
Data entered below will be used throughout the workbook:

Trust name	Oxford University Hospitals NHS Trust
This year	2012-13
Last year	2011-12
This year ended	31 March 2013
Last year ended	31 March 2012
This year commencing:	1 April 2012
Last year commencing:	1 April 2011

Manual for Accounts 2012-13

Chapter 6 - NHS Trusts pro-forma accounts

Foreword to the Accounts

These Accounts for the year ended 31 March 2013 have been prepared by Oxford University Hospitals NHS Trust under section 232 (Schedule 15) of the National Health Service Act 2006 in the form, which the Secretary of State has with the approval of HM Treasury, directed.

Statement of Comprehensive Income for year ended 31 March 2013

	NOTE	2012-13 £000s	2011-12 £000s
Gross employee benefits	10.1	(450,750)	(435,111)
Other costs	8	(343,464)	(316,117)
Revenue from patient care activities	5	684,675	658,957
Other Operating revenue	6	137,030	129,263
Operating surplus/(deficit)		27,491	36,992
Investment revenue	12	189	135
Other gains and (losses)	13	(17)	(159)
Finance costs	14	(20,477)	(20,471)
Surplus/(deficit) for the financial year		7,186	16,497
Public dividend capital dividends payable		(8,502)	(8,894)
Net Gain/(loss) on transfers by absorption		0	0
Retained surplus/(deficit) for the year		(1,316)	7,603

Other Comprehensive Income

	2012-13 £000s	2011-12 £000s
Impairments and reversals	(4,650)	0
Net gain/(loss) on revaluation of property, plant & equipment	4,592	7,737
Net gain/(loss) on revaluation of intangibles	0	0
Net gain/(loss) on revaluation of financial assets	0	0
Movements in Other Reserves eg. Non NHS Pensions Scheme	0	0
Net gain/(loss) on available for sale financial assets	0	0
Net Gain / (loss) on Assets Held for Sale	0	0
Net actuarial gain/(loss) on pension schemes	0	0
Reclassification Adjustments		
On disposal of available for sale financial assets	0	0
Total comprehensive income for the year	(1,374)	15,340

Financial performance for the year

	2012-13 £000s	2011-12 £000s
Retained surplus/(deficit) for the year	(1,316)	7,603
Prior period adjustment to correct errors	0	0
IFRIC 12 adjustment	1	440
Impairments	4,568	(2,328)
Adjustments in respect of donated asset government grant reserve elimination	393	1,442
Adjusted retained surplus/(deficit)	3,646	7,157

A summary of the adjustments to the Financial Performance for the year is as follows:

The IFRIC12 adjustment arises from a comparison of what the charge to the statement of comprehensive income would have been for the Trust's 3 PFI schemes under UK GAAP (off balance sheet) compared with IFRS that has been applied since 2009/10 (on balance sheet).

The Trust had its Land and Building Assets revalued by the District Valuer at 31 March 2013. This resulted in a net impairment arising from downwards revaluation of assets.

The change in Accounting Policy in respect of Donated Assets/Government Granted Assets results in there no longer being reserves to release against depreciation charged on these assets. Conversely Donations/Grants are accounted as income as the terms of the Donation/Grant are met.

£000s

PDC dividend: balance receivable/(payable) at 31 March 2013	758
PDC dividend: balance receivable/(payable) at 1 April 2012	(114)

The notes on pages 6 to 47 form part of this account.

**Statement of Financial Position as at
31 March 2013**

		31 March 2013	31 March 2012
	NOTE	£000s	£000s
Non-current assets:			
Property, plant and equipment	15	681,746	696,398
Intangible assets	16	7,745	7,301
Investment property	18	0	0
Other financial assets	24	0	0
Trade and other receivables	22.1	3,774	3,742
Total non-current assets		693,265	707,441
Current assets:			
Inventories	21	11,353	12,761
Trade and other receivables	22.1	27,054	36,392
Other financial assets	24	0	0
Other current assets	25	0	70
Cash and cash equivalents	26	65,657	43,884
Total current assets		104,064	93,107
Non-current assets held for sale	27	0	0
Total current assets		104,064	93,107
Total assets		797,329	800,548
Current liabilities			
Trade and other payables	28	(109,203)	(100,141)
Other liabilities	29	0	0
Provisions	35	(2,902)	(8,421)
Borrowings	30	(10,054)	(12,626)
Other financial liabilities	31	0	0
Working capital loan from Department	30	0	(3,326)
Capital loan from Department	30	(1,404)	(1,404)
Total current liabilities		(123,563)	(125,918)
Non-current assets plus/less net current assets/liabilities		673,766	674,630
Non-current liabilities			
Trade and other payables	28	(11,616)	(1,930)
Other Liabilities	29	0	0
Provisions	35	(1,602)	(1,426)
Borrowings	30	(282,755)	(291,503)
Other financial liabilities	31	0	0
Working capital loan from Department	30	0	0
Capital loan from Department	30	(6,407)	(7,811)
Total non-current liabilities		(302,380)	(302,670)
Total Assets Employed:		371,386	371,960
FINANCED BY:			
TAXPAYERS' EQUITY			
Public Dividend Capital		207,673	206,873
Retained earnings		14,608	15,600
Revaluation reserve		147,362	147,744
Other reserves		1,743	1,743
Total Taxpayers' Equity:		371,386	371,960

The notes on pages 6 to 47 form part of this account.

The financial statements on pages 2 to 47 were approved by the Board on

and signed on its behalf by

Chief Executive:

Date:

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

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Other reserves £000s	Total reserves £000s
Balance at 1 April 2012	206,873	15,600	147,744	1,743	371,960
Changes in taxpayers' equity for 2012-13					
Retained surplus/(deficit) for the year		(1,316)			(1,316)
Net gain / (loss) on revaluation of property, plant, equipment			4,592		4,592
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of assets held for sale			0		0
Impairments and reversals			(4,650)		(4,650)
Movements in other reserves				0	0
Transfers between reserves		324	(324)	0	0
Release of reserves to Statement of Comprehensive Income			0		0
Reclassification Adjustments					
Transfers between Revaluation Reserve & Retained Earnings in respect of assets transferred under absorption		0	0		0
On Disposal of Available for Sale financial Assets			0		0
Reserves eliminated on dissolution	0	0	0	0	0
Originating capital for Trust established in year	0				0
New PDC Received	800				800
PDC Repaid In Year	0				0
PDC Written Off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other Movements in PDC In Year	0				0
Net Actuarial Gain/(Loss) on Pension		0		0	0
Net recognised revenue/(expense) for the year	800	(992)	(382)	0	(574)
Balance at 31 March 2013	207,673	14,608	147,362	1,743	371,386
Balance at 1 April 2011	203,912	7,913	140,091	1,743	353,659
Changes in taxpayers' equity for the year ended 31 March 2012					
Retained surplus/(deficit) for the year		7,603			7,603
Net gain / (loss) on revaluation of property, plant, equipment			7,737		7,737
Net gain / (loss) on revaluation of intangible assets			0		0
Net gain / (loss) on revaluation of financial assets			0		0
Net gain / (loss) on revaluation of assets held for sale			0		0
Impairments and reversals			0		0
Movements in other reserves				0	0
Transfers between reserves		84	(84)	0	0
Release of reserves to Statement of Comprehensive Income			0		0
Reclassification Adjustments					
On Disposal of Available for Sale financial Assets			0		0
Reserves eliminated on dissolution	0	0	0	0	0
Originating capital for Trust established in year	0				0
New PDC Received	2,961				2,961
PDC Repaid In Year	0				0
PDC Written Off	0				0
Transferred to NHS Foundation Trust	0	0	0	0	0
Other Movements in PDC In Year	0				0
Net Actuarial Gain/(Loss) on Pension		0		0	0
Net recognised revenue/(expense) for the year	2,961	7,687	7,653	0	18,301
Balance at 31 March 2012	206,873	15,600	147,744	1,743	371,960

