

**Trust Board Public Meeting: Wednesday 11 May 2016**

TB2016.46

<b>Title</b>	<b>Draft Annual Accounts for 2015/16</b>
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<b>Status</b>	For information
<b>History</b>	<p>This report allows the Trust Board to provide oversight on the draft accounts and raise any comments prior to the conclusion of the audit process.</p> <p>As the Trust became authorised as a Foundation Trust during 2015/16, there are two statutory accounting periods in 2015/16.</p> <p>The Board received the draft statutory accounts for the six months ended 30 September 2015 at its meeting on 13 January 2016.</p> <p>The draft statutory accounts for the six months ended 31 March 2016 were submitted to Monitor and to Ernst &amp; Young LLP, the Trust's external auditors, on 21 April 2016.</p>

<b>Board Lead</b>	Mr Mark Mansfield, Executive Director of Finance and Procurement			
<b>Key purpose</b>	Strategy	<b>Assurance</b>	Policy	Performance

**Executive Summary**

1. NHS Bodies are obliged by statute to comply with the determination and directions given by the Secretary of State for Health in preparation of their statutory accounts.
2. The Trust was authorised as a Foundation Trust on 1 October and therefore there are two statutory accounting periods in respect of 2015/16.
3. The NHS draft accounts from 1 April to 30 September 2015 were presented to the Trust Board on 13 January 2016. These have been audited and have been updated for disclosures which were not available at the time of preparation in November.
4. The FT draft accounts from 1 October 2015 to 31 March 2016 have been prepared and submitted to both Monitor and to the Trust's external auditors. The two sets of statutory accounts, when combined, show the same break-even surplus as the management accounts.
5. The statutory accounts for both accounting periods will be submitted as audited final accounts by 27 May 2016.
<b>6. Recommendation</b>  The Trust Board is asked to:  <b>Note</b> that draft accounts have been prepared for audit for the six months ended 31 March 2016 in accordance with determination and directions given by the Secretary of State for Health.

## Draft Accounts for Six Months Ended 31 March 2016

### 1. Purpose

1.1. To present to the Trust Board a summary of the draft accounts for the six months ended 31 March 2016.

### 2. Background

2.1. The Trust was authorised as an NHS Foundation Trust from 1 October 2015. The organisation produced statutory accounts for the period to 30 September 2015 which covered the part of the 2015/16 financial year in operation as an NHS Trust. These accounts were presented to the Trust Board on 13 January 2016. The NHS Trust accounts have been updated for disclosures that were not available at the time of preparation. The final audited NHS Trust accounts are to be submitted by 27 May 2016.

2.2. The Trust has now prepared a second set of statutory accounts for the six months from 1 October 2015 to 31 March 2016 covering the portion of the 2015/16 financial year as an NHS Foundation Trust. This set of accounts was submitted to both Monitor and the External Auditors on 21 April 2016. These accounts are attached as **Appendix B**. The final Foundation Trust audited accounts are to be submitted by 27 May 2016.

### 3. Consolidated Accounts for 2015/16

3.1. As outlined in Section 2 above the organisation was required to submit two sets of statutory accounts. This means that “year on year comparisons” are difficult to effect. Therefore a consolidation of the two sets of accounts, with a comparison to 2014/15, was prepared for the meeting of the Trust’s Audit Committee on 27 April. This document is reproduced at **Appendix A** to this report.

3.2. The combined Trust’s Income and Expenditure for the year shows the following performance:

	<b>NHS 1.4.15-30.9.15</b>	<b>FT 1.10.15-31.3.16</b>	<b>Full year</b>
Retained Surplus/(Deficit)	£3.0m	(£4.7m)	(£1.7m)
Technical adjustments	(£8.6m)	£15.7m	£7.1m
<b>“Break Even” Target</b>	<b>(£5.6m)</b>	<b>£11.0m</b>	<b>£5.4m</b>

	<b>NHS 1.4.15-30.9.15</b>	<b>FT 1.10.15-31.3.16</b>	<b>Full year</b>
Donated assets adjustment	£1.1m	£1.2m	£2.3m
Impairments/(reverse impairments)	(£9.9m)	£14.3m	£4.4m
IFRIC12	£0.2m	£0.2m	£0.4m
<b>Technical adjustments</b>	<b>(£8.6m)</b>	<b>£15.7m</b>	<b>£7.1m</b>

3.3. The Break Even surplus is £5.4m as per the year end management accounts.

3.4. As this is a statutory set of accounts, a revaluation of the Trust's Estate was required and the results are included in the draft statutory accounts. The main features of the revaluation are as follows:

- A decrease in Trust's Estate valuation of £44m due to price movements and exclusion of recoverable VAT on PFI buildings
- £14m was charged to the I&E as net impairments
- £30m was charged to reserves to reverse, in part, previous valuation increases.

3.5. In the six months to 30 September 2015 the valuation results were as follows:

- An increase in Trust's Estate valuation of £36m due to price movements
- £10m was shown as a benefit to the I&E
- £26m was shown as an increase in reserves.

3.6. There was therefore a net £4m charge to the I&E as a result of valuation movements during the financial year.

3.7. The £14m impairment charge in the second six months results in a smaller retained surplus/(deficit) than forecast. However these sums are added back to arrive at the same Break Even performance:

	<b>I&amp;E Forecast</b>	<b>I&amp;E Actual</b>	<b>Variance</b>	<b>Explanation</b>
<b>Retained Surplus/(Deficit)</b>	<b>£12.3m</b>	<b>(£1.7m)</b>	<b>(£14m)</b>	£14m impairment charge due to revaluation see para 3.4
Technical Adjustments	(£6.9m)	£7.1m	£14m	Revaluation adjustments are excluded see para 3.7
<b>Break Even</b>	<b>£5.3m</b>	<b>£5.4m</b>	<b>£0.1m</b>	

3.8. The Trust's Balance Sheet shows the following position as at 31 March 2016:

	Opening Balance 01-Apr-15	Closing Balance 31-Mar-16	Movement	Mvmt. In Month
<b>NON-CURRENT ASSETS</b>				
Property, Plant & Equipment	652,888	629,611	(23,277)	(38,481)
Intangible Assets	11,212	10,043	(1,169)	1,464
Trade & Other Receivables	5,091	5,682	591	142
<b>NON-CURRENT ASSETS</b>	<b>669,191</b>	<b>645,336</b>	<b>(23,855)</b>	<b>(36,875)</b>
<b>CURRENT ASSETS</b>				
Inventories	14,715	15,678	963	408
Trade & Other Receivables	42,212	38,557	(3,655)	(9,091)
Cash & Cash Equivalents	79,383	89,434	10,051	13,622
Assets Held for Sale				(6,750)
<b>CURRENT ASSETS</b>	<b>136,310</b>	<b>143,669</b>	<b>7,359</b>	<b>(1,811)</b>
<b>CURRENT LIABILITIES</b>				
Trade & Other Payables	(129,882)	(135,467)	(5,585)	(1,480)
Borrowings	(10,874)	(8,249)	2,625	809
Current Provisions	(2,476)	(322)	2,154	994
<b>CURRENT LIABILITIES</b>	<b>(143,232)</b>	<b>(144,038)</b>	<b>(806)</b>	<b>323</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>(6,922)</b>	<b>(369)</b>	<b>6,553</b>	<b>(1,488)</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	(263,185)	(254,046)	9,139	1,425
Trade & Other Payables	(16,359)	(15,256)	1,103	1,270
Non-Current Provisions	(2,559)	(2,461)	98	63
<b>NON-CURRENT LIABILITIES</b>	<b>(282,103)</b>	<b>(271,763)</b>	<b>10,340</b>	<b>2,758</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>380,166</b>	<b>373,204</b>	<b>(6,962)</b>	<b>(35,605)</b>
<b>FINANCED BY TAXPAYERS EQUITY</b>				
Public Dividend Capital	208,115	202,781	(5,334)	(5,977)
Retained Earnings	25,076	24,324	(752)	(2,608)
Revaluation Reserve	145,232	144,356	(876)	(27,020)
Other Reserve	1,743	1,743		
<b>TOTAL TAXPAYERS EQUITY</b>	<b>380,166</b>	<b>373,204</b>	<b>(6,962)</b>	<b>(35,605)</b>

3.9. Property, plant and equipment shows an overall decrease in the final month of 2015/16 of £38m which is net of the revaluation decrease of £44m, plus additions from the capital programme less depreciation. The overall decrease in the year of £23m is the net effect of both revaluations, which equates to an £8m reduction, plus additions for the year less depreciation.

3.10. Intangible assets show a decrease in the year of £1m which is because amortisation of existing assets was higher than additions in the year.

