

Statement of comprehensive net expenditure
For the year ended 31 March 2015

| | Note | 2014/15 £000 | 2013/14 £000 |
|--|------|-----------------|-----------------|
| Expenditure | | | |
| Staff costs | 3 | XXX | 131,732 |
| Other expenditure | 5 | XXX | 51,590 |
| Depreciation and amortisation | 5 | XXX | 8,149 |
| Loss on revaluation of non-current assets | 5 | XXX | 262 |
| Loss on disposal of non-current assets | 5 | XXX | 733 |
| Total expenditure | | XXX | 192,466 |
| Less income | 4 | XXX | (39,396) |
| Net operating expenditure for the financial year | | XXX | 153,070 |
| Net gain on assets and liabilities transferred under absorption accounting | 15 | XXX | (16,427) |
| Net loss on aligning accounting treatment of transfers from the Department of Health | 6 | XXX | 705 |
| Net expenditure for the financial year | | XXX | 137,348 |
| Other comprehensive expenditure | | | |
| Net loss on the revaluation of property, plant and equipment | | XXX | 35 |
| Net gain on aligning accounting treatment of transfers from legacy bodies | 6 | XXX | (1,074) |
| Total comprehensive expenditure | | XXX,XXX | 136,309 |

All income and expenditure derives from continuing operations.

Notes 1 to 24 form part of these financial statements.

Statement of financial position
As at 31 March 2015

| | Notes | 2014/15 £000 | 2013/14 £000 |
|---|-------|-----------------|-----------------|
| Non-current assets | | | |
| Property plant and equipment | 7 | XXX | 15,145 |
| Intangible assets | 8 | XXX | 27,865 |
| Other non-current assets | 9 | XXX | 813 |
| Total non-current assets | | XXX | 43,823 |
| Current assets | | | |
| Trade and other receivables | 10 | XXX | 25,502 |
| Cash and cash equivalents | 11 | XXX | 22,931 |
| Total current assets | | XXX | 48,433 |
| Total assets | | XXX | 92,256 |
| Current liabilities | | | |
| Trade and other payables | 12 | XXX | (28,955) |
| Provisions | 13 | XXX | (561) |
| Total current liabilities | | XXX | (29,516) |
| Non-current assets plus net current assets | | XXX | 62,740 |
| Non-current liabilities | | | |
| Provisions | 13 | XXX | (947) |
| Assets less liabilities | | XXX | 61,793 |
| Taxpayers' equity | | | |
| General reserve | | XXX | 61,793 |
| Revaluation reserve | | | – |
| Total taxpayers' equity | | XXX | 61,793 |

Notes 1 to 24 form part of these financial statements.

The financial statements on pages XX to XX were approved by the Board on XXX and signed on its behalf by:

Andy Williams
Chief Executive

Dated

Statement of cash flows
For the year ended 31 March 2015

| | Notes | 2014/15 £000 | 2013/14 £000 |
|---|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Net operating expenditure for the financial year | | | (153,070) |
| Adjustment for non-cash transactions: | | | |
| - depreciation | 5 | X,XXX | 8,149 |
| - loss on disposal of non-current assets | 5 | XXX | 733 |
| - loss on revaluation of non-current assets | 5 | XXX | 262 |
| - provisions arising during the year | 13 | XXX | 119 |
| Increase in trade and other receivables | 14 | (XX,XXX) | (14,780) |
| Decrease in trade and other payables | 14 | (XXX) | (871) |
| Provisions utilised | 13 | (XXX) | (564) |
| Net cash outflow from operating activities | | (XXX,XXX) | (160,022) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (X,XXX) | (5,692) |
| Purchase of intangible assets | | (X,XXX) | (8,711) |
| Net cash outflow from investing activities | | (XX,XXX) | (14,403) |
| Cash flows from financing activities | | | |
| Bank balances transferred from CfH | | X,XXX | 15,724 |
| Bank balances transferred from NHS IC | | X,XXX | 6,632 |
| Grants from the Department of Health: cash drawn down in year | | X,XXX | 175,000 |
| Net financing | | (XXX,XXX) | 197,356 |
| Cash and cash equivalents at the end of the period | 11 | (XX,XXX) | 22,931 |

All cash flow relates to continuing activities.

Notes 1 to 24 form part of these financial statements.

Statement of changes in taxpayers equity
As at 31 March 2015

| | Notes | General reserve £000 | Revaluation reserve £000 | Total reserves £000 |
|--|-------|----------------------------|--------------------------------|---------------------------|
| Balance at 31 March 2013 | | | | |
| Transfer from NHS IC | 15 | 16,497 | - | 16,497 |
| Transfer from SHAs/PCTs | 15 | (2,311) | - | (2,311) |
| Total transfers from legacy bodies | | 14,186 | - | 14,186 |
| Changes in taxpayers' equity | | | | |
| Net expenditure for the financial year | | (137,348) | - | (137,348) |
| Net gain on aligning accounting treatment of transfers from legacy bodies | 6 | 1,074 | - | 1,074 |
| Transfer between reserves for property, plant and equipment | | (35) | 35 | - |
| Loss on revaluation of property, plant and equipment | | - | (35) | (35) |
| Total recognised income and expense | | (136,309) | - | (136,309) |
| Grant in aid from the Department of Health: bank balances transferred from NHS IC | | 6,632 | - | 6,632 |
| Grant in aid from the Department of Health: payments made by Department of Health on behalf of HSCIC | | 2,284 | - | 2,284 |
| Grant in aid from the Department of Health: cash drawn down in year | | 175,000 | - | 175,000 |
| Total grant in aid funding | | 183,916 | - | 183,916 |
| Balance at 31 March 2014 | | 61,793 | - | 61,793 |
| Balance at 31 March 2014 | | | | |
| Transfer from NHS Direct | 15 | - | - | - |
| Total transfers from legacy bodies | | 0 | 0 | 0 |
| Changes in taxpayers' equity | | | | |
| Net expenditure for the financial year | | - | - | - |
| Net gain on aligning accounting treatment of transfers from legacy bodies | 6 | - | - | - |
| Total recognised income and expense | | 0 | - | 0 |
| Grant in aid from the Department of Health: cash drawn down in year | | - | - | - |
| Total grant in aid funding | | 0 | - | 0 |
| Balance at 31 March 2014 | | 0 | - | 0 |

Notes 1 to 24 form part of these financial statements.