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		27,491	36,992
Depreciation and Amortisation		36,758	34,850
Impairments and Reversals		4,568	(2,328)
Other Gains / (Losses) on foreign exchange		0	0
Donated Assets received credited to revenue but non-cash		(923)	(45)
Government Granted Assets received credited to revenue but non-cash		0	0
Interest Paid		(20,697)	(20,436)
Dividend (Paid) / Refunded		(9,374)	(8,983)
Release of PFI/deferred credit		0	0
(Increase)/Decrease in Inventories		1,408	253
(Increase)/Decrease in Trade and Other Receivables		10,331	(7,139)
(Increase)/Decrease in Other Current Assets		0	1
Increase/(Decrease) in Trade and Other Payables		18,858	13,448
(Increase)/Decrease in Other Current Liabilities		0	0
Provisions Utilised		(3,152)	(1,171)
Increase/(Decrease) in Provisions		(2,184)	5,770
Net Cash Inflow/(Outflow) from Operating Activities		63,084	51,212
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received		179	145
(Payments) for Property, Plant and Equipment		(23,499)	(14,018)
(Payments) for Intangible Assets		(2,740)	(3,420)
(Payments) for Investments with DH		0	0
(Payments) for Other Financial Assets		0	0
(Payments) for Financial Assets (LIFT)		0	0
Proceeds of disposal of assets held for sale (PPE)		0	0
Proceeds of disposal of assets held for sale (Intangible)		0	0
Proceeds from Disposal of Investment with DH		0	0
Proceeds from Disposal of Other Financial Assets		0	0
Proceeds from the disposal of Financial Assets (LIFT)		0	0
Loans Made in Respect of LIFT		0	0
Loans Repaid in Respect of LIFT		0	0
Rental Revenue		0	0
Net Cash Inflow/(Outflow) from Investing Activities		(26,060)	(17,293)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		37,024	33,919
CASH FLOWS FROM FINANCING ACTIVITIES			
Public Dividend Capital Received		800	2,961
Public Dividend Capital Repaid		0	0
Loans received from DH - New Capital Investment Loans		0	0
Loans received from DH - New Revenue Support Loans		0	0
Other Loans Received		0	0
Loans repaid to DH - Capital Investment Loans Repayment of Principal		(1,404)	(1,404)
Loans repaid to DH -Revenue Support Loans		(3,326)	(3,332)
Other Loans Repaid		0	0
Cash transferred to NHS Foundation Trusts		0	0
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		(11,321)	(14,059)
Capital grants and other capital receipts		0	0
Net Cash Inflow/(Outflow) from Financing Activities		(15,251)	(15,834)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		21,773	18,085
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		43,884	25,799
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		65,657	43,884

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, intangible assets, inventories and certain financial assets and financial liabilities.

1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.3 Transforming Community Services (TCS) transactions

Under the TCS initiative, services historically provided by PCTs have transferred to other providers - notably NHS Trusts and NHS Foundation Trusts. Such transfers fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the SOCNE, and is disclosed separately from operating costs.

The Trust does not have any TCS transactions.

1.4 Care Trust designation

The Trust is not designated as a Care Trust.

1.5 Pooled Budgets

The Trust does not operate pooled budgets.

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

1.6 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.

1.6.1 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.

Classification of PFI contracts as on-statement of financial position

The Trust's three PFI schemes have been assessed as on Statement of Financial Position PFI's under IFRIC 12 because the trust has judged that it controls the services and the residual interest at the end of the service arrangement.

Classification of equipment and property leases between finance and operating

Judgements have been made regarding whether risks and rewards of ownership pass to the lessee under lease arrangements. Where risks and rewards are transferred, leases have been classified as finance leases.

Capitalisation of staff costs relating to internally generated software

Internally generated software has been capitalised based on the trust's judgement that the EPR system will be completed and used to generate economic benefits.

1.6.2 Key sources of estimation uncertainty

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

Property valuations

The trust has used valuations carried out in March by the District Valuer to determine the value of property. These valuations are based on Royal Institution of Chartered Surveyors valuation standards insofar as these are consistent with the requirements of HM Treasury, the National Health Service and the Department of Health.

Estimation of contract income

Achieving early closure of accounts means that the accounts must be prepared before the normal cycle for contract income is complete. Contract income includes some estimated values, based on actual activity for the first 10 months of the Financial Year. Because of the significant NHS reorganisation the trust has worked with key commissioners to achieve agreement and settlement where possible prior to 31 March.

Estimation of payments for the PFI asset, including finance costs

The assets and liabilities relating to the 3 PFI schemes have been brought onto the statement of financial position based on estimations from the DH financial model as required by Department of Health guidance.

Estimation of asset lives as the basis for depreciation calculations

Depreciation of equipment is based on asset lives, which have been estimated upon recognition of the assets. Managers have adjusted estimated lives at the end of the year, where their estimate of useful life is significantly different to the original.

Impairment of receivables

The trust is required to judge when there is sufficient evidence to impair individual receivables. It does this based on the profile of the receivables.

Accruals and prepayments

Each year the trust sets detailed guidance to its managers in order to assist them in calculating accruals and prepayments including de-minimis levels. The trust uses a number of techniques to calculate its best estimate for accruals. Techniques that are used include:-

- Trend analysis
- Expert judgement of Finance Managers
- Supplier statements
- Formulaic approach based on historical cost information

1.7 Revenue

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

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.

1.8 Employee Benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. 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.

1.9 Other expenses

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

1.10 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

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

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

Subsequent expenditure

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

1.11 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it

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.

1.12 Depreciation, amortisation and impairments

Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the 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

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 should be taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) from 2011-12. This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set. AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

1.13 Donated assets

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

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

1.14 Government grants

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

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)

1.15 Non-current assets held for sale

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

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

1.16 Leases

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

The trust as lessee

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

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

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

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

The trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

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

1.17 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

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

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs; and
- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

In respect of the Managed Equipment Service where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Assets contributed by the Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Trust's Statement of Financial Position.

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

Other assets contributed by the Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the Trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

1.18 Inventories

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

1.19 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management.

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

1.20 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% in real terms (2.8% 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.

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

1.21 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at note 35.

1.22 Non-clinical risk pooling

The 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.

1.23 EU Emissions Trading Scheme

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

1.24 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.25 Financial assets

Financial assets are recognised when the 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.

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the trust's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Available for sale financial assets

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

Loans and receivables

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

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

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

At the end of the reporting period, the 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 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.

1.26 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.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are subsequently measured at the higher of:

The premium received (or imputed) for entering into the guarantee less cumulative amortisation.

The amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

Financial liabilities at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Trust's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

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.

1.27 Value Added Tax

Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.28 Foreign currencies

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

1.29 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. Details of third party assets are given in Note 44 to the accounts.

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

1.30 Public Dividend Capital (PDC) and PDC dividend

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

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

1.31 Losses and Special Payments

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

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

1.32 Subsidiaries

Material entities over which the Trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust's or where the subsidiary's accounting date is before 1 January or after 30 June.

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

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.

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

1.33 Associates

Material entities over which the Trust has the power to exercise significant influence so as to obtain economic or other benefits are classified as associates and are recognised in the Trust's accounts using the equity method. The investment is recognised initially at cost and is adjusted subsequently to reflect the Trust's share of the entity's profit/loss and other gains/losses. It is also reduced when any distribution is received by the Trust from the entity.

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

1.34 Joint ventures

Material entities over which the Trust has joint control with one or more other parties so as to obtain economic or other benefits are classified as joint ventures. The Trust does not have any joint ventures.

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

1.35 Joint operations

Joint operations are activities undertaken by the Trust in conjunction with one or more other parties but which are not performed through a separate entity. The Trust records its share of the income and expenditure; gains and losses; assets and liabilities; and cashflows.

1.36 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.

1.37 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 27 Separate Financial Statements - subject to consultation
IAS 28 Investments in Associates and Joint Ventures - subject to consultation
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. Pooled budgets

The Trust does not operate any pooled budgets.

3. Operating segments

The Trust has no significant activities outside the provision of healthcare for which a segmental analysis is required. Other than patient care income there are no other sources of income which amount to more than 10% of total income.