3.11. The level of inventories has increased by £1m in the full financial year. Full stock counts were undertaken during September for the part year statutory accounts

and in February for the FT accounts. The results of the first stock count are included in the draft NHS part year accounts. The results of the second stock count are included in the draft FT part year accounts.

- 3.12. Trade and other receivables show a decrease in the year of £3.6m. This is due to some one-off receivables being outstanding from the Department of Health at 31 March 2015.
- 3.13. Cash shows an increase in the year of £10m which is due to the sale of Littlemore in the final month of the year.
- 3.14. Trade and other payables have increased in the year by £5.6m. This is due to the change in cash management arrangements as a Foundation Trust.
- 3.15. Borrowings have reduced, principally reflecting the usual repayments of the Trust's PFI liabilities.

#### 4. Audit Process

- 4.1. The NHS accounts have been substantially audited by Ernst & Young LLP (EY), the Trust's external auditors.
- 4.2. EY will also audit the FT accounts with the work taking place in April and May.
- 4.3. The Audit Committee on 27 April considered external audit assurances requested, the Annual Governance Statement and the Internal Audit Head of Audit Opinion.
- 4.4. Work is progressing towards the Audit Committee consideration of the audited accounts and supporting statements and reports from External Audit, Internal Audit, Counter Fraud and Management on 25 May 2016.
- 4.5. The certificates and accounts are scheduled to be signed following consideration of the Audit Committee's recommendation to the Board on 25 May 2016. This will allow submission of the audited accounts on the national deadline of 27 May 2016.

#### 5. Conclusion

- 5.1. The draft accounts to 31 March 2016 have been prepared and are in the process of being audited.
- 5.2. The draft accounts to 30 September 2015 have been updated for disclosures that were not available at the time of being drafted. These have already been substantially audited.
- 5.3. The accounts are scheduled for sign off following recommendation from the Audit Committee on 25 May 2016.

#### 6. Recommendation

6.1. The Board is asked to:

- 6.1.1. **Note** that both sets of draft accounts have been prepared for audit for the financial year 2015/16 in accordance with determination and directions given by the Secretary of State for Health.

**Mr Mark Mansfield, Executive Director of Finance and Procurement**  
**May 2016**

**Statement of Comprehensive Income**

	2015/16	2014/15	
Note	£000	£000	
Operating income from patient care activities	1	795,883	771,064
Other operating income	2	180,374	157,007
<b>Total operating income from continuing operations</b>		<b>976,257</b>	<b>928,071</b>
Operating expenses	3	(950,582)	(910,571)
<b>Operating surplus/(deficit) from continuing operations</b>		<b>25,675</b>	<b>17,500</b>
Finance income		252	310
Finance expenses		(20,154)	(20,764)
PDC dividends payable		(7,544)	(7,081)
<b>Net finance costs</b>		<b>(27,446)</b>	<b>(27,535)</b>
Share of profit / (loss)		-	-
Gains/ (losses) arising from transfers by absorption		-	-
Movement in the fair value of investment property and other investments		-	-
Corporation tax expense		-	-
<b>Surplus/(deficit) for the accounting period from continuing operations</b>		<b>(1,771)</b>	<b>(10,035)</b>
Surplus/(deficit) on discontinued operations and the gain/(loss) on disposal of discontinued operations		-	-
<b>Surplus/(deficit) for the accounting period</b>		<b>(1,771)</b>	<b>(10,035)</b>
<b>Other comprehensive income</b>			
<b>Will not be reclassified to income and expenditure:</b>			
Impairments		(29,810)	(52,935)
Revaluations		29,953	34,128
Share of comprehensive income from associates and joint ventures		-	-
Other recognised gains and losses		-	-
Remeasurements of the net defined benefit pension scheme liability/asset		-	-
Other reserve movements		-	-
<b>May be reclassified to income and expenditure when certain conditions are met:</b>			
Fair value gains/(losses) on available-for-sale financial investments		-	-
Recycling gains/(losses) on available-for-sale financial investments		-	-
<b>Total comprehensive income/(expense) for the period</b>		<b>(1,628)</b>	<b>(28,842)</b>

## Statement of Financial Position

	Note	31 March 2016 £000	31 March 2015 £000
<b>Non-current assets</b>			
Intangible assets		10,043	11,211
Property, plant and equipment		629,613	652,888
Investment property		-	-
Investments in associates (and joint ventures)		-	-
Other investments		-	-
Trade and other receivables	5	5,682	5,091
Other financial assets		-	-
Other assets		-	-
<b>Total non-current assets</b>		<b>645,338</b>	<b>669,190</b>
<b>Current assets</b>			
Inventories		15,678	14,715
Trade and other receivables	5	38,553	42,211
Other financial assets		-	-
Non-current assets for sale and assets in disposal groups		-	-
Cash and cash equivalents		89,434	79,383
<b>Total current assets</b>		<b>143,665</b>	<b>136,309</b>
<b>Current liabilities</b>			
Trade and other payables	6	(117,086)	(114,489)
Other liabilities	7	(18,383)	(15,391)
Borrowings		(8,249)	(10,874)
Other financial liabilities		-	-
Provisions		(320)	(2,476)
Liabilities in disposal groups		-	-
<b>Total current liabilities</b>		<b>(144,038)</b>	<b>(143,230)</b>
<b>Total assets less current liabilities</b>		<b>644,965</b>	<b>662,269</b>
<b>Non-current liabilities</b>			
Trade and other payables	6	-	-
Other liabilities	7	(15,255)	(16,359)
Borrowings		(254,046)	(263,185)
Other financial liabilities		-	-
Provisions		(2,461)	(2,559)
<b>Total non-current liabilities</b>		<b>(271,762)</b>	<b>(282,103)</b>
<b>Total assets employed</b>		<b>373,203</b>	<b>380,166</b>
<b>Financed by</b>			
Public dividend capital		202,781	208,115
Revaluation reserve		144,358	145,233
Available for sale investments reserve		-	-
Other reserves		1,743	1,743
Merger reserve		-	-
Income and expenditure reserve		24,321	25,075
<b>Total taxpayers' equity</b>		<b>373,203</b>	<b>380,166</b>



**Note 1 Income from patient care activities (by source)**

<b>Income from patient care activities received from:</b>	<b>2015/16</b>	2014/15
	<b>£000</b>	£000
CCGs and NHS England	768,289	743,634
Local authorities	8,308	8,058
Department of Health	-	7,500
Other NHS foundation trusts	-	-
NHS trusts	-	-
NHS other	-	185
Non-NHS: private patients	7,738	7,651
Non-NHS: overseas patients (chargeable to patient)	1,364	988
NHS injury scheme (was RTA)	2,940	2,389
Non NHS: other	1,244	659
Additional income for delivery of healthcare services	6,000	-
<b>Total income from activities</b>	<b><u>795,883</u></b>	<b><u>771,064</u></b>
<b>Of which:</b>		
Related to continuing operations	795,883	771,064
Related to discontinued operations	-	-

**Note 2 Other operating income**

	<b>2015/16</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
Research and development	54,542	48,884
Education and training	49,546	49,030
Receipt of capital grants and donations	591	1,091
Charitable and other contributions to expenditure	1,312	1,347
Non-patient care services to other bodies	26,301	18,109
Support from the Department of Health for mergers	-	-
Profit on disposal of non-current assets	10,477	-
Reversal of impairments	14,033	11,816
Rental revenue from operating leases	1,865	2,140
Rental revenue from finance leases	-	-
Amortisation of PFI deferred credits	-	-
Income in respect of staff costs where accounted on gross basis	7,415	7,123
Other income	14,292	17,467
<b>Total other operating income</b>	<b><u>180,374</u></b>	<b><u>157,007</u></b>
<b>Of which:</b>		
Related to continuing operations	180,374	157,007
Related to discontinued operations	-	-