Transfer from NHS IC represents the assets and liabilities transferred from the Health and Social Care Information Centre Special Health Authority, which was dissolved on 31 March 2013. Transfer from SHAs/PCTs represents the assets and liabilities relating to the informatics functions transferred from Strategic Health Authorities and a Primary Care Trust when these bodies were dissolved on 31 March 2013. These transfers were accounted for using modified absorption accounting rules, in accordance with the Department of Health group accounting policies set out in the NHS Manual for Accounts.

The transfer between reserves for property, plant and equipment represents the re-establishment of the revaluation reserve on assets transferred from Connecting for Health, formerly part of the Department of Health Informatics Directorate, and accounted for as part of the net gain on assets and liabilities transferred under absorption accounting in the statement of comprehensive net expenditure

1.1 General Information

The Health and Social Care Information Centre (HSCIC) is an executive non-departmental government body established under the Health and Social Care Act 2012. The address of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the HSCIC is the collection, analysis and dissemination of health data for secondary uses purposes together with the development and contract management of elements of the NHS IT infrastructure on behalf of the Department of Health and NHS England. It is accountable to the Secretary of State for Health for discharging its functions, duties and powers effectively, efficiently and economically.

1.2 Basis of accounting

The financial statements have been prepared in accordance with the 2014/15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted and interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the HSCIC for the purpose of giving a true and fair view has been selected. The particular policies adopted by the HSCIC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of tangible fixed assets. This is in accordance with directions issued by the Secretary of State for Health and approved by HM Treasury.

The presentational currency is pounds sterling and, unless otherwise stated, the accounts have been prepared to the nearest £000.

Transfers from "NHS IC" represents the assets transferred from the Health and Social Care Information Centre Special Health Authority, which was dissolved on 31 March 2013. The transfer was accounted for using modified absorption accounting rules in accordance with the Department of Health group accounting policies set out in the NHS Manual for Accounts. Transfers under modified absorption accounting are recorded against assets or liabilities as appropriate, with the net gain or loss recorded against the general reserve.

Transfers from "SHAs/PCTs" represent the assets and liabilities transferred from Strategic Health Authorities and a Primary Care Trust relating to the informatics functions that moved to the HSCIC when these bodies were dissolved on 31 March 2013. These transfers were accounted for using modified absorption accounting rules, in accordance with the DH group accounting policies set out in the NHS Manual for Accounts. Transfers under modified absorption accounting are recorded against assets or liabilities as appropriate, with the net gain or loss recorded against the general reserve.

Transfers from "CfH" represents the assets transferred from the DH Informatics Directorate which relate to the IT system delivery functions managed by HSCIC from 1 April 2013. The transfer was accounted for using standard absorption accounting in accordance with the DH group accounting policies set out in the NHS Manual for Accounts. Transfers under standard absorption accounting are recorded against assets or liabilities as appropriate, with the net gain or loss recorded through the statement of comprehensive net expenditure.

Early adoption of accounting standard amendments and interpretations

No accounting standard changes were adopted early in 2014/15.

Accounting standards amendments and interpretations in issue but not yet effective, or adopted

The Treasury Financial Reporting Manual does not require the following standards and interpretations to be applied in 2014/15. The application of the standards as revised would not have a material impact on the accounts for 2014/15, were they applied in the year:

- IAS 27 Separate Financial Statements - published May 2011, expected to be effective in 2014/15
- IAS 28 Investments in Associates and Joint Ventures - published May 2011, expected to be effective in 2014/15
- IPSAS 32 Service Concession Arrangement - subject to consultation
- IFRS 9 Financial Instruments - published October 2010, expected date of adoption uncertain
- IFRS 10 Consolidated Financial Statements - published May 2011, expected to be effective in 2014/15
- IFRS 11 Joint Arrangements - published May 2011, expected to be effective in 2014/15
- IFRS 12 Disclosure of Interests in Other Entities - published May 2011, expected to be effective in 2014/15
- IFRS 13 Fair Value - published May 2011, subject to consultation

The HSCIC does not believe that the application of the above standards would have a material impact to the accounts.

1.3 Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the HSCIC and the income can be reliably measured.

The main source of funding is a parliamentary grant from the DH within an approved cash limit, which is credited to the general reserve. Parliamentary funding is recognised in the financial period in which it is received.

Operating income is accounted for by applying the accruals convention and primarily comprises of fees and charges for services provided on a full cost basis to DH, NHSE, Public Health England, other health related bodies and external customers. Charges comply with HM Treasury and Office of Public Sector Information guidance.

Deferred income refers to income received or credited in the year for which the related costs have not yet been incurred. The stage of completion of programmes is determined by an estimation of labour and services by third party suppliers and recharges of internal labour costs.

1.4 Administration and programme expenditure

The analysis of income and expenditure for non-departmental public bodies between administration and programme is only required to be consistent with returns made for the purposes of the DH group consolidation. The net operating expenditure for the financial year in the consolidation return submitted to the DH was split between net administration expenditure of £XXX.X million and a programme surplus of £X.X million.

1.5 Taxation

The HSCIC is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to a non-current asset.

1.6 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 each individual case is handled.

Losses and special payments are charged to the relevant functional headings in the statement of comprehensive net expenditure.

1.7 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.

1.8 Non-current assets

a. Capitalisation

All assets falling into the following categories are capitalised:

- 1) Intangible assets, include software development expenditure and the purchase of computer software licences, where they are capable of being used for more than one year and:

- individually have a cost equal to or greater than £5,000; or
- collectively have a cost of at least £5,000 and each individual asset is over £250, the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

Development expenditure is transferred to other categories of non-current assets when the development is sufficiently complete to enable the asset as a whole to be fully deployed and effective for the management's intended purpose.

- 2) Tangible assets which are capable of being used for more than one year, and:

- individually have a cost equal to or greater than £5,000; or
- collectively have a cost of at least £5,000 and each individual asset is over £250, 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
- form part of the initial equipping and set up cost of a new asset irrespective of their individual cost.