4. Income generation activities

The trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. The following provides details of income generation activities whose full cost exceeded £1m or was otherwise material.

Summary Table - individual schemes	2012-13	2011-12
	£000s	£000s
Car Parking		
Income	2,899	3,118
Full cost	(2,002)	(2,200)
Surplus/(deficit)	<u>897</u>	<u>918</u>

Note: The income generation line in note 6 includes other immaterial items not significant enough to warrant separate disclosure

Car Parking is provided for staff and patients in line with the green travel plan policy.

	2012-13	2011-12
	£000s	£000s
Private Patients		
Income	9,496	11,092
Full cost	(7,739)	(7,992)
Surplus/(deficit)	<u>1,757</u>	<u>3,100</u>

Private Patients activity is on a self pay or covered by private health insurance. The objective is to generate a surplus for reinvestment.

5. Revenue from patient care activities

	2012-13	2011-12
	£000s	£000s
Strategic Health Authorities	12,159	13,188
NHS Trusts	0	0
Primary Care Trusts - tariff	338,621	321,074
Primary Care Trusts - non-tariff	286,373	274,515
Primary Care Trusts - market forces factor	33,526	31,962
NHS Foundation Trusts	0	0
Local Authorities	0	0
Department of Health	0	1,435
NHS other	0	0
Non-NHS:		
Private patients	9,496	11,092
Overseas patients (non-reciprocal)	589	767
Injury costs recovery	1,943	2,002
Other	1,968	2,922
Total Revenue from patient care activities	<u>684,675</u>	<u>658,957</u>

Injury cost recovery income is subject to a provision for impairment of receivables of 12.6% (2012 10.5%) to reflect expected rates of collection.

6. Other operating revenue

	2012-13	2011-12
	£000s	£000s
Recoveries in respect of employee benefits	3,829	2,724
Patient transport services	338	380
Education, training and research	98,152	85,946
Charitable and other contributions to revenue expenditure - NHS	0	0
Charitable and other contributions to revenue expenditure -non- NHS	878	4,705
Receipt of donations for capital acquisitions	2,441	690
Receipt of Government grants for capital acquisitions	0	0
Non-patient care services to other bodies	18,741	18,260
Income generation	3,089	3,118
Rental revenue from finance leases	0	0
Rental revenue from operating leases	4,163	5,040
Other revenue	5,399	8,400
Total Other Operating Revenue	<u>137,030</u>	<u>129,263</u>
Total operating revenue	<u>821,705</u>	<u>788,220</u>

7. Revenue

	2012-13	2011-12
	£000s	£000s
From rendering of services	821,705	788,176
From sale of goods	0	0

Revenue is almost totally from the supply of services. Revenue from the sale of goods is immaterial.

8. Operating expenses (excluding employee benefits)

	2012-13	2011-12
	£000s	£000s
Services from other NHS trusts	144	307
Services from PCTs	40	52
Services from other NHS bodies	64	31
Services from foundation trusts	3,377	2,530
Purchase of healthcare from non NHS bodies	3,954	1,908
Trust Chair and Non-executive Directors	68	93
Supplies and services - clinical	172,391	162,013
Supplies and services - general	20,615	20,657
Consultancy services	5,248	3,605
Establishment	6,911	7,428
Transport	1,999	1,697
Premises	50,440	45,261
Impairments and Reversals of Receivables	2,943	863
Inventories write down	0	130
Depreciation	34,462	33,591
Amortisation	2,296	1,259
Impairments and reversals of property, plant and equipment	4,568	(2,328)
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets [by class]	0	0
Impairments and reversals of non current assets held for sale	0	0
Impairments and reversals of investment properties	0	0
Audit fees	228	360
Other auditor's remuneration	30	61
Clinical negligence	15,948	14,192
Research and development (excluding staff costs)	5,831	9,282
Education and Training	2,122	2,316
Change in Discount Rate	61	0
Other	9,724	10,809
Total Operating expenses (excluding employee benefits)	<u>343,464</u>	<u>316,117</u>
Employee benefits		
Employee benefits excluding Board members	448,962	433,310
Board members	1,788	1,801
Total employee benefits	<u>450,750</u>	<u>435,111</u>
Total operating expenses	<u><u>794,214</u></u>	<u><u>751,228</u></u>

9 Operating Leases

The Trust's operating leases fall into two categories:

- a) Leases of items of plant and equipment which are not treated as finance leases. These are predominantly items of office equipment or
- b) Leases of property. Typically these are leases of space in other NHS facilities. These leases are negotiated for fixed terms.

9.1 Trust as lessee	Land £000s	Buildings £000s	Other £000s	2012-13 Total £000s	2011-12 £000s
Payments recognised as an expense					
Minimum lease payments				638	434
Contingent rents				0	0
Sub-lease payments				0	0
Total				638	434
Payable:					
No later than one year	0	62	163	225	366
Between one and five years	0	229	178	407	720
After five years	0	216	0	216	251
Total	0	507	341	848	1,337
Total future sublease payments expected to be received:				0	0

9.2 Trust as lessor

The Trust has a considerable number of parts of properties where it acts as a lessor. These are generally buildings or parts of buildings on the various hospital sites where space has been let to universities, charities or other organisations.

Recognised as income	2012-13 £000s	2011-12 £000s
Rental revenue	4,163	5,040
Contingent rents	0	0
Total	4,163	5,040
Receivable:		
No later than one year	1,661	1,776
Between one and five years	5,620	5,652
After five years	25,943	23,675
Total	33,224	31,103

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

	2012-13		
	Total £000s	Permanently employed £000s	Other £000s
Employee Benefits - Gross Expenditure			
Salaries and wages	388,920	364,232	24,688
Social security costs	26,848	26,848	0
Employer Contributions to NHS BSA - Pensions Division	36,963	36,963	0
Other pension costs	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	407	407	0
Total employee benefits	453,138	428,450	24,688
Less recoveries in respect of employee benefits (table below)	(3,829)	(3,410)	(419)
Total - Net Employee Benefits including capitalised costs	449,309	425,040	24,269
Employee costs capitalised	2,388	2,303	85
Gross Employee Benefits excluding capitalised costs	450,750	426,147	24,603

Employee Benefits 2012-13 - income

Salaries and wages	3,829	3,410	419
Social Security costs	0	0	0
Employer Contributions to NHS BSA - Pensions Division	0	0	0
Other pension costs	0	0	0
Other Post Employment Benefits	0	0	0
Other Employment Benefits	0	0	0
Termination Benefits	0	0	0
TOTAL excluding capitalised costs	3,829	3,410	419

	Total £000s	Permanently employed £000s	Other £000s
Gross Employee Benefits & Net expenditure 2011-12			
Salaries and wages	367,653	349,782	17,871
Social security costs	26,532	26,532	0
Employer Contributions to NHS BSA - Pensions Division	36,761	36,761	0
Other pension costs	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	6,981	6,981	0
TOTAL - including capitalised costs	437,927	420,056	17,871
Less recoveries in respect of employee benefits	(2,724)	(2,724)	0
Total - Net Employee Benefits including capitalised costs	435,203	417,332	17,871
Recognised as			
Employee costs capitalised	2,816		
Net Employee Benefits excluding capitalised costs	435,111		

10.2 Staff Numbers

	2012-13			2011-12		
	Total Number	Permanently employed Number	Other Number	Total Number	Permanently employed Number	Other Number
Average Staff Numbers						
Medical and dental	1,509	1,489	20	1,446	1,432	13
Ambulance staff	0	0	0	0	0	0
Administration and estates	1,885	1,807	78	1,860	1,782	79
Healthcare assistants and other support staff	1,276	1,276	0	1,189	1,189	0
Nursing, midwifery and health visiting staff	3,275	2,958	317	3,217	2,972	245
Nursing, midwifery and health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	1,336	1,310	26	1,329	1,312	17
Social Care Staff	0	0	0	0	0	0
Other	101	101	0	118	118	0
TOTAL	9,382	8,941	441	9,159	8,806	353
Of the above - staff engaged on capital projects	35	35	0	64	64	0

10.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	58,725	62,794
Total Staff Years	8,180	8,035
Average working Days Lost	7.18	7.82

Staff sickness absence information above is provided by the Department of Health on a calendar year basis. The Department of Health considers the resulting figures to be a reasonable proxy for financial year equivalents.