**Note 3 Operating expenses**

	<b>2015/16</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
Services from NHS foundation trusts	3,539	4,117
Services from NHS trusts	1,230	1,454
Services from CCGs and NHS England	-	-
Services from other NHS bodies	237	205
Purchase of healthcare from non NHS bodies	6,376	7,187
Purchase of social care	-	-
Employee expenses - executive directors	1,803	1,901
Remuneration of non-executive directors	68	69
Employee expenses - staff	493,557	473,997
Supplies and services - clinical	106,267	100,048
Supplies and services - general	8,684	6,778
Establishment	8,330	7,498
Research and development	48,266	42,454
Transport	223	284
Premises	27,984	25,717
Increase/(decrease) in provision for impairment of receivables	365	1,002
Increase/(decrease) in other provisions	(1,106)	(1,211)
Change in provisions discount rate(s)	106	123
Inventories written down	-	-
Drug costs and inventories consumed	107,789	94,737
Rentals under operating leases	825	954
Depreciation on property, plant and equipment	33,437	34,459
Amortisation on intangible assets	3,294	3,333
Impairments	18,435	30,775
Audit fees payable to the external auditor		
audit services- statutory audit	201	216
other auditor remuneration (external auditor only)	21	22
Clinical negligence	30,669	20,038
Loss on disposal of non-current assets	97	14
Legal fees	910	1,092
Consultancy costs	5,198	5,966
Internal audit costs	196	196
Training, courses and conferences	4,143	2,444
Patient travel	2,380	2,067
Car parking & security	1,196	1,275
Redundancy	262	189
Early retirements	-	-
Hospitality	36	88
Publishing	-	-
Insurance	45	48
Other services, eg external payroll	29,070	35,465
Grossing up consortium arrangements	-	-
Losses, ex gratia & special payments	15	-
Other	6,434	5,570
<b>Total</b>	<b>950,582</b>	<b>910,571</b>
<b>Of which:</b>		
Related to continuing operations	950,582	910,571
Related to discontinued operations	-	-

**Note 4 Employee benefits**

	<b>2015/16</b>		<b>Total £000</b>
	<b>Permanent £000</b>	<b>Other £000</b>	
Salaries and wages	421,898	109	<b>422,007</b>
Social security costs	30,372	-	<b>30,372</b>
Employer's contributions to NHS pensions	44,963	-	<b>44,963</b>
Pension cost - other	4	-	<b>4</b>
Other post employment benefits	-	-	-
Other employment benefits	-	-	-
Termination benefits	262	-	<b>262</b>
Agency/contract staff	-	41,673	<b>41,673</b>
<b>Total gross staff costs</b>	<b>497,499</b>	<b>41,782</b>	<b>539,281</b>
<b>Of which</b>			
Costs capitalised as part of assets	1,245	109	<b>1,354</b>
	<b>2014/15</b>		
	<b>Permanent £000</b>	<b>Other £000</b>	<b>Total £000</b>
Salaries and wages	403,626	3,756	<b>407,382</b>
Social security costs	29,154	-	<b>29,154</b>
Employer's contributions to NHS pensions	41,486	-	<b>41,486</b>
Pension cost - other	5	-	<b>5</b>
Other post employment benefits	-	-	-
Other employment benefits	-	-	-
Termination benefits	189	-	<b>189</b>
Agency/contract staff	-	37,659	<b>37,659</b>
<b>Total gross staff costs</b>	<b>474,460</b>	<b>41,415</b>	<b>515,875</b>
<b>Of which</b>			
Costs capitalised as part of assets	2,341	619	<b>2,960</b>

**Note 5 Trade receivables and other receivables**

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
<b>Current</b>		
Trade receivables due from NHS bodies	18,958	22,227
Receivables due from NHS charities	-	-
Other receivables due from related parties	-	-
Capital receivables	-	-
Provision for impaired receivables	(7,489)	(7,576)
Deposits and advances	-	-
Prepayments (non-PFI)	2,849	2,362
PFI prepayments:		
Capital contributions	67	67
Lifecycle replacements	-	-
Accrued income	6,193	6,936
Interest receivable	-	-
Corporation tax receivable	-	-
Finance lease receivables	-	-
Operating lease receivables	-	-
PDC dividend receivable	691	864
VAT receivable	1,933	3,967
Other receivables	15,351	13,364
<b>Total current trade and other receivables</b>	<b>38,553</b>	<b>42,211</b>
<b>Non-current</b>		
Trade receivables due from NHS bodies	-	-
Receivables due from NHS charities	-	-
Other receivables due from related parties	-	-
Capital receivables	-	-
Provision for impaired receivables	-	-
Deposits and advances	-	-
Prepayments (non-PFI)	98	40
PFI prepayments:		
Capital contributions	1,271	1,338
Lifecycle replacements	-	-
Accrued income	80	80
Interest receivable	-	-
Corporation tax receivable	-	-
Finance lease receivables	-	-
Operating lease receivables	-	-
VAT receivable	-	-
Other receivables	4,233	3,633
<b>Total non-current trade and other receivables</b>	<b>5,682</b>	<b>5,091</b>

**Note 6 Trade and other payables**

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
<b>Current</b>		
Receipts in advance	-	
NHS trade payables	6,748	5,525
Amounts due to other related parties	-	
Other trade payables	40,803	32,856
Capital payables	5,960	6,322
Social security costs	4,630	938
VAT payable	111	132
Other taxes payable	4,952	1,487
Other payables	9,707	8,582
Accruals	44,175	58,647
PDC dividend payable	-	-
<b>Total current trade and other payables</b>	<b><u>117,086</u></b>	<b><u>114,489</u></b>
<b>Non-current</b>		
Receipts in advance	-	-
NHS trade payables	-	-
Amounts due to other related parties	-	-
Other trade payables	-	-
Capital payables	-	-
VAT payable	-	-
Other taxes payable	-	-
Other payables	-	-
Accruals	-	-
<b>Total non-current trade and other payables</b>	<b><u>-</u></b>	<b><u>-</u></b>

**Note 7 Other liabilities**

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
<b>Current</b>		
Deferred grants income	-	-
Deferred goods and services income	18,297	15,391
Deferred rent of land income	-	-
Other deferred income	86	-
Deferred PFI credits	-	-
Lease incentives	-	-
<b>Total other current liabilities</b>	<b><u>18,383</u></b>	<b><u>15,391</u></b>
<b>Non-current</b>		
Deferred grants income	-	-
Deferred goods and services income	12,384	16,359
Deferred rent of land income	-	-
Other deferred income	2,871	-
Deferred PFI credits	-	-
Lease incentives	-	-
Net pension scheme liability	-	-
<b>Total other non-current liabilities</b>	<b><u>15,255</u></b>	<b><u>16,359</u></b>

**Note 8 On-SoFP PFI, LIFT or other service concession arrangements**

The Trust has three PFI schemes comprising the John Radcliffe West Wing, Churchill Cancer Centre and the Nuffield Orthopaedic Centre. The John Radcliffe Welcome Centre is recognised as an asset with no liability as there are no payments being made, instead deferred income liability is recognised.

**Note 8.1 Imputed finance lease obligations**

The trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI and LIFT schemes:

	31 March	31 March	31 March 2016 - by site			
	2016	2015	JR	Churchill	NOC	Total
	£000	£000	£000	£000	£000	£000
<b>Gross PFI, LIFT or other service concession liabilities</b>	<b>437,303</b>	<b>461,096</b>	<b>205,690</b>	<b>173,981</b>	<b>57,632</b>	<b>437,303</b>
<b>Of which liabilities are due</b>						
- not later than one year;	20,842	23,792	10,005	8,131	2,706	20,842
- later than one year and not later than five years;	81,270	83,880	42,590	29,492	9,188	81,270
- later than five years.	335,191	353,424	153,095	136,358	45,738	335,191
Finance charges allocated to future periods	(180,663)	(195,066)	(87,465)	(64,948)	(28,250)	(180,663)
<b>Net PFI, LIFT or other service concession arrangement obligation</b>	<b>256,640</b>	<b>266,030</b>	<b>118,225</b>	<b>109,033</b>	<b>29,382</b>	<b>256,640</b>
- not later than one year;	6,839	9,389	2,896	3,240	703	6,839
- later than one year and not later than five years;	29,724	30,685	16,528	11,706	1,490	29,724
- later than five years.	220,077	225,956	98,802	94,086	27,189	220,077



**Note 9 Losses and special payments**

	2015/16		2014/15	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
<b>Losses</b>				
Cash losses	11	15	30	30
Fruitless payments	-	-	-	-
Bad debts and claims abandoned	389	522	292	270
Stores losses and damage to property	4	164	3	95
<b>Total losses</b>	<b>404</b>	<b>701</b>	<b>325</b>	<b>395</b>
<b>Special payments</b>				
Extra-contractual payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Compensation payments	1	1	1	93
Special severance payments	1	90	-	-
Ex-gratia payments	45	15	74	69
<b>Total special payments</b>	<b>47</b>	<b>106</b>	<b>75</b>	<b>162</b>
<b>Total losses and special payments</b>	<b>451</b>	<b>807</b>	<b>400</b>	<b>557</b>
Compensation payments received		-		-

**Details of cases individually over £300k**

There were no individual cases in excess of £300k

Oxford University Hospitals NHS Foundation Trust

Annual accounts for the six months accounting period ended 31 March 2016

**Foreword to the accounts**

**Oxford University Hospitals NHS Foundation Trust**

These accounts, for the six months ended 31 March 2016, have been prepared by Oxford University Hospitals NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