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

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

Expenditure on research activities and project management costs are recognised as an expense in the period in which it is incurred.

A capitalisation policy with respect to programme work undertaken for major customers, particularly the DH, has been agreed. Those assets procured or developed which are deemed to form part of the HSCIC statutory functions primarily in relation to the collection, storage, analysis and dissemination of data and information will be capitalised in the HSCIC accounts. Any assets generated that are for the benefit of the wider NHS infrastructure are not deemed to be an HSCIC asset and will be recharged and capitalised in the accounts of the customer commissioning the work.

b. Valuation

Non-current assets are recognised at cost, including expenditure such as installation directly attributable to bringing them into working condition. Revaluations are performed annually in order to assess whether cost is materially different to fair value. Any revaluation or indexation increase is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the statement of comprehensive net expenditure to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of the asset is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Assets are revalued either using appropriate indices provided by the Office for National Statistics or, in the case of internal software developments, by considering the inflation rates of staff and other resources and potential other efficiency factors. The revaluation undertaken during 2013/14 was not materially different to the original historic cost and thus no valuation adjustment has been incorporated, except for land and buildings which were subject to a professional valuation.

The carrying values of all assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be appropriate.

c. Depreciation

Development expenditure is not depreciated until such time that the asset is brought into effective use. Otherwise, depreciation and amortisation is charged on a straight line basis to write off the costs or valuation of tangible and intangible non-current assets, less any residual value, over their estimated useful lives as follows:

- 1) intangible software assets are amortised, on a straight line basis, over the estimated life of the asset or 5 years whichever is less
- 2) purchased computer software licences are amortised over the shorter of the term of the licence or 5 years whichever is less
- 3) property, plant and equipment is depreciated on a straight line basis over its expected useful life as follows:
 - buildings 40 years
 - fixtures and fittings 5-10 years
 - office, information technology, short life equipment 3-5 years

The estimated useful lives and residual values are reviewed annually.

1.9 Research and development

Expenditure incurred on pure and applied research is treated as an operating charge in the year in which it is incurred. Development expenditure is for the development of specific business systems. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Development expenditure meeting the criteria for capitalisation is treated as an intangible non-current asset until such time that the asset is brought into use.

1.10 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.

Amounts 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 charged directly to the statement of comprehensive net expenditure.

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.

1.11 Provisions

Provisions are recognised when a present obligation exists as a result of a past event, and it is probable that the HSCIC will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

1.12 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the HSCIC discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money and Government Accounting.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.13 Pensions

Past and present employees are covered by both the NHS Pension Scheme (NHSPS) and the Principal Civil Service Pension Scheme (PCSPS). Both schemes are unfunded, defined benefit schemes. The schemes are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme's assets and liabilities. Therefore, the schemes are accounted for as if they were defined contribution schemes with the cost to the NHS body of participating in the scheme taken as equal to the contributions payable to the scheme for the accounting period.

1.14 Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying value 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 these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that the directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Revenue recognition

The HSCIC receives income from various sources to cover the cost of expenditure on project related and other activities. Expenditure is regularly incurred over several financial years and income is released to the statement of net expenditure in order to reflect as closely as possible the phasing of this expenditure incurred.

Dilapidation provision

The HSCIC has provided £ X,XXX,XXX (2013/14 £1,392,000) as a provision against dilapidation costs of its leased accommodation across its estate where required. In order to assess an estimate of the likely liabilities at the end of the leases, management has used property advisors reports and also assessments from suitably qualified internal staff.

General Practice Extraction Service

The system took a number of years to develop and became operational during 2014/15. The asset value has a value in excess of £15m and was previously disclosed as development expenditure. During the year this has been transferred to software.

Non-current assets

The HSCIC has inherited a substantial number of non-current assets from legacy organisations. The accounting policies adopted for both the capitalisation and amortisation of certain categories of assets are different and in some instances the accounting records were not sufficiently robust. Management have made some judgements and estimates in order to fairly represent the value of such assets in total.

1.15 Business and geographical segments

The HSCIC has adopted IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the business that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance.

1.16 Financial instruments

The HSCIC is largely in a non-trading environment and the majority of its income is from other government or NHS bodies. Consequently the HSCIC is not exposed to a significant degree of financial risk that is faced by most other business entities. The HSCIC has no borrowings and relies largely on the grants from the Department of Health for its cash requirements. The HSCIC is therefore not exposed to liquidity risks. It has no material deposits and all material assets and liabilities are denominated in sterling so it is not exposed to interest rate risk or currency risk.

Financial assets are recognised on the statement of financial position when the HSCIC 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. The HSCIC has no financial assets other than trade debtors. Trade debtors do not carry any interest and are stated at their nominal value less any provision for impairment.

Financial liabilities are recognised on the statement of financial position when the HSCIC 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 derecognised when the liability has been discharged, that is, the liability has been paid or has expired. The HSCIC has no financial liabilities other than trade payables. Trade payables are not interest bearing and are stated at their nominal value.

1.17 Going concern

Confirmation of the main grant in aid budget allocation for the 2015/16 financial year in line with the business plan submitted has been received. In addition, it has been agreed that certain additional activities previously undertaken by other organisations have been transferred to the HSCIC together with appropriate funding arrangements. Consequently, the financial accounts have been prepared on the basis that the HSCIC is a going concern.