	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	5	9
Total additional pensions liabilities accrued in the year	£000s 185	£000s 319

10.4 Exit Packages agreed in 2012-13

Exit package cost band (including any special payment element)	2012-13			2011-12		
	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
Less than £10,000	1	0	1	2	14	16
£10,001-£25,000	1	0	1	0	31	31
£25,001-£50,000	2	5	7	2	34	36
£50,001-£100,000	4	8	12	1	17	18
£100,001 - £150,000	2	4	6	1	2	3
£150,001 - £200,000	1	3	4	0	1	1
>£200,000	0	1	1	0	0	0
Total number of exit packages by type (total cost)	11	21	32	6	99	105
Total resource cost (£000s)	767	2,082	2,849	295	3,258	3,553

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

Other departures are under a Mutually Agreed Resignation Scheme (MARS). Exit costs in this note are accounted for in full in the year of departure.

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

10.5 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.

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. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2013, is based on the valuation data as 31 March 2012, updated to 31 March 2013 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 at 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 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. From 2011-12 the Consumer Price Index (CPI) will be used to replace 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 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.

11 Better Payment Practice Code

11.1 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	112,981	277,612	117,965	272,347
Total Non-NHS Trade Invoices Paid Within Target	<u>97,445</u>	<u>235,241</u>	<u>101,413</u>	<u>229,191</u>
Percentage of NHS Trade Invoices Paid Within Target	<u>86.25%</u>	<u>84.74%</u>	<u>85.97%</u>	<u>84.15%</u>
NHS Payables				
Total NHS Trade Invoices Paid in the Year	4,923	74,063	5,863	56,710
Total NHS Trade Invoices Paid Within Target	<u>3,636</u>	<u>62,565</u>	<u>4,193</u>	<u>46,065</u>
Percentage of NHS Trade Invoices Paid Within Target	<u>73.86%</u>	<u>84.48%</u>	<u>71.52%</u>	<u>81.23%</u>

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.

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

	2012-13 £000s	2011-12 £000s
Amounts included in finance costs from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>

12 Investment Income

	2012-13 £000s	2011-12 £000s
Rental Income		
PFI finance lease revenue (planned)	0	0
PFI finance lease revenue (contingent)	0	0
Other finance lease revenue	0	0
Subtotal	<u>0</u>	<u>0</u>
Interest Income		
LIFT: equity dividends receivable	0	0
LIFT: loan interest receivable	0	0
Bank interest	189	135
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Subtotal	<u>189</u>	<u>135</u>
Total investment income	<u>189</u>	<u>135</u>

13 Other Gains and Losses

	2012-13 £000s	2011-12 £000s
Gain/(Loss) on disposal of assets other than by sale (PPE)	(17)	(159)
Gain/(Loss) on disposal of assets other than by sale (intangibles)	0	0
Gain/(Loss) on disposal of Financial Assets other than held for sale	0	0
Gain (Loss) on disposal of assets held for sale	0	0
Gain/(loss) on foreign exchange	0	0
Change in fair value of financial assets carried at fair value through the SoCI	0	0
Change in fair value of financial liabilities carried at fair value through the SoCI	0	0
Change in fair value of investment property	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	<u>(17)</u>	<u>(159)</u>

14 Finance Costs

	2012-13 £000s	2011-12 £000s
Interest		
Interest on loans and overdrafts	416	645
Interest on obligations under finance leases	548	833
Interest on obligations under PFI contracts:		
- main finance cost	15,882	16,349
- contingent finance cost	3,584	2,598
Interest on obligations under LIFT contracts:		
- main finance cost	0	0
- contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	4
Total interest expense	<u>20,430</u>	<u>20,429</u>
Other finance costs	0	0
Provisions - unwinding of discount	47	42
Total	<u>20,477</u>	<u>20,471</u>

15.1 Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
2012-13									
Cost or valuation:									
At 1 April 2012	111,783	504,898	1,400	2,578	150,150	610	12,280	3,025	786,724
Additions of Assets Under Construction	0	0	0	2,161	0	0	0	0	2,161
Additions Purchased	0	7,245	0	0	10,420	0	1,467	543	19,675
Additions Donated	0	0	0	2,129	394	0	76	18	2,617
Additions Government Granted	0	0	0	0	0	0	0	0	0
Additions Leased	0	0	0	0	0	0	0	0	0
Reclassifications	0	2,316	0	(2,316)	0	0	0	0	0
Reclassifications as Held for Sale and reversals	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	(20)	0	0	0	(20)
Upward revaluation/positive indexation	0	4,357	235	0	0	0	0	0	4,592
Impairments/negative indexation	0	(4,650)	0	0	0	0	0	0	(4,650)
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Transfers to NHS Foundation Trust	0	0	0	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	111,783	514,166	1,635	4,552	160,944	610	13,823	3,586	811,099
Depreciation									
At 1 April 2012	0	0	0	0	82,461	450	5,915	1,500	90,326
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale and reversals	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	(3)	0	0	0	(3)
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments	0	5,655	0	0	0	0	0	0	5,655
Reversal of Impairments	0	(1,087)	0	0	0	0	0	0	(1,087)
Charged During the Year	0	16,360	35	0	15,613	28	2,102	324	34,462
Transfers to NHS Foundation Trust	0	0	0	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	0	20,928	35	0	98,071	478	8,017	1,824	129,353
Net Book Value at 31 March 2013	111,783	493,238	1,600	4,552	62,873	132	5,806	1,762	681,746
Purchased	102,443	431,228	1,600	3,656	60,622	132	5,806	1,733	607,220
Donated	9,340	62,010	0	896	2,251	0	0	29	74,526
Government Granted	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	111,783	493,238	1,600	4,552	62,873	132	5,806	1,762	681,746
Asset financing:									
Owned	111,783	249,482	1,600	4,552	42,702	132	5,806	1,762	417,819
Held on finance lease	0	0	0	0	9,382	0	0	0	9,382
On-SOFP PFI contracts	0	243,756	0	0	10,789	0	0	0	254,545
PFI residual: interests	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	111,783	493,238	1,600	4,552	62,873	132	5,806	1,762	681,746

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	28,424	95,009	1,378	0	22,933	0	0	0	147,744
Movements - net effect of upward revaluations, impairments and asset disposals	0	(293)	235	0	(324)	0	0	0	(382)
At 31 March 2013	28,424	94,716	1,613	0	22,609	0	0	0	147,362

Additions to Assets Under Construction in 2012-13

	£000's
Land	0
Buildings excl Dwellings	2,161
Dwellings	0
Plant & Machinery	0
Balance as at YTD	2,161