**Signed** .....

**Name**

**Job title**

**Date**        **25 May 2016**

**Statement of Comprehensive Income**

	<b>Six months ending</b>	
	<b>31 March 2016</b>	
	<b>Note</b>	<b>£000</b>
Operating income from patient care activities	3	402,141
Other operating income	4	93,690
<b>Total operating income from continuing operations</b>		<b>495,831</b>
Operating expenses	5, 7	(487,127)
<b>Operating surplus/(deficit) from continuing operations</b>		<b>8,704</b>
Finance income	10	116
Finance expenses	11	(10,072)
PDC dividends payable		(3,485)
<b>Net finance costs</b>		<b>(13,441)</b>
Share of profit / (loss)	18	-
Gains/ (losses) arising from transfers by absorption	39	-
Movement in the fair value of investment property and other investments	18	-
Corporation tax expense	12	-
<b>Surplus/(deficit) for the accounting period from continuing operations</b>		<b>(4,737)</b>
Surplus/(deficit) on discontinued operations and the gain/(loss) on disposal of discontinued operations	13	-
<b>Surplus/(deficit) for the accounting period</b>		<b>(4,737)</b>
 <b>Other comprehensive income</b>		
<b>Will not be reclassified to income and expenditure:</b>		
Impairments	6	(29,810)
Revaluations	17	3,799
Share of comprehensive income from associates and joint ventures	18	-
Other recognised gains and losses		-
Remeasurements of the net defined benefit pension scheme liability/asset	34	-
Other reserve movements		-
<b>May be reclassified to income and expenditure when certain conditions are met:</b>		
Fair value gains/(losses) on available-for-sale financial investments	18	-
Recycling gains/(losses) on available-for-sale financial investments	10	-
<b>Total comprehensive income/(expense) for the period</b>		<b>(30,748)</b>

## Statement of Financial Position

	Note	31 March 2016 £000
<b>Non-current assets</b>		
Intangible assets	14	10,043
Property, plant and equipment	15	629,613
Investment property	18	-
Investments in associates (and joint ventures)	18	-
Other investments	18	-
Trade and other receivables	21	5,682
Other financial assets	23	-
Other assets	22	-
<b>Total non-current assets</b>		<b>645,338</b>
<b>Current assets</b>		
Inventories	20	15,678
Trade and other receivables	21	38,553
Other financial assets	23	-
Non-current assets for sale and assets in disposal groups	24	-
Cash and cash equivalents	25	89,434
<b>Total current assets</b>		<b>143,665</b>
<b>Current liabilities</b>		
Trade and other payables	26	(117,086)
Other liabilities	28	(18,383)
Borrowings	29	(8,249)
Other financial liabilities	27	-
Provisions	31	(320)
Liabilities in disposal groups	24	-
<b>Total current liabilities</b>		<b>(144,038)</b>
<b>Total assets less current liabilities</b>		<b>644,965</b>
<b>Non-current liabilities</b>		
Trade and other payables	26	-
Other liabilities	28	(15,255)
Borrowings	29	(254,046)
Other financial liabilities	27	-
Provisions	31	(2,461)
<b>Total non-current liabilities</b>		<b>(271,762)</b>
<b>Total assets employed</b>		<b>373,203</b>
<b>Financed by</b>		
Public dividend capital		202,781
Revaluation reserve		144,358
Available for sale investments reserve		-
Other reserves		1,743
Merger reserve		-
Income and expenditure reserve		24,321
<b>Total taxpayers' equity</b>		<b>373,203</b>

The notes on pages 8 to 56 form part of these accounts.

Name  
Position  
Date

**25 May 2016**

**Statement of Changes in Equity for the six months accounting period ended 31 March 2016**

	Public dividend capital £000	Revaluation reserve £000	Other reserves £000	Income and expenditure reserve £000	Total £000
<b>Taxpayers' and others' equity at 1 October 2015 - brought forward</b>	-	-	-	-	-
<b>At start of period for new FTs</b>	<b>208,758</b>	<b>171,377</b>	<b>1,743</b>	<b>28,050</b>	<b>409,928</b>
Surplus/(deficit) for the accounting period	-	-	-	(4,737)	(4,737)
Transfers by absorption: transfers between reserves	-	-	-	-	-
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	-	-
Other transfers between reserves	-	-	-	-	-
Impairments	-	(29,810)	-	-	(29,810)
Revaluations	-	3,799	-	-	3,799
Transfer to retained earnings on disposal of assets	-	(1,008)	-	1,008	-
Share of comprehensive income from associates and joint ventures	-	-	-	-	-
Fair value gains/(losses) on available-for-sale financial investments	-	-	-	-	-
Recycling gains/(losses) on available-for-sale financial investments	-	-	-	-	-
Other recognised gains and losses	-	-	-	-	-
Remeasurements of the defined net benefit pension scheme liability/asset	-	-	-	-	-
Public dividend capital received	23	-	-	-	23
Public dividend capital repaid	(6,000)	-	-	-	(6,000)
Public dividend capital written off	-	-	-	-	-
Other movements in public dividend capital in the accounting period	-	-	-	-	-
Other reserve movements	-	-	-	-	-
<b>Taxpayers' and others' equity at 31 March 2016</b>	<b>202,781</b>	<b>144,358</b>	<b>1,743</b>	<b>24,321</b>	<b>373,203</b>

## **Information on reserves**

### **Public dividend capital**

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

### **Revaluation reserve**

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

### **Available-for-sale investment reserve**

This reserve comprises changes in the fair value of available-for-sale financial instruments. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure.

### **Other reserves**

This reserve reflects historical balances formed when the Horton Hospital became a part of the trust.

### **Merger reserve**

This reserve reflects balances formed on merger of NHS bodies.

### **Income and expenditure reserve**

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

## Statement of Cash Flows

	Note	Six months ending 31 March 2016 £000
<b>Cash flows from operating activities</b>		
Operating surplus/(deficit)		8,704
<b>Non-cash income and expense:</b>		
Depreciation and amortisation	5.1	18,747
Impairments and reversals of impairments	6	14,339
(Gain)/loss on disposal of non-current assets	4, 5.1	(10,408)
Income recognised in respect of capital donations	4	(314)
Amortisation of PFI deferred credit	4	-
Non-cash movements in on-SoFP pension liability		-
(Increase)/decrease in receivables and other assets		8,621
(Increase)/decrease in inventories		(496)
Increase/(decrease) in payables and other liabilities		(11,659)
Increase/(decrease) in provisions		(1,905)
Tax (paid)/received		-
Operating cash flows movement of discontinued operations		-
Other movements in operating cash flows		-
<b>Net cash generated from/(used in) operating activities</b>		<b>25,629</b>
<b>Cash flows from investing activities</b>		
Interest received		116
Purchase and sale of financial assets		-
Purchase of intangible assets		(2,193)
Sales of intangible assets		-
Purchase of property, plant, equipment and investment property		(8,150)
Sales of property, plant, equipment and investment property		17,250
Receipt of cash donations to purchase capital assets		-
PFI lifecycle prepayments		-
Investing cash flows of discontinued operations		-
<b>Net cash generated from/(used in) investing activities</b>		<b>7,023</b>
<b>Cash flows from financing activities</b>		
Public dividend capital received		23
Public dividend capital repaid		(6,000)
Movement on loans from the Department of Health		(702)
Movement on other loans		-
Capital element of finance lease rental payments		(955)
Capital element of PFI, LIFT and other service concession payments		(4,695)
Interest paid on finance lease liabilities		(84)
Interest paid on PFI, LIFT and other service concession obligations		(9,885)
Other capital receipts		-
Other interest paid		(67)
PDC dividend paid		(4,668)
Financing cash flows of discontinued operations		-
Cash flows from (used in) other financing activities		-
<b>Net cash generated from/(used in) financing activities</b>		<b>(27,033)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>5,619</b>
<b>Cash and cash equivalents at 1 April</b>		<b>-</b>
<b>Cash and cash equivalents at start of period for new FTs</b>		<b>83,815</b>
Cash and cash equivalents transferred under absorption accounting	39	-
<b>Cash and cash equivalents at 31 March</b>	25.1	<b>89,434</b>



## **Notes to the Accounts**

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

#### **Basis of preparation**

Monitor is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the FT ARM which shall be agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the FT ARM 2015/16 issued by Monitor. The accounting policies contained in that manual follow IFRS and HM Treasury's FReM to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

#### **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.

#### **Going concern**

These accounts have been prepared on a going concern basis.