2 Statement of operating costs by activity

For the year ended 31 March 2015

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Executive. HSCIC's Board monitor the performance and resources of the organisation by directorate.

| £000 | LSP Delivery | Programme Delivery | Operations and Technical Services | Data and Information Services |
|------------------------------|---------------|--------------------|-----------------------------------|-------------------------------|
| Income | (1,114) | (8,063) | (13,622) | (15,615) |
| Staff Costs | 16,763 | 17,821 | 35,495 | 30,901 |
| Professional Fees | 53 | 594 | 443 | 11,874 |
| Information Technology | 10 | 423 | 3,444 | 102 |
| Travel & Subsistence | 633 | 945 | 942 | 581 |
| Accommodation | 25 | 420 | 306 | 89 |
| Marketing, Training & Events | 33 | 97 | 254 | 104 |
| Office Services | 21 | 128 | 109 | 755 |
| Other | – | 685 | (1,451) | 1,027 |
| Depreciation / Amortisation | – | – | – | 36 |
| Non staff costs | 775 | 3,292 | 4,047 | 14,568 |
| Net expenditure | 16,424 | 13,050 | 25,920 | 29,854 |

| | |
|-----------------------------------|---|
| LSP Delivery | To deliver on behalf of the DH critical systems and services to the NHS through service provider contracts across most of England together with the South Local Clinical Systems programmes. |
| Programme Delivery | To deliver the current and future DH and other programmes to time, cost and quality. These include Summary Care Record, e-referral system, GP Systems of Choice, NHS Mail, Health and Social Care Digital Service and the GP2GP system. |
| Operations and Technical Services | To provide a world class standards and assurance service for the health sector as a whole, and a technical and service support service to major programmes and critical national infrastructure releases ensuring they are delivered in a safe, cost effective and technically optimal manner. |
| Data and Information Services | To collect and analyse data and provide useful, trusted and accessible information to a wide range of users including the health service and providers of social care services, government, researchers, interest groups, patients and the public, to support scientific investigation, patient choice and public debate. |

The statement of financial position is reported internally as a single segment. Accordingly no segmental analysis of assets and liabilities is reported.

| Information Assurance | Clinical & Public Assurance | Finance & Corporate Services | HR & Transformation | HSCIC Corporate | Total |
|-----------------------|-----------------------------|------------------------------|---------------------|-----------------|----------------|
| (275) | (61) | (617) | (4) | (25) | (39,396) |
| 3,393 | 1,212 | 19,905 | 1,573 | 4,669 | 131,732 |
| 690 | 7 | 5,455 | 258 | (104) | 19,270 |
| 43 | 24 | 5,508 | 7 | 512 | 10,073 |
| 83 | 91 | 473 | 23 | 314 | 4,085 |
| 9 | 3 | – | – | 11,898 | 12,750 |
| 9 | 39 | 253 | 443 | – | 1,232 |
| 35 | 2 | 1,658 | 46 | 221 | 2,975 |
| 103 | 6 | 658 | 300 | (123) | 1,205 |
| – | – | – | – | 9,108 | 9,144 |
| 972 | 172 | 14,005 | 1,077 | 21,826 | 60,734 |
| 4,090 | 1,323 | 33,293 | 2,646 | 26,470 | 153,070 |

| | |
|------------------------------|--|
| Information Assurance | To ensure the organisation meets the highest standards in information and statistical governance and provide guidance to the health sector as a whole, ensuring that health related data is used safely, securely and for the purposes intended. |
| Clinical & Public Assurance | The lead on strategic and policy matters, ensuring that the organisations' services, programmes and products are informed by effective engagement with citizens and service users, and with clinical and healthcare professionals. |
| Finance & Corporate Services | To provide key corporate services, infrastructure and expertise that secure the probity, financial health and reputation of the organisation, enabling the delivery of high quality information, data and IT systems. |
| HR & Transformation | To deliver a high performing organisation that is recognised as an outstanding place to work, through the provision of optimal HR services and development of the capability and capacity of the workforce. |
| HSCIC Corporate | Relates to central corporate level activities and expenditure which is not specifically allocated to directorates including accommodation, depreciation, staff termination costs and other central accounting adjustments. |

3 Staff numbers and related costs

3.1 Staff costs comprise:

| | 2014/15 £000 | 2013/14 £000 |
|---|-----------------|-----------------|
| Permanent staff | | |
| Salaries and wages | XXX | 90,731 |
| Social security costs | XXX | 8,420 |
| Employer superannuation contributions – NHSPS | XXX | 11,420 |
| Employer superannuation contributions – other | XXX | 491 |
| Staff seconded to other organisations | XXX | 917 |
| Termination benefits | XXX | 4,352 |
| | XXX | 116,331 |
| Other staff | | |
| Temporary staff | XXX | 1,544 |
| Contractors | XXX | 12,662 |
| Staff seconded from other organisations | XXX | 1,602 |
| | XXX | 15,808 |
| Capitalised staff costs | (XXX) | (407) |
| | XXX,XXX | 131,732 |

3.2 The average number of whole term equivalent persons employed during the year was:

| | 2014/15 Number | 2013/14 Number |
|-------------------------------|-------------------|-------------------|
| Permanent staff and secondees | XXX | 1,995 |
| Temporary and contract staff | XXX | 135 |
| Total | XXX | 2,130 |

The average number of whole term equivalent persons employed during the year whose time was capitalised was 7.

There were no amounts spent on staff benefits during the year and there were no early retirements on the grounds of ill health.

3.3 Total staff termination packages are detailed as follows:

| Cost Band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages | Cost of compulsory redundancies £ | Cost of other departures agreed £ | Total cost of exit packages £ |
|-------------------|-----------------------------------|-----------------------------------|-------------------------------|-----------------------------------|-----------------------------------|-------------------------------|
| <£10,000 | XXX | XXX | XXX | XXX | XXX | XXX |
| £10,000-£25,000 | XXX | XXX | XXX | XXX | XXX | XXX |
| £25,000-£50,000 | XXX | XXX | XXX | XXX | XXX | XXX |
| £50,000-£100,000 | XXX | XXX | XXX | XXX | XXX | XXX |
| £100,000-£150,000 | XXX | XXX | XXX | XXX | XXX | XXX |
| £150,000-£200,000 | XXX | XXX | XXX | XXX | XXX | XXX |
| >£200,000 | XXX | XXX | XXX | XXX | XXX | XXX |
| Total | XXX | XXX | XXX | XXX | XXX | XXX |

Most HSCIC staff are covered by the NHS Pensions Scheme, although a number belong to the Principal Civil Service Pension Scheme.

NHS Pension Scheme

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.

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

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2015, is based on valuation data as 31 March 2013, updated to 31 March 2014 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

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

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

c) Scheme provisions

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

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

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

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

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

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

Members can purchase additional service in the NHS Pension Scheme and contribute to money purchase additional voluntary contributions run by the scheme's approved providers or by other free standing additional voluntary contributions providers.

The Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme in which the HSCIC is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was undertaken on 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: (www.civilservice-pensions.gov.uk).

For 2014/15, employer's contributions of £XXX, XXX were paid at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay based on salary bands. The salary bands and contribution rates have remained unchanged in 2014/15. The scheme actuary reviews employer contributions usually every four years following a valuation. The contribution rates reflect benefits as they accrue, not the costs as they are incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions are age related and range from 3 percent to 12.5 percent of pensionable pay. Employers may also match employee contributions up to 3 percent of pensionable pay. No employees of the HSCIC have opted for the partnership pension account.

4 Income

| Income analysed by classification and activity is as follows: | 2014/15 £000 | 2013/14 £000 |
|---|-----------------|-----------------|
| Income from activities | | |
| Programme and project management | XXX | 17,142 |
| Surveys and data collection | XXX | 2,917 |
| Service delivery | XXX | 13,135 |
| Fees and charges | XXX | 3,487 |
| Other income | XXX | 1,225 |
| | XXX | 37,906 |
| Other income | | |
| Other non trading income | XXX | 1,490 |
| | XXX | 39,396 |

Income from programme and project management relates to a number of workstreams primarily for the Department of Health and NHS England and include work on NHS Choices, National Child Measurement Programme and the Breast Cancer Screening development together with staff time capitalised on Department of Health national programmes.

Income from surveys and data collection relates to the cost of running health surveys and other national data collection activities.

Income from service delivery covers a range of data management, system support and hosting, training and helpdesk services.

The following information is provided for fees and charges purposes in accordance with the requirements of the FReM:

| | Clinical audit services £000 | Data related services £000 | 2014/15 Total £000 | 2013/14 Total £000 |
|----------------|------------------------------------|----------------------------------|--------------------------|--------------------------|
| Income | XXX | XXX | XXX | 3,487 |
| Expenditure | XXX | XXX | XXX | 3,557 |
| Deficit | XXX | XXX | XXX | (70) |

The clinical audit programme relates to the collection, analysis and reporting of data across a number of clinical areas such as diabetes, renal and various cancer specialisms, with the main customer being the Healthcare Quality Improvement Programme (HQIP). Data related services is the provision of health related data in a form the customer requires, data linkage services and data extracts for research purposes.

The financial objective is to recover full cost plus a return on investment, in accordance with Treasury guidance, in particular Managing Public Money. No charges are made for the actual data, only for the cost of providing the data to the customer in the format and specification required, including a fee for ensuring information governance requirements are met, where relevant.

5 Other expenditure

| | 2014/15 £000 | 2013/14 £000 |
|--|-----------------|-----------------|
| Workpackages and professional fees | XXX | 5,959 |
| Data collection and surveys | XXX | 6,929 |
| Legal fees | XXX | 6,382 |
| Chair and non-executive emoluments | XXX | 133 |
| Marketing, training and events | XXX | 1,230 |
| Travel | XXX | 4,084 |
| Premises and establishment | XXX | 12,750 |
| IT maintenance and support | XXX | 10,073 |
| General office supplies and services | XXX | 3,088 |
| Communications | XXX | 187 |
| Insurance | XXX | 123 |
| External audit fees | XXX | 100 |
| Internal audit fees | XXX | 241 |
| Provision for impairment of receivables | XXX | 186 |
| Other | XXX | 125 |
| | XXX | 51,590 |
| Non cash transactions | | |
| Depreciation - property, plant & equipment | XXX | 4,319 |
| Amortisation - intangible assets | XXX | 3,830 |
| Loss on revaluation of property, plant & equipment | XXX | 262 |
| Loss on disposal of non-current assets | XXX | 733 |
| | XXX | 9,144 |
| | XXX | 60,734 |

6 Aligning accounting treatment of transfers

| | From NHS IC 2013/14 £000 | From CfH 2013/14 £000 |
|---|-----------------------------------|--------------------------------|
| Capitalisation of expenditure previously charged to revenue | (949) | - |
| Creation of holiday pay accrual | - | 1,241 |
| Creation of dilapidation provision | - | 735 |
| Adjustment to deposits on property leases | - | (234) |
| Alignment of depreciation and amortisation policies | (125) | (1,037) |
| Net (gain) / loss | (1,074) | 705 |

Assets were transferred to the HSCIC on 1 April 2013 from several organisations. The value of certain assets has been adjusted in order to align the accounting treatment onto the HSCIC policies. The adjustments between the bodies have been presented separately on the statement of comprehensive net expenditure to reflect those transfers using standard absorption accounting and those using modified absorption accounting.