15.2 Property, plant and equipment prior-year

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
2011-12	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation:									
At 1 April 2011	110,327	501,926	1,396	9,721	140,473	489	9,462	2,813	776,607
Additions - purchased	0	2,955	0	3,313	8,142	121	2,818	189	17,538
Additions - donated	0	47	0	0	45	0	0	0	92
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	7,005	0	(10,456)	2,470	0	0	23	(958)
Reclassifications as Held for Sale and reversals	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(980)	0	0	0	(980)
Revaluation & indexation gains	1,456	6,236	45	0	0	0	0	0	7,737
Impairments	0	0	0	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	0
Transfer to NHS Foundation Trust	0	0	0	0	0	0	0	0	0
Cumulative dep netted off cost following revaluation	0	0	0	0	0	0	0	0	0
At 31 March 2012	<u>111,783</u>	<u>518,169</u>	<u>1,441</u>	<u>2,578</u>	<u>150,150</u>	<u>610</u>	<u>12,280</u>	<u>3,025</u>	<u>800,036</u>
Depreciation									
At 1 April 2011	0	0	0	0	67,589	440	3,996	1,171	73,196
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale and reversals	0	0	0	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	(821)	0	0	0	(821)
Upward revaluation/positive indexation	0	0	0	0	0	0	0	0	0
Impairments	0	5,779	0	0	0	0	0	0	5,779
Reversal of Impairments	0	(8,107)	0	0	0	0	0	0	(8,107)
Charged During the Year	0	15,599	41	0	15,693	10	1,919	329	33,591
Transfers to NHS Bodies	0	0	0	0	0	0	0	0	0
Transfer to NHS Foundation Trust	0	0	0	0	0	0	0	0	0
Cumulative dep netted off cost following revaluation	0	0	0	0	0	0	0	0	0
At 31 March 2012	<u>0</u>	<u>13,271</u>	<u>41</u>	<u>0</u>	<u>82,461</u>	<u>450</u>	<u>5,915</u>	<u>1,500</u>	<u>103,638</u>
Net book value at 31 March 2012	<u>111,783</u>	<u>504,898</u>	<u>1,400</u>	<u>2,578</u>	<u>67,689</u>	<u>160</u>	<u>6,365</u>	<u>1,525</u>	<u>696,398</u>
Purchased	102,443	442,664	1,400	2,578	65,179	160	6,347	1,509	622,280
Donated	9,340	62,234	0	0	2,510	0	18	16	74,118
Government Granted	0	0	0	0	0	0	0	0	0
Total at 31 March 2012	<u>111,783</u>	<u>504,898</u>	<u>1,400</u>	<u>2,578</u>	<u>67,689</u>	<u>160</u>	<u>6,365</u>	<u>1,525</u>	<u>696,398</u>
Asset financing:									
Owned	111,783	255,240	1,400	2,578	43,178	160	6,365	1,521	422,225
Held on finance lease	0	0	0	0	12,604	0	0	4	12,608
On-SOFP PFI contracts	0	249,658	0	0	11,907	0	0	0	261,565
PFI residual: interests	0	0	0	0	0	0	0	0	0
Total at 31 March 2012	<u>111,783</u>	<u>504,898</u>	<u>1,400</u>	<u>2,578</u>	<u>67,689</u>	<u>160</u>	<u>6,365</u>	<u>1,525</u>	<u>696,398</u>

15.3 (cont). Property, plant and equipment

The Trust's land and buildings were revalued as at 31st March 2013 by the District Valuer. The valuation was an open market value using the modern equivalent asset basis of valuation. In assessing the value of the Trust's land it was assumed that should the existing buildings be replaced by a modern equivalent asset, certain buildings would be rebuilt on a more intensive basis and therefore a smaller landholding would be required to support this.

Both impairments and upward movements in value resulting from this revaluation of the estate have been reflected in the accounts for the year ended 31 March 2013.

The Assets lives used are as follows:

Buildings	Years
Buildings exc dwellings	12-83
Dwellings	41
Other Assets	Years
Plant & Machinery	5-15
Transport equipment	7
Information technology	5-8
Furniture and Fittings	7-10
Software Licences	5

The asset lives of building components were reassessed based upon estimates provided by the valuer in the course of the periodic revaluation of the estate; these lives were used as the basis for depreciating building assets from 1st April 2012. The revaluation of the estate at 31st March 2013 updates the building asset lives which will be used from 1st April 2013.

The Trust leases some of its buildings premises to other organisations, including the University of Oxford and charities connected with medical care and research. The carrying amounts, depreciation and any impairment of these premises are included in the building assets in note 15.1. Rentals for these premises are set out in note 9.2

The donated assets acquired in the year were all donated by Oxford Radcliffe Hospitals Charitable Funds, and other trust funds associated with Oxford University Hospitals NHS Trust.

16.1 Intangible non-current assets

	Software internally generated £000's	Software purchased £000's	Licences & trademarks £000's	Patents £000's	Development expenditure £000's	Total £000's
2012-13						
At 1 April 2012	9,683	1,256	0	9	0	10,948
Additions - purchased	0	808	0	0	0	808
Additions - internally generated	1,932	0	0	0	0	1,932
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Additions - leased	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as Held for Sale and Reversals	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments charged to reserves	0	0	0	0	0	0
Reversal of impairments charged to reserves	0	0	0	0	0	0
Transfer to NHS Foundation Trust	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies	0	0	0	0	0	0
At 31 March 2013	11,615	2,064	0	9	0	13,688
Amortisation						
At 1 April 2012	3,534	104	0	9	0	3,647
Reclassifications	0	0	0	0	0	0
Reclassified as Held for Sale and Reversals	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	1,320	976	0	0	0	2,296
Transfer to NHS Foundation Trust	0	0	0	0	0	0
Transfer (to)/from Other Public Sector bodies	0	0	0	0	0	0
At 31 March 2013	4,854	1,080	0	9	0	5,943
Net Book Value at 31 March 2013	6,761	984	0	0	0	7,745
Net book value at 31 March 2013 comprises:						
Purchased	6,761	984	0	0	0	7,745
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Total at 31 March 2013	6,761	984	0	0	0	7,745
Revaluation reserve balance for intangible non-current assets						
	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	0	0	0	0	0	0
Movements	0	0	0	0	0	0
At 31 March 2013	0	0	0	0	0	0

16.2 Intangible non-current assets prior year

	Software internally generated £000s	Software purchased £000s	Licences & trademarks £000s	Patents £000s	Development expenditure £000s	Total £000s
2011-12						
Cost or valuation:						
At 1 April 2011	6,487	226	97	9	0	6,819
Additions - purchased	772	80	0	0	0	852
Additions - internally generated	2,424	144	0	0	0	2,568
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Reclassifications	0	958	0	0	0	958
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	(152)	(97)	0	0	(249)
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Transfer to NHS Foundation Trust	0	0	0	0	0	0
Less cumulative depreciation written down on revaluation	0	0	0	0	0	0
At 31 March 2012	<u>9,683</u>	<u>1,256</u>	<u>0</u>	<u>9</u>	<u>0</u>	<u>10,948</u>
Amortisation						
At 1 April 2011	2,495	36	26	9	0	2,566
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	(152)	(26)	0	0	(178)
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	1,039	220	0	0	0	1,259
Transfer to NHS Foundation Trust	0	0	0	0	0	0
Less cumulative depreciation written down on revaluation	0	0	0	0	0	0
At 31 March 2012	<u>3,534</u>	<u>104</u>	<u>0</u>	<u>9</u>	<u>0</u>	<u>3,647</u>
Net book value at 31 March 2012	6,149	1,152	0	0	0	7,301
Net book value at 31 March 2012 comprises:						
Purchased	6,149	1,152	0	0	0	7,301
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Total at 31 March 2012	<u>6,149</u>	<u>1,152</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,301</u>

16.3 Intangible non-current assets

Intangible assets of the Trust consist of internally generated and purchased software both of which are reflected at cost less accumulated amortisation and have not been revalued. Both internally generated and purchased software are considered to have finite useful lives details of which are disclosed in note 15.3

None of the intangible assets of the Trust have been acquired by government grants.