The trust has 5 year financial plans up to 2019/20 and a business plan which demonstrates that the trust is expecting to continue providing services.

### **Note 1.1 Interests in other entities**

#### **Associates**

Associate entities are those over which the trust has the power to exercise a significant influence. Associate entities are recognised in the trust's financial statement using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the trust's share of the entity's profit or loss or other gains and losses (eg revaluation gains on the entity's property, plant and equipment) following acquisition. It is also reduced when any distribution, eg, share dividends are received by the trust from the associate.

Associates which are classified as held for sale are measured at the lower of their carrying amount and "fair value less costs to sell".

#### **Joint ventures**

Joint ventures are arrangements in which the trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.

#### **Joint operations**

Joint operations are arrangements in which the trust has joint control with one or more other parties and has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The trust includes within its financial statements its share of the assets, liabilities, income and expenses.

### **Note 1.2 Income**

Income 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 income for the trust is contracts with commissioners in respect of health care services.

Where income is received for a specific activity which is to be delivered in a subsequent financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Revenue related to patient care spells that are part completed at the end of the accounting period are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay.

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 NHS 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.

### **Note 1.3 Expenditure on 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 annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

#### **Pension costs**

##### *NHS Pension Scheme*

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS foundation trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

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

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

### **Note 1.4 Expenditure on other goods and services**

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

## **Note 1.5 Property, plant and equipment**

### **Recognition**

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year and
- 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 have 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, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

### **Measurement**

#### *Valuation*

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

All assets are measured subsequently at valuation. Land and buildings (including operational dwellings) 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.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- land and non-specialised buildings – market value for existing use
- specialised buildings – depreciated replacement cost

HM Treasury 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.

In agreement with the District Valuer, where appropriate the Trust has applied an 'optimal site' valuation which recognises any efficiencies that could be obtained if the site were to be rebuilt, whilst allowing the current level of service provision to be maintained. This valuation approach is based on a detailed review by qualified valuation staff of the land and buildings on the Trust's John Radcliffe, Churchill and Nuffield Orthopaedic Centre sites and Horton General Hospital site. This approach is consistent with the concepts provided under Depreciated Replacement Cost valuation based on modern equivalent assets. For non-operational buildings, including surplus land, the valuations are carried out at open market value.

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.

Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

#### *Subsequent expenditure*

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

#### *Depreciation*

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

#### *Revaluation gains and losses*

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

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

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

#### *Impairments*

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

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

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

*De-recognition*

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable ie:
  - management are committed to a plan to sell the asset
  - an active programme has begun to find a buyer and complete the sale
  - the asset is being actively marketed at a reasonable price
  - the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

***Donated, government grant and other grant funded assets***

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

***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.

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.

**Private Finance Initiative (PFI) transactions**

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with IAS 17, the underlying assets are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs 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.

**Useful Economic lives of property, plant and equipment**

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

	<b>Min life</b>	<b>Max life</b>
	<b>Years</b>	<b>Years</b>
Land	N/A	N/A
Buildings, excluding dwellings	1	85
Dwellings	10	34
Plant & machinery	5	15
Transport equipment	7	7
Information technology	8	8
Furniture & fittings	7	10

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

**Note 1.6 Intangible assets**

**Recognition**

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

*Internally generated intangible assets*

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

Expenditure on research is not capitalised.

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

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

*Software*

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

*Measurement*

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

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

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

*Amortisation*

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

**Useful economic life of intangible assets**

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

	<b>Min life Years</b>	<b>Max life Years</b>
<b>Intangible assets - internally generated</b>		
Information technology	5	5
Development expenditure	5	5
Other	5	5
<b>Intangible assets - purchased</b>		
Software	5	5
Licences & trademarks	5	5
Patents	N/A	N/A
Other	N/A	N/A
Goodwill	N/A	N/A

#### **Note 1.7 Revenue government and other grants**

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

#### **Note 1.8 Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

#### **Note 1.9 Financial instruments and financial liabilities**

##### ***Recognition***

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

##### ***De-recognition***

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

##### ***Classification and measurement***

Financial assets are categorised as fair value through income and expenditure or loans and receivables.

Financial liabilities are classified as fair value through income and expenditure or as other financial liabilities.

##### ***Financial assets and financial liabilities at fair value through income and expenditure***

Financial assets and financial liabilities at fair value through income and expenditure are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not "closely-related" to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

##### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The trust's loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and other receivables.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.



***Other financial liabilities***

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to finance costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

***Determination of fair value***

For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from quoted market prices, independent appraisals or discounted cash flow analysis.

***Impairment of financial assets***

At the Statement of Financial Position date, the trust assesses whether any financial assets, other than those held at fair value through income and expenditure are impaired. Financial assets are impaired and impairment losses are recognised if, and only 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 the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly or through the use of a bad debt provision.

#### **Note 1.10 Leases**

##### ***Finance leases***

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS foundation trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

##### ***Operating leases***

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

##### ***Leases of land and buildings***

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

#### **Note 1.11 Provisions**

The NHS foundation trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

##### ***Clinical negligence costs***

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS foundation trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS foundation trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS foundation trust is disclosed at note 31 but is not recognised in the NHS foundation trust's accounts.

##### ***Non-clinical risk pooling***

The NHS foundation 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 when the liability arises.

### **Note 1.12 Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 32 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 32, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

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

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

A charge, reflecting the cost of capital utilised by the NHS foundation trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS foundation trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

### **Note 1.14 Value added tax**

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

### **Note 1.15 Corporation tax**

The Trust's activities relate to the provision of goods and services relating to healthcare and is not registered as a limited company. On this basis the Trust is not liable for corporation tax.

#### **Note 1.16 Foreign exchange**

The functional and presentational currencies of the trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at “fair value through income and expenditure”) are translated at the spot exchange rate on 31 March
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

#### **Note 1.17 Third party assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS foundation trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

#### **Note 1.18 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 foundation trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

### **Note 1.19 Transfers of functions to / from other NHS or local government bodies**

For functions that have been transferred to the trust from another NHS or local government body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain / loss corresponding to the net assets/ liabilities transferred is recognised within income / expenses, but not within operating activities.

For property plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

For functions that the trust has transferred to another NHS or local government body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. The net loss / gain corresponding to the net assets/ liabilities transferred is recognised within expenses / income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve. Adjustments to align the acquired function to the foundation trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

### **Note 1.20 Early adoption of standards, amendments and interpretations**

No new accounting standards or revisions to existing standards have been early adopted in Six months ending 31 March 2016.

### **Note 1.21 Standards, amendments and interpretations in issue but not yet effective or adopted**

The following list shows changes to standards issued by the IASB up to the date of publication of the FT Annual Reporting Manual which have not yet been adopted:

IFRS11 (amendment) - acquisition of an interest in a joint operation\*

IAS16 (amendment) and IAS38 (amendment) - depreciation and amortisation\*

IAS16 (amendment) and IAS41 (amendment) - bearer plants\*

IAS27 (amendment) - equity method in separate financial statements\*

IFRS10 (amendment) and IAS28 (amendment) - sale or contribution of assets\*

IFRS10 (amendment) and IAS28 (amendment) - investment entities applying the consolidation exception\*

IAS1 (amendment) - disclosure initiative\*

IFRS15 Revenue from contracts with customers \*\*

Annual improvements to IFRS: 2012-15 cycle \*\*

IFRS9 Financial Instruments \*\*\*

\* - expected to be effective from 2016/17

\*\* - expected to be effective from 2017/18

\*\*\* - expected to be effective from 2018/19

None of the items above have yet been EU adopted.

The only standards or amendments that the trust considers will impact on its financial statements are IFRS9 Financial Instruments and IFRS15 Revenue from Contracts with Customers. The trust has commenced work to understand the impact these will have in future accounting periods.

### **Note 1.22 Critical accounting estimates and judgements**

In the application of the NHS 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. The estimate is considered reasonable at the time it is made and would not differ materially to the actual result. 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.

#### **Note 1.22.1 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 NHS 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 PFIs 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 incremental developments of the Trust's EPR system are operational and used to generate economic benefits.

### **Note 1.22.2 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 the 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 and assessment of income risk based on actual activity for the first 10 months of the Financial Year. Actual amounts may differ from the estimate depending on actual activity levels, but not materially so. See paragraph 1.2. Included in the income figure is an estimate for partially completed spells.

### **Estimation of payments for the PFI asset, including finance costs**

The assets and liabilities relating to the three PFI schemes have been brought onto the statement of financial position based on estimations from the DH financial model as required by the Department of Health guidance. The models also provide estimates for interest payable and contingent rent as disclosed in Note 11.