7 Non-current assets - property, plant and equipment

| | Land £000 | Buildings £000 | Information technology £000 | Fixtures & fittings £000 | Total £000 |
|---|--------------|-------------------|-----------------------------------|--------------------------------|---------------|
| Cost or valuation | | | | | |
| At 1 April 2014 | 310 | 1,170 | 26,847 | 3,835 | 32,162 |
| Transfers from NHS Direct | XXX | XXX | XXX | XXX | XXX |
| Reclassification | XXX | XXX | XXX | XXX | XXX |
| Additions | XXX | XXX | XXX | XXX | XXX |
| Disposals | XXX | XXX | XXX | XXX | XXX |
| At 31 March 2015 | 310 | 1,170 | 26,847 | 3,835 | 32,162 |
| Depreciation | | | | | |
| At 1 April 2014 | XXX | XXX | XXX | XXX | XXX |
| Transfers from NHS Direct | XXX | XXX | XXX | XXX | XXX |
| Reclassification | XXX | XXX | XXX | XXX | XXX |
| Provided during the year | XXX | XXX | XXX | XXX | XXX |
| Disposals | XXX | XXX | XXX | XXX | XXX |
| At 31 March 2015 | XXX | XXX | XXX | XXX | XXX |
| Net book value at 1 April 2014 | 310 | 1,170 | 26,847 | 3,835 | 32,162 |
| Net book value at 31 December 2014 | XXX | XXX | XXX | XXX | XXX |
| Cost or valuation | | | | | |
| At 1 April 2013 | - | - | - | - | - |
| Transfers from NHS IC | - | - | 3,647 | 2,471 | 6,118 |
| Transfers from CfH | 435 | 1,565 | 18,443 | 1,045 | 21,488 |
| Reclassification | - | (223) | 1,001 | 223 | 1,001 |
| Additions | - | - | 4,947 | 135 | 5,082 |
| Disposals | - | - | (2,469) | (39) | (2,508) |
| Revaluation | (125) | (172) | - | - | (297) |
| Assets previously disposed of by CfH reinstated | - | - | 1,278 | - | 1,278 |
| At 31 March 2014 | 310 | 1,170 | 26,847 | 3,835 | 32,162 |
| Depreciation | | | | | |
| At 1 April 2013 | - | - | - | - | - |
| Transfers from NHS IC | - | - | 2,212 | 1,180 | 3,392 |
| Transfers from CfH | - | 266 | 9,720 | 858 | 10,844 |
| Reclassification | - | (46) | 192 | 46 | 192 |
| Provided during the year | - | 58 | 3,933 | 328 | 4,319 |
| Disposals | - | - | (2,292) | (20) | (2,312) |
| Assets previously disposed of by CfH reinstated | - | - | 1,278 | - | 1,278 |
| Accounting policy alignment | - | - | (629) | (67) | (696) |
| At 31 March 2014 | - | 278 | 14,414 | 2,325 | 17,017 |
| Net book value at 1 April 2013 | - | - | - | - | - |
| Net book value at 31 March 2014 | 310 | 892 | 12,433 | 1,510 | 15,145 |

The total depreciation charged in the statement of comprehensive net expenditure in respect of assets held under finance leases and hire purchase contracts was £nil. The gross cost of property, plant and equipment that has been fully depreciated but is £XX,XXX. The freehold building was valued in March 2014 at existing use by the local Valuation Office. still in use is £XXX. All tangible assets are owned by the HSCIC.

8 Non-current assets - intangible assets

| | Software licences £000 | Information technology £000 | Development expenditure £000 | Websites £000 | Total £000 |
|---|------------------------------|-----------------------------------|------------------------------------|------------------|---------------|
| Cost or valuation | | | | | |
| At 1 April 2014 | 10,052 | 10,361 | 15,370 | 1,852 | 37,635 |
| Transfers from NHS Direct | XXX | XXX | XXX | XXX | XXX |
| Reclassification | XXX | XXX | XXX | XXX | XXX |
| Additions | XXX | XXX | XXX | XXX | XXX |
| Disposals | XXX | XXX | XXX | XXX | XXX |
| At 31 March 2015 | 10,052 | 10,361 | 15,370 | 1,852 | 37,635 |
| Depreciation | | | | | |
| At 1 April 2014 | 4,347 | 4,095 | – | 1,328 | 9,770 |
| Transfers from NHS Direct | XXX | XXX | XXX | 1,025 | 11,125 |
| Reclassification | XXX | XXX | XXX | XXX | (192) |
| Provided during the last year | XXX | XXX | XXX | XXX | 3,830 |
| Disposals | XXX | XXX | XXX | XXX | (8,868) |
| At 31 March 2015 | 4,347 | 4,095 | – | 1,328 | 9,770 |
| Net book value at 1 April 2014 | XXX | XXX | XXX | XXX | XXX |
| Net book value at 31 March 2014 | 5,705 | 6,266 | 15,370 | 524 | 27,865 |
| | Software licences £000 | Information technology £000 | Development expenditure £000 | Websites £000 | Total £000 |
| Cost or valuation | | | | | |
| At 1 April 2013 | – | – | – | – | – |
| Transfers from NHS IC | 3,141 | 16,913 | 12,688 | 1,852 | 34,594 |
| Transfers from CfH | – | 3,389 | – | – | 3,389 |
| Reclassification | 2,981 | (3,262) | (720) | – | (1,001) |
| Additions | 2,158 | 3,686 | 2,453 | – | 8,297 |
| Disposals | (174) | (9,236) | – | – | (9,410) |
| At 31 March 2014 | 10,052 | 10,361 | 15,370 | 1,852 | 37,635 |
| Depreciation | | | | | |
| At 1 April 2013 | – | – | – | – | – |
| Transfers from NHS IC | 339 | 9,761 | – | 1,025 | 11,125 |
| Transfers from CfH | – | 2,185 | – | – | 2,185 |
| Reclassification | 1,263 | (1,455) | – | – | (192) |
| Provided during the last year | 780 | 2,747 | – | 303 | 3,830 |
| Disposals | (169) | (8,699) | – | – | (8,868) |
| Assets previously disposed of by CfH reinstated | 2,162 | – | – | – | 2,162 |
| Accounting policy alignment | (28) | (444) | – | – | (472) |
| At 31 March 2014 | 4,347 | 4,095 | – | 1,328 | 9,770 |
| Net book value at 1 April 2013 | – | – | – | – | – |
| Net book value at 31 March 2014 | 5,705 | 6,266 | 15,370 | 524 | 27,865 |

The gross cost of intangible assets that were fully depreciated but still in use was £XXX, XXX. Development expenditure includes the investment in the General Practice Extraction Service which collect general practice data for agreed specific purposes. The service commenced during 2014/15 and the asset value has been reclassified. The value of own staff capitalised within intangible assets additions amounts to £XXX. All intangible assets are owned by the HSCIC.

9 Other non-current assets

| | 31 March 2015 £XXX | 31 March 2014 £XXX |
|-----------------------------------|-----------------------|-----------------------|
| Non-current deposits and advances | XXX | 813 |

Non-current deposits and advances comprises deposits paid on rented properties. The deposits are treated in accordance with management expectations as to when the leases will end.