17 Analysis of impairments and reversals recognised in 2012-13	2012-13 Total £000s
Property, Plant and Equipment impairments and reversals taken to SoCI	
Loss or damage resulting from normal operations	0
Over-specification of assets	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	0
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	4,568
Total charged to Annually Managed Expenditure	4,568
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve	
Loss or damage resulting from normal operations	0
Over Specification of Assets	0
Abandonment of assets in the course of construction	0
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	4,650
Total impairments for PPE charged to reserves	4,650
Total Impairments of Property, Plant and Equipment	9,218
Intangible assets impairments and reversals charged to SoCI	
Loss or damage resulting from normal operations	0
Over-specification of assets	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	0
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
Total charged to Annually Managed Expenditure	0
Intangible Assets impairments and reversals charged to the Revaluation Reserve	
Loss or damage resulting from normal operations	0
Over-specification of assets	0
Abandonment of assets in the course of construction	0
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
Total impairments for Intangible Assets charged to Reserves	0
Total Impairments of Intangibles	0
Financial Assets charged to SoCI	
Loss or damage resulting from normal operations	0
Total charged to Departmental Expenditure Limit	0
Loss as a result of catastrophe	0
Other	0
Total charged to Annually Managed Expenditure	0
Financial Assets impairments and reversals charged to the Revaluation Reserve	
Loss or damage resulting from normal operations	0
Loss as a result of catastrophe	0
Other	0
TOTAL impairments for Financial Assets charged to reserves	0
Total Impairments of Financial Assets	0
Non-current assets held for sale - impairments and reversals charged to SoCI	
Loss or damage resulting from normal operations	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	0
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
Total charged to Annually Managed Expenditure	0
Total impairments of non-current assets held for sale	0
Inventories - impairments and reversals charged to SoCI	
Loss or damage resulting from normal operations	0
Total charged to Departmental Expenditure Limit	0
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
Total charged to Annually Managed Expenditure	0
Total impairments of Inventories	0
Investment Property impairments charged to SoCI	
Loss or damage resulting from normal operations	0
Total charged to Departmental Expenditure Limit	0
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
Total charged to Annually Managed Expenditure	0
Total Investment Property impairments charged to SoCI	0
Investment Property impairments and reversals charged to the revaluation reserve	
Loss or damage resulting from normal operations	0
Over Specification of Assets	0
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
Total impairments for Investment Property charged to reserves	0
Total Impairments of Investment Property	0
Total Impairments charged to Revaluation Reserve	4,650
Total Impairments charged to SoCI - DEL	0
Total Impairments charged to SoCI - AME	4,568
Overall Total Impairments	9,218
Of which:	
Impairment on revaluation to "modern equivalent asset" basis	0
Donated and Gov Granted Assets, included above	
PPE - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	292
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL	0

There are two reasons for the impairments above:

- the impairment on revaluation to a modern equivalent asset basis is from the valuation when a new building is first brought into use.
- the changes in market price arise from the revaluation as at 31 March 2013 which result in impairments and reverse impairments

18 Investment property

The Trust does not have any investment properties.

19 Commitments

19.1 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	3,808	1,825
Intangible assets	0	150
Total	<u>3,808</u>	<u>1,975</u>

19.2 Other financial commitments

The trust has no other non-cancellable contracts which are not leases or PFI contracts or other service concession arrangements.

20 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	9,645	0	15,995	0
Balances with Local Authorities	94	0	0	0
Balances with NHS bodies outside the Departmental Group	17	0	186	0
Balances with NHS Trusts and Foundation Trusts	3,431	0	2,674	0
Balances with Public Corporations and Trading Funds	942	0	207	0
Balances with bodies external to government	12,925	3,774	90,141	11,616
At 31 March 2013	<u>27,054</u>	<u>3,774</u>	<u>109,203</u>	<u>11,616</u>
prior period:				
Balances with other Central Government Bodies	14,153	0	16,481	0
Balances with Local Authorities	118	0	10	0
Balances with NHS Trusts and Foundation Trusts	3,583	0	2,448	0
Balances with Public Corporations and Trading Funds	105	0	138	0
Balances with bodies external to government	18,433	3,742	81,064	1,930
At 31 March 2012	<u>36,392</u>	<u>3,742</u>	<u>100,141</u>	<u>1,930</u>

21 Inventories

	Drugs £000s	Consumables £000s	Energy £000s	Work in progress £000s	Loan Equipment £000s	Other £000s	Total £000s
Balance at 1 April 2012	1,994	8,875	356	0	0	1,536	12,761
Additions	0	0	0	0	0	0	0
Inventories recognised as an expense in the period	(312)	(298)	(25)	0	0	(773)	(1,408)
Write-down of inventories (including losses)	0	0	0	0	0	0	0
Reversal of write-down previously taken to SoCI	0	0	0	0	0	0	0
Transfers (to) Foundation Trusts	0	0	0	0	0	0	0
Transfers (to) / from other Public Sector Bodies	0	0	0	0	0	0	0
Balance at 31 March 2013	1,682	8,577	331	0	0	763	11,353

Inventories recognised as an expense in the period reflect the net movement of inventories during the year.

22.1 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	8,693	13,700	0	0
NHS receivables - capital	0	0	0	0
NHS prepayments and accrued income	0	3	0	0
Non-NHS receivables - revenue	7,103	6,598	0	0
Non-NHS receivables - capital	0	0	0	0
Non-NHS prepayments and accrued income	7,162	3,609	90	90
Provision for the impairment of receivables	(5,527)	(3,031)	0	0
VAT	4,009	4,138	0	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	67	0	1,471	1,605
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	0	0	0	0
Other receivables	5,547	11,375	2,213	2,047
Total	27,054	36,392	3,774	3,742
Total current and non current	30,828	40,134		
Included in NHS receivables are prepaid pension contributions:	0	0		

The great majority of trade is with Primary Care Trusts, 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.

22.2 Receivables past their due date but not impaired

	31 March 2013 £000s	31 March 2012 £000s
By up to three months	4,911	4,705
By three to six months	1,222	1,806
By more than six months	59	382
Total	6,192	6,893

22.3 Provision for impairment of receivables

	2012-13 £000s	2011-12 £000s
Balance at 1 April 2012	(3,031)	(2,471)
Amount written off during the year	447	303
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	(2,943)	(863)
Transfer to NHS Foundation Trust	0	
Balance at 31 March 2013	(5,527)	(3,031)

A provision is made against trade debtors based on the number of days by which the invoice is overdue.

23 NHS LIFT investments

The Trust does not have any receivables classified as NHS LIFT investments.

24.1 Other Financial Assets - Current

The Trust does not have any receivables classified as other financial assets.

24.2 Other Financial Assets - Non Current

The Trust does not have any receivables classified as other financial assets.

24.3 Other Financial Assets - Non Current - Capital Analysis

The Trust does not have any receivables classified as other financial assets.

25 Other current assets

	31 March 2013 £000s	31 March 2012 £000s
EU Emissions Trading Scheme Allowance	0	70
Other Assets	0	0
Total	0	70

26 Cash and Cash Equivalents

	31 March 2013 £000s	31 March 2012 £000s
Opening balance	43,884	25,799
Net change in year	21,773	18,085
Closing balance	65,657	43,884
Made up of		
Cash with Government Banking Service	65,554	43,279
Commercial banks	4	507
Cash in hand	99	98
Current investments	0	0
Cash and cash equivalents as in statement of financial position	65,657	43,884
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	65,657	43,884
Patients' money held by the Trust, not included above	2	3

27 Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2012	0	0	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0
Transfers to Foundation Trust	0	0	0	0	0	0	0	0	0	0
Transfers (to)/from other public sector bodies	0	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	0	0	0	0	0	0	0	0	0	0
Liabilities associated with assets held for sale at 31 March 2013	0	0	0	0	0	0	0	0	0	0
Balance at 1 April 2011	0	0	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2012	0	0	0	0	0	0	0	0	0	0
Liabilities associated with assets held for sale at 31 March 2012	0	0	0	0	0	0	0	0	0	0

The Trust does not have any non-current assets classified as held for sale

28 Trade and other payables

	Current		Non-current	
	31 March 2013 £000s	31 March 2012 £000s	31 March 2013 £000s	31 March 2012 £000s
Interest payable	11	21	0	0
NHS payables - revenue	3,024	3,744	0	0
NHS payables - capital	1	117	0	0
NHS accruals and deferred income	2,076	0	0	0
Non-NHS payables - revenue	27,562	19,494	0	0
Non-NHS payables - capital	5,199	5,067	0	0
Non_NHS accruals and deferred income	54,913	56,025	11,616	1,900
Social security costs	4,093	4,021	0	0
VAT	7	0	0	0
Tax	4,808	4,944	0	0
Payments received on account	0	0	0	0
Other	7,509	6,708	0	30
Total	109,203	100,141	11,616	1,930
Total payables (current and non-current)	120,819	102,071		

Included above:

to Buy Out the Liability for Early Retirements Over 5 Years	0	0
number of Cases Involved (number)	0	0
outstanding Pension Contributions at the year end	5,054	4,674

29 Other liabilities

The Trust does not have any payables classified as other liabilities.