### **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 accounting period, where their estimate of useful life is significantly different to the original. The estimate of asset lives may differ to the actual period the Trust utilises the asset but any difference would not be material.

### **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. Different classes of receivables attract different rates of impairment depending on the Trust's assessment of the level of risk associated with the collection of the debt. The Trust adopts a prudent policy of providing against all debt that is over 90 days overdue, the amount that is judged to be impaired generally increases the older the debt is. The Trust makes every effort to collect the debt, even when it has been impaired, and only writes off the debt as a final course of action. The actual level of debt written off will be different to that which had been judged as impaired, but not materially so.

### **Accruals and prepayments**

Each year the trust sets detailed guidance for 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

Prepayments are not normally sensitive to future events, and they can be reliably estimated. Accruals are a matter of judgement, based on past experience and once realised can be different to the original estimate, but not materially so.

**Note 2 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.



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

**Note 3.1 Income from patient care activities (by nature)**

	<b>Six months ending 31 March 2016 £000</b>
<b>Acute services</b>	
Elective income	85,460
Non elective income	87,044
Outpatient income	62,612
A & E income	8,223
Other NHS clinical income	146,450
<b>All services</b>	
Additional income for delivery of healthcare services	6,000
Private patient income	3,849
Other clinical income	2,503
<b>Total income from activities</b>	<b><u>402,141</u></b>

The Trust received additional income of £6m from the Department of Health towards the delivery of healthcare services

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

<b>Income from patient care activities received from:</b>	<b>Six months ending 31 March 2016 £000</b>
CCGs and NHS England	383,914
Local authorities	4,869
Department of Health	-
Other NHS foundation trusts	-
NHS trusts	-
NHS other	-
Non-NHS: private patients	3,849
Non-NHS: overseas patients (chargeable to patient)	836
NHS injury scheme (was RTA)	1,667
Non NHS: other	1,006
Additional income for delivery of healthcare services	6,000
<b>Total income from activities</b>	<b><u>402,141</u></b>
<b>Of which:</b>	
Related to continuing operations	402,141
Related to discontinued operations	-

**Note 3.3 Overseas visitors (relating to patients charged directly by the NHS foundation trust)**

	<b>Six months ending 31 March 2016 £000</b>
Income recognised this accounting period	836
Cash payments received in the accounting period	405
Amounts added to provision for impairment of receivables	156
Amounts written off in the accounting period	177

**Note 4 Other operating income**

	<b>Six months ending 31 March 2016 £000</b>
Research and development	28,836
Education and training	24,254
Receipt of capital grants and donations	314
Charitable and other contributions to expenditure	861
Non-patient care services to other bodies	14,968
Support from the Department of Health for mergers	-
Profit on disposal of non-current assets	10,477
Reversal of impairments	2,835
Rental revenue from operating leases	959
Rental revenue from finance leases	-
Amortisation of PFI deferred credits	-
Income in respect of staff costs where accounted on gross basis	3,715
Other income	6,471
<b>Total other operating income</b>	<b>93,690</b>
<b>Of which:</b>	
Related to continuing operations	93,690
Related to discontinued operations	-

**Note 4.1 Income from activities arising from commissioner requested services**

Under the terms of its provider license, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider license and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	<b>Six months ending 31 March 2016 £000</b>
Income from services designated (or grandfathered) as commissioner requested services	397,456
Income from services not designated as commissioner requested services	4,685
<b>Total</b>	<b>402,141</b>

**Note 4.2 Profits and losses on disposal of property, plant and equipment**

The Trust did not dispose of any land and building assets used in the provision of Commissioner Requested Services during the six month to 31 March 2016

**Note 5.1 Operating expenses**

	<b>Six months ending 31 March 2016 £000</b>
Services from NHS foundation trusts	1,611
Services from NHS trusts	720
Services from CCGs and NHS England	-
Services from other NHS bodies	115
Purchase of healthcare from non NHS bodies	3,639
Purchase of social care	-
Employee expenses - executive directors	804
Remuneration of non-executive directors	34
Employee expenses - staff	249,459
Supplies and services - clinical	52,088
Supplies and services - general	3,776
Establishment	3,821
Research and development	23,855
Transport	132
Premises	13,700
Increase/(decrease) in provision for impairment of receivables	(393)
Increase/(decrease) in other provisions	(742)
Change in provisions discount rate(s)	(16)
Inventories written down	-
Drug costs	20,913
Inventories consumed	33,606
Rentals under operating leases	416
Depreciation on property, plant and equipment	17,125
Amortisation on intangible assets	1,622
Impairments	17,174
Audit fees payable to the external auditor	
audit services- statutory audit	104
other auditor remuneration (external auditor only)	10
Clinical negligence	15,334
Loss on disposal of non-current assets	69
Legal fees	503
Consultancy costs	3,217
Internal audit costs	98
Training, courses and conferences	2,733
Patient travel	1,168
Car parking & security	492
Redundancy	148
Early retirements	-
Hospitality	19
Publishing	-
Insurance	4
Other services, eg external payroll	17,202
Grossing up consortium arrangements	-
Losses, ex gratia & special payments	15
Other	2,552
<b>Total</b>	<b>487,127</b>
<b>Of which:</b>	
Related to continuing operations	487,127
Related to discontinued operations	-

**Note 5.2 Other auditor remuneration**

	<b>Six months ending 31 March 2016 £000</b>
Other auditor remuneration paid to the external auditor:	
1. Audit of accounts of any associate of the trust	-
2. Audit-related assurance services	-
3. Taxation compliance services	-
4. All taxation advisory services not falling within item 3 above	-
5. Internal audit services	-
6. All assurance services not falling within items 1 to 5	10
7. Corporate finance transaction services not falling within items 1 to 6 above	-
8. Other non-audit services not falling within items 2 to 7 above	-
<b>Total</b>	<b>10</b>

**Note 5.3 Limitation on auditor's liability**

The limitation on auditors' liability for external audit work is £2m

**Note 6 Impairment of assets**

	<b>Six months ending 31 March 2016 £000</b>
<b>Net impairments charged to operating surplus / deficit resulting from:</b>	
Loss or damage from normal operations	-
Over specification of assets	-
Abandonment of assets in course of construction	-
Unforeseen obsolescence	-
Loss as a result of catastrophe	-
Changes in market price	14,339
Other	-
<b>Total net impairments charged to operating surplus / deficit</b>	<b>14,339</b>
Impairments charged to the revaluation reserve	29,810
<b>Total net impairments</b>	<b>44,149</b>

There are two reasons for the impairments above:

- i. the impairment on revaluation to a modern equivalent asset basis when a new building is first brought into use
- ii. the changes in market price arising from the revaluation as at 31 March 2016 which results in impairments and reverse impairments

**Note 7 Employee benefits**

	<b>Six months ending 31 March 2016</b>		
	<b>Permanent</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Salaries and wages	192,676	21,155	<b>213,831</b>
Social security costs	15,414	-	<b>15,414</b>
Employer's contributions to NHS pensions	22,840	-	<b>22,840</b>
Pension cost - other	2	-	<b>2</b>
Other post employment benefits	-	-	-
Other employment benefits	-	-	-
Termination benefits	148	-	<b>148</b>
Agency/contract staff	-	18,657	<b>18,657</b>
<b>Total gross staff costs</b>	<b>231,080</b>	<b>39,812</b>	<b>270,892</b>
Recoveries in respect of seconded staff	-	-	-
<b>Total staff costs</b>	<b>231,080</b>	<b>39,812</b>	<b>270,892</b>
<b>Of which</b>			
Costs capitalised as part of assets	556	-	<b>556</b>

**Note 7.1 Retirements due to ill-health**

During the Six months ending 31 March 2016 there were 3 early retirements from the trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements is £190k .

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

**Note 7.2 Directors' remuneration**

The aggregate amounts payable to directors were:

	<b>Six months ending 31 March 2016</b>
	<b>£000</b>
Salary	660
Taxable benefits	3
Performance related bonuses	18
Employer's pension contributions	114
<b>Total</b>	<b>795</b>

Further details of directors' remuneration can be found in the remuneration report.

## **Note 8 Pension costs**

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

### **a)**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 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. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

### **b) Full**

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed 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.

Due to a change in the law, all employers are required to automatically enrol certain workers in a pension scheme. If employees meet the scheme's eligibility criteria they will be enrolled in the NHS Pension Scheme. If an employee cannot be enrolled in the NHS Pension Scheme for whatever reason, they are automatically enrolled in an alternative qualifying pension scheme. For OUH employees this scheme is the National Employee's Savings Trust (NEST). At the present time there are very few employees (<0.1%) in this scheme.