10 Trade receivables and other current assets

| Amounts falling due within one year | 31 March 2015 £000 | 31 March 2014 £000 |
|-------------------------------------|-----------------------|-----------------------|
| Trade receivables | XXX | 14,354 |
| Prepayments and other receivables | XXX | 4,415 |
| Accrued income | XXX | 6,733 |
| | XXX | 25,502 |

Intra-government balances

| Intra-government balances within trade receivables and other current assets are as follows: | 31 March 2015 £000 | 31 March 2014 £000 |
|---|-----------------------|-----------------------|
| Department of Health and other central government bodies | XXX | 11,539 |
| NHS bodies | XXX | 8,480 |
| Local authorities | XXX | 1 |
| Other external bodies | XXX | 5,482 |
| | XXX | 25,502 |

11 Cash and cash equivalents

| | £000 | £000 |
|--|------------|---------------|
| Balance at 1 April 2014 | – | – |
| Net changes in cash and cash equivalents | XXX | 22,931 |
| Balance at 31 March 2015 | XXX | 22,931 |

Bank balances are held with Citibank and Royal Bank of Scotland under the Government Banking Service. As this arrangement includes regular clearing down of balances, the Government Banking Service is deemed to operate as one account for reporting purposes.

12 Trade and other payables

| Amounts payable within one year | 31 March 2015 £000 | 31 March 2014 £000 |
|---|-----------------------|-----------------------|
| Trade and other payables | XXX | 4,518 |
| Value added tax | XXX | 1,324 |
| Income tax, National Insurance and superannuation | XXX | 4,546 |
| Deferred income | XXX | 959 |
| Accruals | XXX | 17,608 |
| | XXX | 28,955 |

Intra-government balances

| Intra-government balances within trade payables and other current liabilities are as follows: | 31 March 2015 £000 | 31 March 2014 £000 |
|---|-----------------------|-----------------------|
| Department of Health and other central government bodies | XXX | 6,593 |
| NHS bodies | XXX | 393 |
| Local authorities | XXX | 8 |
| Other external bodies | XXX | 21,961 |
| | XXX | 28,955 |

13 Provisions for liabilities and charges

| | Dilapidations £000 | Staff termination £000 | Total £000 |
|---------------------------------|-----------------------|------------------------------|---------------|
| Balance at 1 April 2014 | 1,392 | 116 | 1,508 |
| Transfers from NHS IC | XXX | XXX | XXX |
| Arising during the year | XXX | XXX | XXX |
| Utilised during the year | XXX | XXX | XXX |
| Balance at 31 March 2015 | XXX | XXX | XXX |

Expected timing of cash flows

| | | | |
|-------------------|-----|-----|-----|
| Within one year | XXX | XXX | XXX |
| Two to five years | XXX | XXX | XXX |
| Over five years | XXX | XXX | XXX |

The dilapidation provision refers to the anticipated costs for remedial works at the end of property leases and is based on an assessment made by an external property advisor for the NHS IC properties, and an internal assessment using industry standard estimates for other properties.

Staff termination costs refer to the cost of employee voluntary and compulsory redundancies transferred from the NHS IC where monthly payments are made to the NHS Pension Scheme to top up future pension commitments.

14 Working capital movements

| Receivables | 2014/15 £000 | 2013/14 £000 |
|---|-----------------|-----------------|
| Opening balance 1 April 2013 | – | – |
| Balances transferred from NHS IC | XXX | 4,629 |
| Balances transferred from CfH | XXX | 4,420 |
| Balances transferred from SHAs/PCTs | XXX | 984 |
| Total trade and other receivables balances transferred to HSCIC | XXX | 10,033 |
| Adjustments to opening non-current trade and other receivables not passing through operating expenditure in the SoCNE, in respect of lease deposits | XXX | 234 |
| Adjustments to opening current trade and other receivables not passing through operating expenditure in the SoCNE, in respect of non-current assets reclassified as revenue expenditure | XXX | 1,344 |
| Adjusted trade and other receivables for working capital movement | XXX | 11,611 |
| Closing current trade and other receivables | XXX | 25,502 |
| Closing non-current trade and other receivables | XXX | 813 |
| Total closing trade and other receivables | XXX | 26,315 |
| Cash received by the Department of Health on behalf of HSCIC in respect of balances transferred from SHAs/PCTs | XXX | 76 |
| Increase in trade and other receivables | XXX | 14,780 |
| Payables | XXX | £000 |
| Opening balance 1 April 2013 | – | – |
| Balances transferred from NHS IC | XXX | 13,109 |
| Balances transferred from CfH | XXX | 15,565 |
| Balances transferred from SHAs/PCTs | XXX | 3,295 |
| Total trade and other payables balances transferred to HSCIC | XXX | 31,969 |
| Adjustments to opening current trade and other payables not passing through operating expenditure in the SoCNE, in respect of creation of opening holiday pay accrual for CfH staff. | XXX | 1,241 |
| Adjusted trade and other payables for working capital movement | XXX | 33,210 |
| Closing current trade and other payables | XXX | 28,955 |
| Payments of balances transferred from SHAs/PCTs made on behalf of HSCIC by the Department of Health | XXX | 2,360 |
| Movement in capital payables | XXX | 1,024 |
| | XXX | 32,339 |
| Decrease in trade and other payables | XXX | (871) |

Balances transferred from NHS IC represent the payables and receivables balances transferred from the former Health and Social Care Information Centre, which was dissolved on 31 March 2013. The transfer was accounted for using modified absorption accounting rules in accordance with the Department of Health group accounting policies set out in the NHS Manual for Accounts. Balances transferred from CfH represent the payables and receivables balances transferred in from Connecting for Health, formerly part of the Informatics Directorate of the Department of Health, which relate to the IT system delivery functions managed by HSCIC from 1 April 2013. The transfer was accounted for using standard absorption accounting in accordance with the Department of Health group accounting policies set out in the NHS Manual for Accounts. Balances transferred from SHAs/PCTs represent the payables and receivables balances transferred in from Strategic Health Authorities and Primary Care Trusts, which were dissolved on 31 March 2013. The transfer was accounted for using modified absorption accounting rules in accordance with the Department of Health group accounting policies set out in the NHS Manual for Accounts.

15 Transfers from other bodies

| | Transfers under modified absorption accounting taken through the SoCNE | |
|---|--|------------|
| | NHS Direct £000 | |
| Property plant and equipment | | XXX |
| Intangible assets | | XXX |
| Net assets / (liabilities) transferred | | XXX |

16 Capital commitments

Capital commitments amount to £xxxxx (2013/14 £950,000) and relate to xxxxx.