30 Borrowings

	Current		Non-current	
	31 March 2013 £000s	31 March 2012 £000s	31 March 2013 £000s	31 March 2012 £000s
Bank overdraft - Government Banking Service	0	0	0	0
Bank overdraft - commercial banks	0	0	0	0
Loans from Department of Health	1,404	4,730	6,407	7,811
Loans from other entities	0	0	0	0
PFI liabilities:				
Main liability	9,424	9,021	275,886	285,071
Lifecycle replacement received in advance	0	0	0	0
LIFT liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	630	3,605	6,869	6,432
Other (describe)	0	0	0	0
Total	11,458	17,356	289,162	299,314
Total other liabilities (current and non-current)	300,620	316,670		

Loans - repayment of principal falling due in:

	31 March 2013		
	DH £000s	Other £000s	Total £000s
0-1 years	1,404	10,054	11,458
1 - 2 Years	1,404	12,382	13,786
2 - 5 Years	4,213	29,648	33,861
Over 5 Years	790	240,725	241,515
TOTAL	7,811	292,809	300,620

31 Other financial liabilities

The Trust does not have any liabilities classified as other financial liabilities.

32 Deferred income

	Current		Non-current	
	31 March 2013 £000s	31 March 2012 £000s	31 March 2013 £000s	31 March 2012 £000s
Opening balance at 1 April 2012	26,575	27,665	1,900	570
Deferred income addition	6,734	4,785	0	1,334
Transfer of deferred income	(18,603)	(5,875)	9,716	(4)
Current deferred Income at 31 March 2013	14,706	26,575	11,616	1,900
Total deferred income (current and non-current)	26,322	28,475		

33 Finance lease obligations as lessee

The Trust has a number of finance lease arrangements which have been used to acquire items of medical plant and equipment. Typically these leases provide for an option to purchase at the end of the primary term. The leases do not include any escalation clauses, nor do they include any restrictions other than those which would be expected to apply in a normal lease contract on normal commercial terms.

Amounts payable under finance leases (Buildings)

	Minimum lease payments		Present value of minimum lease	
	31 March 2013 £000s	31 March 2012 £000s	31 March 2013 £000s	31 March 2012 £000s
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less future finance charges	0	0	0	0
Present value of minimum lease payments	0	0	0	0
Included in:				
Current borrowings			0	0
Non-current borrowings			0	0
			0	0

Amounts payable under finance leases (Land)

	Minimum lease payments		Present value of minimum lease	
	31 March 2013 £000s	31 March 2012 £000s	31 March 2013 £000s	31 March 2012 £000s
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less future finance charges	0	0	0	0
Present value of minimum lease payments	0	0	0	0
Included in:				
Current borrowings			0	0
Non-current borrowings			0	0
			0	0

Amounts payable under finance leases (Other)

	Minimum lease payments		Present value of minimum lease payments	
	31 March 2013 £000s	31 March 2012 £000s	31 March 2013 £000s	31 March 2012 £000s
Within one year	1,044	4,394	630	3,605
Between one and five years	6,640	9,096	5,964	6,432
After five years	991	0	905	0
Less future finance charges	(1,176)	(3,453)		
Present value of minimum lease payments	7,499	10,037	7,499	10,037
Included in:				
Current borrowings			630	3,605
Non-current borrowings			6,869	6,432
			7,499	10,037

Finance leases as lessee

	31 March 2013 £000s	31 March 2012 £000s
Future Sublease Payments Expected to be received	0	0
Contingent Rents Recognised as an Expense	0	0

34 Finance lease receivables as lessor

The Trust does not have any finance lease receivables as lessor.

35 Provisions

	Comprising:									
	Total	Pensions to Former Directors	Pensions Relating to Other Staff	Legal Claims	Restructuring	Continuing Care	Equal Pay	Agenda for Change	Other	Redundancy
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2012	9,847	136	1,416	145	0	0	0	0	4,151	3,999
Arising During the Year	1,877	7	229	85	0	0	0	0	1,149	407
Utilised During the Year	(3,152)	(11)	(148)	(76)	0	0	0	0	(56)	(2,861)
Reversed Unused	(4,176)	0	0	0	0	0	0	0	(4,095)	(81)
Unwinding of Discount	47	4	43	0	0	0	0	0	0	0
Change in Discount Rate	61	5	56	0	0	0	0	0	0	0
Transfers to NHS Foundation Trusts (for Trusts becoming FTs only)	0	0	0	0	0	0	0	0	0	0
Transferred (to)/from other public sector bodies	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	4,504	141	1,596	154	0	0	0	0	1,149	1,464
Expected Timing of Cash Flows:										
No Later than One Year	2,902	11	124	154	0	0	0	0	1,149	1,464
Later than One Year and not later than Five Years	537	42	495	0	0	0	0	0	0	0
Later than Five Years	1,065	88	977	0	0	0	0	0	0	0

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

As at 31 March 2013	147,961
As at 31 March 2012	123,172

The Trust is reasonably certain about the amounts and timings of Pensions relating to staff and former Directors as the calculation is based on NHS Pension Agency payments and determined nationally on an actuarial basis.

The Trust is reasonably certain about the amounts and timings of legal claims as the information is provided by the NHS Litigation Authority

The provision for redundancy payments is estimated based on the average cost of those members of staff within the group covered by a current consultation. The timing is reasonably certain but the amounts could vary based on the actual redundancies made.

Other provisions reflect mainly a commercial claim for which the value is reasonably certain but the timing is dependent on final resolution.

36 Contingencies

	31 March 2013 £000s	31 March 2012 £000s
Contingent liabilities		
Equal Pay	0	0
Other	(10,868)	(10,838)
Amounts Recoverable Against Contingent Liabilities	0	0
Net Value of Contingent Liabilities	(10,868)	(10,838)
Contingent Assets		
Contingent Assets	0	0
Net Value of Contingent Assets	0	0

Contingent liabilities consist of:

- Claims of £10.8m in respect of a commercial contract. Legal advice has been obtained on the matter and the Trust considers the claim to have a low chance of success
- Legal claims under the liability to third parties and property expenses administered by the NHS Litigation Authority amount to £67,864

37.1 PFI and LIFT - additional information

The information below is required by the Department of Health for inclusion in national statutory accounts

	2012-13 £000s	2011-12 £000s
Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI		
Total charge to operating expenses in year - OFF SOFP PFI	0	0
Service element of on SOFP PFI charged to operating expenses in year	43,052	31,337
Total	43,052	31,337

Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI

No Later than One Year	25,143	24,518
Later than One Year, No Later than Five Years	107,988	104,965
Later than Five Years	733,146	759,254
Total	866,277	888,737

The estimated annual payments in future years are expected to be materially different from those which the Trust is committed to make materially different from those which the Trust is committed to make during the next year. The likely financial effect of this is:

Estimated Capital Value of Project - off SOFP PFI	0	0
Value of Deferred Assets - off SOFP PFI	0	0
Value of Reversionary Interest - off SOFP PFI	0	0

Imputed "finance lease" obligations for on SOFP PFI contracts due

	2012-13 £000s	2011-12 £000s
No Later than One Year	24,849	24,904
Later than One Year, No Later than Five Years	92,951	95,982
Later than Five Years	392,923	414,501
Subtotal	510,723	535,387
Less: Interest Element	(225,413)	(241,295)
Total	285,310	294,092

Charges to operating expenditure and future commitments in respect of on and off SOFP LIFT

	2012-13 £000s	2011-12 £000s
Total Charge to Operating Expenses in year - OFF SOFP LIFT	0	0
Service element of on SOFP LIFT charged to operating expenses in year	0	0
Total	0	0

Payments committed to in respect of off SOFP LIFT and the service element of on SOFP LIFT.