**Note 9 Operating leases****Note 9.1 Oxford University Hospitals NHS Foundation Trust as a lessor**

The Trust has a 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.

	<b>Six months ending 31 March 2016 £000</b>
<b>Operating lease revenue</b>	
Minimum lease receipts	-
Contingent rent	-
Other	959
<b>Total</b>	<b>959</b>
	<b>31 March 2016 £000</b>
<b>Future minimum lease receipts due:</b>	
- not later than one year;	1,222
- later than one year and not later than five years;	4,514
- later than five years.	23,169
<b>Total</b>	<b>28,905</b>

**Note 9.2 Oxford University Hospitals NHS Foundation Trust as a lessee**

This note discloses costs and commitments incurred in operating lease arrangements where Oxford University Hospitals NHS Foundation Trust FT is the lessee.

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 motor vehicles. There is no material contingent rental, and the leases are for fixed terms. There are no restrictions in these leases other than those which would commonly be found in commercial leases of this kind.

b) Leases of property. Typically these are leases of space in other NHS facilities. These leases are negotiated for fixed terms.

	<b>Six months ending 31 March 2016 £000</b>
<b>Operating lease expense</b>	
Minimum lease payments	416
Contingent rents	-
Less sublease payments received	-
<b>Total</b>	<b>416</b>
	<b>31 March 2016 £000</b>
<b>Future minimum lease payments due:</b>	
- not later than one year;	332
- later than one year and not later than five years;	392
- later than five years.	96
<b>Total</b>	<b>820</b>
Future minimum sublease payments to be received	-

**Note 10 Finance income**

Finance income represents interest received on assets and investments in the period.

	<b>Six months ending 31 March 2016 £000</b>
Interest on bank accounts	116
Interest on loans and receivables	-
Interest on impaired financial assets	-
Interest on available for sale financial assets	-
Interest on held-to-maturity financial assets	-
Fair value gains / (losses) on other financial assets held at fair value through the income and expenditure	-
Recycling of gains / (losses) on available for sale financial instruments	-
Other	-
<b>Total</b>	<b>116</b>

**Note 11.1 Finance expenditure**

Finance expenditure represents interest and other charges involved in the borrowing of money.

	<b>Six months ending 31 March 2016 £000</b>
<b>Interest expense:</b>	
Loans from the Department of Health	68
Commercial loans	-
Overdrafts	-
Finance leases	84
Interest on late payment of commercial debt	1
Other	-
Main finance costs on PFI and LIFT schemes obligations	7,202
Contingent finance costs on PFI and LIFT scheme obligations	2,683
<b>Total interest expense</b>	<b>10,038</b>
Other finance costs	-
<b>Sub total</b>	<b>10,038</b>
Unwinding of discount	34
<b>Total finance expense</b>	<b>10,072</b>

**Note 11.2 The late payment of commercial debts (interest) Act 1998**

	<b>Six months ending 31 March 2016 £000</b>
Amounts included within interest payable arising from claims made under this legislation	1
Compensation paid to cover debt recovery costs under this legislation	-



**Note 12 Corporation tax**

The Trust does not have a corporation tax liability because it is not an incorporated company

**Note 13 Discontinued operations**

The Trust does not have any operations that are classified as discontinued in the six months ended 31 March 2016.

**Note 14.1 Intangible assets - Six months ending 31 March 2016**

	Software licences £000	Patents £000	Internally generated information technology £000	Intangible assets under construction £000	Total £000
<b>Valuation/gross cost at 1 October 2015 - brought forward</b>	-	-	-	-	-
<b>Valuation/gross cost at start of period for new FTs</b>	<b>6,333</b>	<b>9</b>	<b>17,812</b>	-	<b>24,154</b>
Transfers by absorption	-	-	-	-	-
Additions	810	-	1,097	289	<b>2,196</b>
Impairments	-	-	-	-	-
Reversals of impairments	-	-	-	-	-
Reclassifications	-	-	-	-	-
Revaluations	-	-	-	-	-
Transfers to/ from assets held for sale	-	-	-	-	-
Disposals / derecognition	(265)	-	-	-	<b>(265)</b>
<b>Gross cost at 31 March 2016</b>	<b>6,878</b>	<b>9</b>	<b>18,909</b>	<b>289</b>	<b>26,085</b>
<b>Amortisation at 1 October 2015 - brought forward</b>	-	-	-	-	-
<b>Amortisation at start of period for new FTs</b>	<b>2,717</b>	<b>9</b>	<b>11,890</b>	-	<b>14,616</b>
Transfers by absorption	-	-	-	-	-
Provided during the accounting period	207	-	1,415	-	<b>1,622</b>
Impairments	-	-	-	-	-
Reversals of impairments	-	-	-	-	-
Reclassifications	-	-	-	-	-
Revaluations	-	-	-	-	-
Transfers to/ from assets held for sale	-	-	-	-	-
Disposals / derecognition	(196)	-	-	-	<b>(196)</b>
<b>Amortisation at 31 March 2016</b>	<b>2,728</b>	<b>9</b>	<b>13,305</b>	-	<b>16,042</b>
<b>Net book value at 31 March 2016</b>	<b>4,150</b>	-	<b>5,604</b>	<b>289</b>	<b>10,043</b>

The Trust has carried out an impairment review and did not identify any impairments to intangible assets

**Note 15.1 Property, plant and equipment - Six months ending 31 March 2016**

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Valuation/gross cost at 1 October 2015 - brought forward</b>	-	-	-	-	-	-	-	-	-
<b>Valuation/gross cost at start of period as FT</b>	<b>56,026</b>	<b>559,166</b>	<b>635</b>	-	<b>177,970</b>	<b>612</b>	<b>16,468</b>	<b>3,579</b>	<b>814,456</b>
Transfers by absorption	-	-	-	-	-	-	-	-	-
Additions	-	5,379	-	1,108	3,347	-	1,962	-	11,796
Impairments	-	(29,810)	-	-	-	-	-	-	(29,810)
Reversals of impairments	-	(19,533)	-	-	-	-	-	-	(19,533)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	85	345	-	-	-	-	-	-	430
Transfers to/ from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals / derecognition	-	-	-	-	(129)	-	-	-	(129)
<b>Valuation/gross cost at 31 March 2016</b>	<b>56,111</b>	<b>515,547</b>	<b>635</b>	<b>1,108</b>	<b>181,188</b>	<b>612</b>	<b>18,430</b>	<b>3,579</b>	<b>777,210</b>
<b>Accumulated depreciation at 1 October 2015 - brought forward</b>	-	-	-	-	-	-	-	-	-
<b>Depreciation at start of period as FT</b>	-	-	-	-	<b>124,873</b>	<b>548</b>	<b>11,114</b>	<b>2,606</b>	<b>139,141</b>
Transfers by absorption	-	-	-	-	-	-	-	-	-
Provided during the accounting period	-	8,549	14	-	7,825	14	558	165	17,125
Impairments	(85)	17,259	-	-	-	-	-	-	17,174
Reversals of impairments	-	(22,368)	-	-	-	-	-	-	(22,368)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	85	(3,440)	(14)	-	-	-	-	-	(3,369)
Transfers to/ from assets held for sale	-	-	-	-	-	-	-	-	-
Disposals/ derecognition	-	-	-	-	(106)	-	-	-	(106)
<b>Accumulated depreciation at 31 March 2016</b>	-	-	-	-	<b>132,592</b>	<b>562</b>	<b>11,672</b>	<b>2,771</b>	<b>147,597</b>
<b>Net book value at 31 March 2016</b>	<b>56,111</b>	<b>515,547</b>	<b>635</b>	<b>1,108</b>	<b>48,596</b>	<b>50</b>	<b>6,758</b>	<b>808</b>	<b>629,613</b>

**Note 15.2 Property, plant and equipment financing - Six months ending 31 March 2016**

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Net book value at 31 March 2016</b>									
Owned	48,011	209,750	635	1,108	36,136	50	6,752	684	<b>303,126</b>
Finance leased	-	-	-	-	3,423	-	-	-	<b>3,423</b>
On-SoFP PFI contracts and other service concession arrangements	-	253,262	-	-	6,194	-	-	-	<b>259,456</b>
PFI residual interests	-	-	-	-	-	-	-	-	-
Government granted	-	-	-	-	-	-	-	-	-
Donated	8,100	52,535	-	-	2,843	-	6	124	<b>63,608</b>
<b>NBV total at 31 March 2016</b>	<b>56,111</b>	<b>515,547</b>	<b>635</b>	<b>1,108</b>	<b>48,596</b>	<b>50</b>	<b>6,758</b>	<b>808</b>	<b>629,613</b>

**Note 16 Donations of property, plant and equipment**

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

**Note 17 Revaluations of property, plant and equipment**

The Trust's land and buildings were revalued as at 31st March 2016 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, on an alternative 'optimal site'. Therefore a smaller landholding and buildings footprint is required while still maintaining the current level of service provision.

