

NATIONAL HEALTH SERVICE**SHOPS AND CANTEENS****MEMORANDUM TRADING ACCOUNTS**

Summary. This memorandum introduces a standard form of trading account for hospital shops and canteens.

1. Hospital Management Committees and Boards of Governors were advised in HMC (48) 34/BG (48) 38 to set up new or to maintain existing trading accounts for shops and canteens. As these accounts vary considerably in form and content, they do not provide a satisfactory basis for the assessment of the financial results of these activities or for comparison between authorities.

2. It has therefore been decided to introduce with effect from 1st April, 1957, a standard form of memorandum trading account, in the form shown in the Appendix. A copy of this account should be submitted with the annual financial statements.

3. Memorandum trading accounts should be prepared for all shops and canteens financed from Exchequer funds where the annual sales exceed £500 per annum, but excepting those which provide set meals for members of the staff and are equivalent to staff dining rooms.

4. Hospital Authorities should not seek, as a matter of policy, to make substantial profits at shops and canteens; reasonable prices should, however, be charged for non-proprietary articles. This paragraph supersedes the penultimate sentence of Paragraph 2 of HMC (48) 34/BG (48) 38.

5. The following notes should be followed in the preparation of the account:

- (i) The value of purchases and stock on hand should be the net cost of the items concerned (i.e. after deduction of trade discounts and cash discounts).
- (ii) The charges in respect of salaries and wages should be the gross cost, including employers' and employees' superannuation and insurance contribution, of staff employed, either whole or part-time, in the shop or canteen.
- (iii) The notional rent should be assessed with regard to the nature of the accommodation made available and of the fixed equipment installed. In view of the wide variations in such accommodation and equipment precise methods of calculation cannot be laid down, but this charge should be based on a reasonable assessment of what the hospital would expect to pay for similar accommodation if it were

*To: Regional Hospital Boards,
Hospital Management Committees,
Boards of Governors.*

rented. No charge should be made where the accommodation is marginal, e.g. where the "shop" consists of a cupboard in the Secretary's office or where sales are made over the same counter in the general store which is used for normal hospital purposes.

- (iv) Where the accounts and records of the authority provide data for calculating the cost to the shop or canteen of lighting, heating (including fuel for hot beverages, etc.) cleaning (including wages), and maintenance (including renewals and replacements of moveable equipment, decorations and other tenants charges) the appropriate charges should be included. If the costs are not readily ascertainable the entries in the Trading Account should represent the estimated cost of these overheads.
- (v) The cost of administration represents a charge for the services of secretarial and finance staffs in administering the shop and/or canteen, maintaining the accounts, etc., together with charges for other services not provided for elsewhere in the account, e.g., stores staff, where shop and canteen supplies are dealt with through the main hospital store. If these charges cannot be assessed with any reasonable degree of accuracy a percentage addition should be made and a footnote appended to the account indicating the basis on which the percentage has been determined.
- (vi) Income will include gross cash sales, the value, at selling price, of transfers to the hospital (including comforts in kind supplied to patients in lieu of pocket money) and any other income such as sale of waste or contributions towards overheads where the shop or canteen facilities are hired out on such occasions as staff functions. A hospital shop should not normally be used as a purchasing agent for goods required for general hospital use.

6. All authorities should prepare price control accounts for shops and, to the extent that it is feasible, for canteens, including those where annual sales do not exceed £500 per annum. They should be prepared by the chief financial officer periodically throughout the year, preferably monthly, and in any case not less frequently than once every three months, and reconcile the value at selling price of opening stocks and purchases to that of sales and closing stocks.

MINISTRY OF HEALTH,
SAVILE ROW,
LONDON, W.1.

29th January, 1957.
94401/2/55.

APPENDIX

.....H.M.C./B.G.

.....Hospital

Shop/Canteen Trading Account for the year ending the 31st March, 19...

Expenditure		Income	
£	£		£
Opening Stock ...		Cash Sales	
Add purchases ...		Stock transferred for hospital use	
		(i) For issue as comforts in kind	
		(ii) For other use	
Deduct closing stock			
Gross trading profit (beingper cent of income) carried down			
	£		£
Salaries and Wages ...		Gross trading profit brought down ...	
Notional rent		Other receipts (to be specified)	
Lighting			
Heating			
Cleaning			
Maintenance			
Administration*			
Other expenses — major items to be specified ...			
Excess Income/Expenditure		Excess Expenditure/Income	
	£		£

* Basis of Calculation should be stated.