	2012-13 £000s	2011-12 £000s
LIFT Scheme Expiry Date:		
No Later than One Year	0	0
Later than One Year, No Later than Five Years	0	0
Later than Five Years	0	0
Total	0	0

	2012-13 £000s	2011-12 £000s
The estimated annual payments in future years are expected to be materially different from those which the NHS Trust is committed to make during the next year. The likely financial effect of this is:		
Estimated capital value of project - off SOFP LIFT	0	0
Value of Deferred Assets - off SOFP LIFT	0	0
Value of Residual Interest - off SOFP LIFT	0	0

Imputed "finance lease" obligations for on SOFP LIFT Contracts due

	2012-13 £000s	2011-12 £000s
No Later than One Year	0	0
Later than One Year, No Later than Five Years	0	0
Later than Five Years	0	0
Subtotal	0	0
Less: Interest Element	0	0
Total	0	0

37.2 Other financial Commitments

The Trust does not have any items classified as other financial commitments.

38 Impact of IFRS treatment - current year

	Total £000s
The information below is required by the Department of Health for budget reconciliation purposes	
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI / LIFT)	
Depreciation charges	8,563
Interest Expense	19,466
Impairment charge - AME	0
Impairment charge - DEL	0
Other Expenditure	43,052
Revenue Receivable from subleasing	0
Impact on PDC dividend payable	(1,008)
Total IFRS Expenditure (IFRIC12)	70,073
Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease income)	(70,072)
Net IFRS change (IFRIC12)	1

Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12

Capital expenditure 2012-13	1,454
UK GAAP capital expenditure 2012-13 (Reversionary Interest)	3,544

39 Financial Instruments

39.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with primary care Trusts 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.

	At 'fair value through profit and loss' £000s	Loans and receivables £000s	Available for sale £000s	Total £000s
39.2 Financial Assets				
Embedded derivatives	0	0	0	0
Receivables - NHS	0	8,693	0	8,693
Receivables - non-NHS	0	9,336	0	9,336
Cash at bank and in hand	0	65,657	0	65,657
Other financial assets	0	0	0	0
Total at 31 March 2013	0	83,686	0	83,686

Embedded derivatives	0	0	0	0
Receivables - NHS	0	13,700	0	13,700
Receivables - non-NHS	0	16,989	0	16,989
Cash at bank and in hand	0	43,884	0	43,884
Other financial assets	0	0	0	0
Total at 31 March 2012	0	74,573	0	74,573

	At 'fair value through profit and loss' £000s	Other £000s	Total £000s
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39.3 Financial Liabilities

Embedded derivatives	0	0	0
NHS payables	0	5,112	5,112
Non-NHS payables	0	106,806	106,806
Other borrowings	0	7,811	7,811
PFI & finance lease obligations	0	292,809	292,809
Other financial liabilities	0	0	0
Total at 31 March 2013	0	412,538	412,538

Embedded derivatives	0	0	0
NHS payables	0	3,882	3,882
Non-NHS payables	0	89,224	89,224
Other borrowings	0	12,541	12,541
PFI & finance lease obligations	0	304,129	304,129
Other financial liabilities	0	0	0
Total at 31 March 2012	0	409,776	409,776

40 Events after the end of the reporting period

Under the provisions of The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013, Primary Care Trusts (PCTs) and Strategic Health Authorities (SHAs) were dissolved on 1st April 2013. The PCT's/SHA's functions, assets and liabilities transferred to other public sector entities. PCTs and SHAs are related parties to Oxford University Hospitals NHS Trust and where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations.

41 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 Oxford University Hospitals NHS Trust

The Department of Health is regarded as a related party. During the year Oxford University Hospitals NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department.

Bedfordshire PCT
 Berkshire East PCT
 Berkshire Healthcare NHS Foundation Trust
 Berkshire West PCT
 Birmingham East And North PCT
 Bristol PCT
 Buckinghamshire Healthcare NHS Trust
 Buckinghamshire PCT
 Gloucestershire PCT
 Great Western Hospitals NHS Foundation Trust
 Hampshire PCT
 Heatherwood And Wexham Park Hosps NHS Foundation Trust
 Hertfordshire PCT
 Kings College Hospital NHS Foundation Trust
 Leicestershire County And Rutland PCT
 London Strategic Health Authority
 Milton Keynes Hospital NHS Foundation Trust
 Milton Keynes PCT
 NHS Blood and Transplant
 NHS Litigation Authority
 NHS Supply Chain
 Northamptonshire Teaching PCT
 Oxford Health NHS Foundation Trust
 Oxfordshire PCT
 Royal Berkshire NHS Foundation Trust
 South Central Ambulance Service NHS Foundation Trust
 South Central Strategic Health Authority
 Swindon PCT
 University Hospital Birmingham NHS Foundation Trust
 Warwickshire PCT
 Wiltshire PCT

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Oxford University.

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

Consolidated accounts to include the Oxford University Hospitals Charitable Funds are not prepared as these have Trustees appointed under section 11 of the NHS and Community Care Act 1990 and are therefore not controlled by the Trust.

42 Losses and special payments

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

	Total Value of Cases £s	Total Number of Cases
Losses	265,260	160
Special payments	15,746	60
Total losses and special payments	281,006	220

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

	Total Value of Cases £s	Total Number of Cases
Losses	267,617	154
Special payments	44,719	53
Total losses and special payments	312,336	207

Details of cases individually over £250,000

There were no individual cases in excess of £250,000

43. 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.

43.1 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	539,470	565,681	627,168	686,836	714,827	745,957	788,220	821,705
Retained surplus/(deficit) for the year	(19,180)	(6,648)	4,367	2,464	(49,276)	13,604	7,603	(1,316)
Adjustment for:								
Timing/non-cash impacting distortions:								
Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]	0	0	0	0	0	0	0	0
2006/07 PPA (relating to 1997/98 to 2005/06)	0							
2007/08 PPA (relating to 1997/98 to 2006/07)	0	0						
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0	0					
Adjustments for Impairments				0	47,448	(11,666)	(2,328)	4,568
Adjustments for impact of policy change re donated/government grants assets						233	1,442	393
Consolidated Budgetary Guidance - Adjustment for Dual Accounting under IFRIC12*					2,245	440		1
Other agreed adjustments	0	0	0	0	0	0	0	0
Break-even in-year position	(19,180)	(6,648)	4,367	2,464	417	2,171	7,157	3,646
Break-even cumulative position	(17,792)	(24,440)	(20,073)	(17,609)	(17,192)	(15,021)	(7,864)	(4,218)

* 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.

The Trust's recovery plan, approved by the SHA aims to achieve break-even in 2013/14.

	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	-3.56	-1.18	0.70	0.36	0.06	0.29	0.91	0.44
Break-even cumulative position as a percentage of turnover	-3.30	-4.32	-3.20	-2.56	-2.41	-2.01	-1.00	-0.51

The amounts in the above tables in respect of financial years 2005/06 to 2008/09 inclusive have **not** been restated to IFRS and remain on a UK GAAP basis.

43.2 Capital cost absorption rate

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%.

43.3 External financing

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

	£000s	2012-13 £000s	2011-12 £000s
External financing limit		5,094	(15,714)
Cash flow financing	(37,024)		(33,919)
Finance leases taken out in the year	0		832
Other capital receipts	0		0
External financing requirement		<u>(37,024)</u>	<u>(33,087)</u>
Undershoot/(overshoot)		<u>42,118</u>	<u>17,373</u>

43.4 Capital resource limit

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

	2012-13 £000s	2011-12 £000s
Gross capital expenditure	27,193	21,050
Less: book value of assets disposed of	(17)	(159)
Less: capital grants	0	0
Less: donations towards the acquisition of non-current assets	<u>(2,441)</u>	<u>(690)</u>
Charge against the capital resource limit	24,735	20,201
Capital resource limit	<u>24,775</u>	<u>22,761</u>
(Over)/underspend against the capital resource limit	<u>40</u>	<u>2,560</u>

44 Third party assets

The Trust held cash and cash equivalents which relate to monies held by the NHS Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2013	31 March 2012
	<u>£000s</u>	<u>£000s</u>
Third party assets held by the Trust - patients' monies	<u>2</u>	<u>3</u>