17 Commitments under operating leases

| Expenditure includes the following in respect of operating leases | 2014/15 £000 | 2013/14 £000 |
|---|-----------------|-----------------|
| Accommodation | XXX | 9,524 |
| Other operating leases | XXX | 78 |
| | XXX | 9,602 |

At the balance sheet date non-cancellable operating lease commitments were:

| | 2014/15 £000 | 2013/14 £000 |
|-----------------------------|-----------------|-----------------|
| Land & buildings | | |
| Not later than one year | XXX | 8,662 |
| Between one and five years | XXX | 4,566 |
| Later than five years | XXX | – |
| | XXX | 13,228 |
| Other leases | | |
| Not later than one year | XXX | 21 |
| Between one and five years | XXX | 11 |
| Later than five years | XXX | – |
| | XXX | 32 |
| Total | XXX | 13,260 |

18 Other financial commitments

The HSCIC has not entered into any non-cancellable contracts (which are not operating leases) for the provision of services as at 31 March 2015 (31 March 2014 NIL).

19 Contingent assets and liabilities

There are no contingent assets or liabilities as at 31 March 2015 (31 March 2014 NIL).

20 Losses and special payments

There were XX losses and special payments in 2014/15 amounting to £XX,XXX (2013/14 £21,608). These included bad debts written off, and losses of minor IT equipment and mobile phones. There was no interest paid under the Late Payment of Commercial Debt (Interest) Act 1998.

21 Related parties

HSCIC is an Executive Non-Departmental Public Body (ENDPB) created by The Health and Social Care Act 2012. It is sponsored by the Department of Health, and the Department is therefore regarded as a related party.

During the year HSCIC had a number of material transactions with the Department of Health, and with other entities for which the Department of Health is regarded as the parent Department. Transactions with these organisations include the provision of software enhancements, system maintenance and support and training courses.

Listed below are the amounts transacted with each type of related party.

No related party transactions were noted with key management other than remuneration and expenses as disclosed in the remuneration report.

| | Amounts payable at 31 March 2015 £000 | Amounts receivable at 31 March 2015 £000 | Income in 2014/15 £000 | Expenditure in 2014/15 £000 |
|---------------------------------|--|---|---------------------------|--------------------------------|
| Department of Health | XXX | XXX | XXX | XXX |
| Special Health Authorities | XXX | XXX | XXX | XXX |
| Public Health England | XXX | XXX | XXX | XXX |
| Health Education England | XXX | XXX | XXX | XXX |
| NHS England | XXX | XXX | XXX | XXX |
| Non-Departmental Public Bodies | XXX | XXX | XXX | XXX |
| NHS Trusts | XXX | XXX | XXX | XXX |
| NHS Foundation Trusts | XXX | XXX | XXX | XXX |
| Other DH group bodies | XXX | XXX | XXX | XXX |
| Other central government bodies | XXX | XXX | XXX | XXX |

22 Financial instruments

As the cash requirements of the HSCIC are met through grant in aid by the Department of Health, and programme monies largely received from the Department of Health and NHS England, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the HSCIC's expected purchase and usage requirements and the HSCIC is therefore exposed to little credit, liquidity or market risk.

a. Market risk

HSCIC was not exposed to material currency risk or commodity risk. All material assets and liabilities were denominated in sterling. HSCIC had no significant interest bearing assets or borrowings subject to variable interest rates, hence income and cash flows were largely independent of changes in market interest rates.

b. Credit risk

Credit risk arises from invoices raised to customers for services provided, or monies received to cover programme activities. Most high value receivables relate to balances with the Department of Health, NHS England and other related bodies against purchase orders and thus do not represent a significant credit risk. HSCIC had a comparatively small value of external receivables and therefore disclosure of the largest individual debt balances were not considered in the evaluation of overall credit risk.

Movement in the allowance for doubtful debts

| | 2014/15 £000 | 2013/14 £000 |
|--|-----------------|-----------------|
| Balance at 1 April | XXX | – |
| Transfers from NHS IC | XXX | 16 |
| Transfers from CfH | XXX | 87 |
| Provided for in year | XXX | 186 |
| Amounts written off during the year as uncollectible | XXX | (19) |
| Balance at 31 March 2014 | XXX | 270 |

The provision for doubtful debts is assessed on an individual debt basis. The expense in the year relating to related parties amounts to £XXXXXX

The table below shows the ageing analysis of trade amounts receivable at the reporting date:

| | Current £000 | Less than 30 days overdue £000 | 31-60 days overdue £000 | 61 and over days overdue £000 | Total £000 |
|---------------------------------|-----------------|--------------------------------------|-------------------------------|-------------------------------------|---------------|
| Balance at 31 March 2015 | XXX | XXX | XXX | XXX | XXX |
| Balance at 31 March 2014 | 10,114 | 3,558 | 120 | 562 | 14,354 |

The maximum exposure to credit risk at the reporting date was the fair value of each class of receivables mentioned above. HSCIC did not hold any collateral as security.

c. Liquidity risk

Management manage liquidity risk through regular cash flow forecasting. HSCIC had no external borrowings and relies on grant-in-aid from the Department of Health for its cash requirements and was therefore not significantly exposed to liquidity risks.

The table below analyses the HSCIC's financial liabilities which will be settled on a net basis in the period of less than one year. The carrying value of financial liabilities was not considered to differ significantly from the contractual undiscounted cash flows:

| | 31 March 2015 £000 | 31 March 2014 £000 |
|---------------------|-----------------------|-----------------------|
| Current liabilities | XXX | 28,955 |

23 Events after the reporting period ended

In accordance with IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue.

On 1 April 2014, certain functions previously undertaken by NHS Direct were transferred to the HSCIC. These functions are funded and underwritten by NHS England with the total value of funding anticipated to be £6 million and a net asset transfer of £1.5million.

24 Authorised date for issue

The HSCIC's Annual Report and Accounts are laid before Parliament by the HSCIC. IAS10 requires the HSCIC to disclose the date on which the Annual Report and Accounts are authorised for issue.

The authorised date for issue is as shown on the certificate and report of the Comptroller and Auditor General at the front of these financial statements.

