a sale and leaseback transaction and a provision of £1,625k in respect of pension payments due to employees being made redundant prior to 1995 as a result of the restructuring of the Trust. The remaining £159k relates to a provision for vehicle costs. The provisions are calculated using actuarial tables and are payable quarterly over the life of the employees.

£10,893,694 is included in the provisions of the NHS Litigation Authority at 31/3/2013 in respect of clinical negligence liabilities of the trust (31/03/2012 £12,430,911).

30 Contingencies

	31 March 2013	31 March 2012
	£000s	£000s
Contingent liabilities		
Employers Liabilities	**(315)**	(341)
Net Value of Contingent Liabilities	**(315)**	(341)

The balance of contingencies related to employers liability of £315k, in addition £738k is included in provisions note 35 for employers liability. Due to the nature of the liability it is not possible to determine the exact amount payable or timing of any possible payments.

The Trust has no contingent assets during the financial year.

31.1 PFI and LIFT - additional information

The Trust has no PFI or Lift schemes.

32 Financial Instruments

32.1 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 primary care trusts (from 1st April 2013 CCGs take over this role) and the way those primary care trusts are financed, the NHS trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS trust in undertaking its activities.

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

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

32.2 Financial Assets	Loans and receivables £000s	Total £000s
Receivables - NHS	909	**909**
Receivables - non-NHS	3,825	**3,825**
Cash at bank and in hand	5,500	**5,500**
Other financial assets	8,277	**8,277**
Total at 31 March 2013	**18,511**	**18,511**
Receivables - NHS	1,388	1,388
Receivables - non-NHS	1,254	1,254
Cash at bank and in hand	5,250	5,250
Other financial assets	7,600	7,600
Total at 31 March 2012	15,492	15,492

32.3 Financial Liabilities	Other £000s	Total £000s
NHS payables	1,505	**1,505**
Non-NHS payables	8,198	**8,198**
Other borrowings	5,694	**5,694**
PFI & finance lease obligations	844	**844**
Other financial liabilities	15,659	**15,659**
Total at 31 March 2013	**31,900**	**31,900**
NHS payables	662	662
Non-NHS Payable	9,117	9,117
Other borrowings	6,938	6,938
PFI & finance lease obligations	7,291	7,291
Other financial liabilities	9,311	9,311
Total at 31 March 2012	33,319	33,319

33 Events after the end of the reporting period

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

34 Related party transactions

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

The Department of Health is regarded as a related party. The Trust obtained a £10m capital investment loan from the Department in 2009-10, the current outstanding loan balance is £5,587k. It also had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

	2012-13 Payments to Related Party	2012-13 Receipts from Related Party	2012-13 owed to Related Party	2012-13 from Related Party
	£'000	£'000	£'000	£'000
Barnet PCT	0	10,025	0	56
Croydon PCT	0	11,923	0	185
Ealing PCT	0	10,128	90	0
Lambeth PCT	0	10,904	0	46
Newham PCT	0	10,091	25	0
Southwark PCT	0	10,785	0	69
Sutton & Merton PCT	0	10,698	0	63
Westminister PCT (Host PCT)	0	38,381	52	3,707

	2011-12 Payments to Related Party	2011-12 Receipts from Related Party	2011-12 owed to Related Party	2011-12 from Related Party
	£'000	£'000	£'000	£'000
Barnet PCT	0	9,865	0	63
Croydon PCT	0	11,658	0	35
Ealing PCT	0	10,037	65	0
Lambeth PCT	0	10,917	0	35
Newham PCT	0	9,975	0	35
Southwark PCT	0	10,715	15	42
Sutton & Merton PCT	0	10,449	0	50
Westminister PCT (Host PCT)	0	21,529	0	0

The Trust has a number of staff who do voluntary work for the St John Ambulance Service. The transactions with St John Ambulance Service were expenditure during the year was £537,194 and amount owed as at 31.03.13 was £137,258.

The Trust received an administration fee of £2,500 (2011-12 £2,500) from the London Ambulance Service charitable funds. The Trust received a donation of £44,408 from the charitable funds to purchase two community responder vehicles. The London Ambulance Service NHS Trust is the corporate trustee of the funds.

35 Losses and special payments

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

	Total Value of Cases	Total Number of Cases
	£s	
Losses	1,793,613	1,027
Special payments	907	4
Total losses and special payments	1,794,520	1,031

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

	Total Value of Cases	Total Number of Cases
	£s	
Losses	1,709,000	1,209
Special payments	3,051	5
Total losses and special payments	1,712,051	1,214

The above amounts are reported on an accrual's basis excluding provisions for future losses.

36. Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

36.1 Breakeven performance	**2005-06 £000s**	**2006-07 £000s**	**2007-08 £000s**	**2008-09 £000s**	**2009-10 £000s**	**2010-11 £000s**	**2011-12 £000s**	**2012-13 £000s**
Turnover	215,947	215,941	236,130	261,532	279,864	283,617	281,731	**303,109**
Retained surplus/(deficit) for the year	1,258	113	398	725	(420)	740	2,527	**(417)**
Adjustment for:								
Adjustments for Impairments	0	0	0	0	1,845	262	247	**723**
Adjustments for impact of policy change re donated/government grants assets	0	0	0	0	0	0	(23)	**(44)**
Break-even in-year position	1,258	113	398	725	1,425	1,002	2,751	**262**
Break-even cumulative position	1,333	1,446	1,844	2,569	3,994	4,996	7,747	**8,009**

* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS 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.

If anticipated financial year of recovery is more than two years state the period agreed with SHA (from the 1st April 2013 NTDA takes over this role).

	2005-06 %	**2006-07 %**	**2007-08 %**	**2008-09 %**	**2009-10 %**	**2010-11 %**	**2011-12 %**	**2012-13 %**
Materiality test (I.e. is it equal to or less than 0.5%):								
Break-even in-year position as a percentage of turnover	0.58	0.05	0.17	0.28	0.51	0.35	0.98	**0.09**
Break-even cumulative position as a percentage of turnover	0.62	0.67	0.78	0.98	1.43	1.76	2.75	**2.64**

36.2 Capital cost absorption rate

Until 2008/09 the trust was required to absorb the cost of capital at a rate of 3.5% of forecast average relevant net assets. The rate is calculated as the percentage that dividends paid on public dividend capital bears to the actual

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets and therefore the actual capital cost absorption rate is automatically 3.5%.

36.3 External financing

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

		2012-13	2011-12
	£000s	£000s	£000s
External financing limit		(1,998)	(9,225)
Cash flow financing	(1,998)		(7,069)
External financing requirement		(1,998)	(7,069)
Undershoot/(overshoot)		0	(2,156)

36.4 Capital resource limit

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

	2012-13	2011-12
	£000s	£000s
Gross capital expenditure	9,741	16,212
Less: book value of assets disposed of	(2,381)	(9,585)
Less: donations towards the acquisition of non-current assets	(44)	(23)
Charge against the capital resource limit	7,316	6,604
Capital resource limit	12,400	9,112
(Over)/underspend against the capital resource limit	5,084	2,508

37 Third party assets

The Trust held £nil cash and cash equivalents at 31 March 2013 (£nil - at 31 March 2012) which relates to monies held by the NHS Trust on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.