Both impairments and upward movements in value resulting from this revaluation of the estate have been reflected in the accounts for the six months ending 31 March 2016.

The Assets lives used are as follows:

<b>Buildings</b>	<b>Years</b>
Buildings exc dwellings	5-66
Dwellings	12-33
<b>Other Assets</b>	<b>Years</b>
Plant & machinery	5-40
Transport equipment	7
Information technology	5-8
Furniture and fittings	6-10
Software licences	5-9
IT - in house & 3rd party software	5-8

**Note 18.1 Investments - Six months ending 31 March 2016**

The Trust does not have any investment properties

**Note 19 Disclosure of interests in other entities**

The Trust does not have any material interests in other entities

**Note 20 Inventories**

	<b>31 March 2016 £000</b>
Drugs	4,186
Work In progress	-
Consumables	10,299
Energy	120
Inventories carried at fair value less costs to sell	-
Other	1,073
<b>Total inventories</b>	<b><u>15,678</u></b>

Inventories recognised in expenses for the accounting period were £33,751k. Write-down of inventories recognised as expenses for the accounting period were £0k.

**Note 21.1 Trade receivables and other receivables**

	<b>31 March 2016 £000</b>
<b>Current</b>	
Trade receivables due from NHS bodies	18,958
Receivables due from NHS charities	-
Other receivables due from related parties	-
Capital receivables	-
Provision for impaired receivables	(7,489)
Deposits and advances	-
Prepayments (non-PFI)	2,849
PFI prepayments:	
Capital contributions	67
Lifecycle replacements	-
Accrued income	6,193
Interest receivable	-
Corporation tax receivable	-
Finance lease receivables	-
Operating lease receivables	-
PDC dividend receivable	691
VAT receivable	1,933
Other receivables	15,351
<b>Total current trade and other receivables</b>	<b><u>38,553</u></b>
<b>Non-current</b>	
Trade receivables due from NHS bodies	-
Receivables due from NHS charities	-
Other receivables due from related parties	-
Capital receivables	-
Provision for impaired receivables	-
Deposits and advances	-
Prepayments (non-PFI)	98
PFI prepayments:	
Capital contributions	1,271
Lifecycle replacements	-
Accrued income	80
Interest receivable	-
Corporation tax receivable	-
Finance lease receivables	-
Operating lease receivables	-
VAT receivable	-
Other receivables	4,233
<b>Total non-current trade and other receivables</b>	<b><u>5,682</u></b>



**Note 21.2 Provision for impairment of receivables**

	<b>Six months ending 31 March 2016 £000</b>
<b>At 1 April as previously stated</b>	-
Prior period adjustments	-
<b>At 1 April - restated</b>	<u>-</u>
<b>At start of period for new FTs</b>	<b>8,167</b>
Transfers by absorption	-
Increase in provision	-
Amounts utilised	(285)
Unused amounts reversed	(393)
<b>At 31 March</b>	<b><u><u>7,489</u></u></b>

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

**Note 21.3 Analysis of impaired receivables**

	<b>31 March 2016</b>	
	<b>Trade receivables</b>	<b>Other receivables</b>
	<b>£000</b>	<b>£000</b>
<b>Ageing of impaired receivables</b>		
0 - 30 days	-	-
30-60 Days	-	-
60-90 days	-	85
90- 180 days	800	147
Over 180 days	2,234	4,223
<b>Total</b>	<b><u><u>3,034</u></u></b>	<b><u><u>4,455</u></u></b>
<b>Ageing of non-impaired receivables past their due date</b>		
0 - 30 days	2,753	377
30-60 Days	1,988	264
60-90 days	912	171
90- 180 days	1,133	294
Over 180 days	464	2,251
<b>Total</b>	<b><u><u>7,250</u></u></b>	<b><u><u>3,357</u></u></b>

The great majority of trade is with NHS England and CCGs. As commissioners are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary

**Note 22 Other assets**

The Trust does not have any receivables classified as other assets

**Note 23 Other financial assets**

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

**Note 24.1 Non-current assets for sale and assets in disposal groups**

Six months ending 31 March 2016

	Intangible assets £000	Property, plant & equipment £000	Investments in associates & joint ventures £000	Investment properties £000	Total £000
<b>NBV of non-current assets for sale and assets in disposal groups at 1 April</b>	-	-	-	-	-
Prior period adjustment					
<b>NBV of non-current assets for sale and assets in disposal groups at 1 April - restated</b>	-	-	-	-	-
<b>At start of period for new FTs</b>	-	6,750	-	-	6,750
Transfers by absorption	-	-	-	-	-
Plus assets classified as available for sale in the accounting period	-	-	-	-	-
Less assets sold in the accounting period	-	(6,750)	-	-	(6,750)
Less impairment of assets held for sale	-	-	-	-	-
Plus reversal of impairment of assets held for sale	-	-	-	-	-
Less assets no longer classified as held for sale, for reasons other than disposal by sale	-	-	-	-	-
<b>NBV of non-current assets for sale and assets in disposal groups at 31 March</b>	-	-	-	-	-

**Note 24.2 Liabilities in disposal groups**

The Trust does not have any liabilities in disposal groups

**Note 25.1 Cash and cash equivalents movements**

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

	<b>Six months ending 31 March 2016 £000</b>
<b>At 1 April</b>	-
Prior period adjustments	-
<b>At 1 April (restated)</b>	-
<b>At start of period for new FTs</b>	<b>83,815</b>
Transfers by absorption	-
Net change in the accounting period	5,619
<b>At 31 March</b>	<b>89,434</b>
<b>Broken down into:</b>	
Cash at commercial banks and in hand	126
Cash with the Government Banking Service	89,308
Deposits with the National Loan Fund	-
Other current investments	-
<b>Total cash and cash equivalents as in SoFP</b>	<b>89,434</b>
Bank overdrafts (GBS and commercial banks)	-
Drawdown in committed facility	-
<b>Total cash and cash equivalents as in SoCF</b>	<b>89,434</b>

**Note 25.2 Third party assets held by the NHS foundation trust**

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

	<b>31 March 2016 £000</b>
Bank balances	1
Monies on deposit	-
<b>Total third party assets</b>	<b>1</b>

**Note 26.1 Trade and other payables**

	<b>31 March 2016 £000</b>
<b>Current</b>	
Receipts in advance	-
NHS trade payables	6,748
Amounts due to other related parties	-
Other trade payables	40,803
Capital payables	5,960
Social security costs	4,630
VAT payable	111
Other taxes payable	4,952
Other payables	9,707
Accruals	44,175
PDC dividend payable	-
<b>Total current trade and other payables</b>	<b><u>117,086</u></b>
<b>Non-current</b>	
Receipts in advance	-
NHS trade payables	-
Amounts due to other related parties	-
Other trade payables	-
Capital payables	-
VAT payable	-
Other taxes payable	-
Other payables	-
Accruals	-
<b>Total non-current trade and other payables</b>	<b><u>-</u></b>

**Note 26.2 Early retirements in NHS payables above**

There are no early retirements in NHS payables above

**Note 27 Other financial liabilities**

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

**Note 28 Other liabilities**

	<b>31 March 2016 £000</b>
<b>Current</b>	
Deferred grants income	-
Deferred goods and services income	18,297
Deferred rent of land income	-
Other deferred income	86
Deferred PFI credits	-
Lease incentives	-
<b>Total other current liabilities</b>	<b><u>18,383</u></b>
<b>Non-current</b>	
Deferred grants income	-
Deferred goods and services income	12,384
Deferred rent of land income	-
Other deferred income	2,871
Deferred PFI credits	-
Lease incentives	-
Net pension scheme liability	-
<b>Total other non-current liabilities</b>	<b><u>15,255</u></b>

**Note 29 Borrowings**

	<b>31 March 2016 £000</b>
<b>Current</b>	
Bank overdrafts	-
Drawdown in committed facility	-
Loans from the Department of Health	1,404
Other loans	-
Obligations under finance leases	6
PFI lifecycle replacement received in advance	-
Obligations under PFI, LIFT or other service concession contracts (excl. lifecycle)	6,839
<b>Total current borrowings</b>	<b><u>8,249</u></b>
<b>Non-current</b>	
Loans from the Department of Health	2,195
Other loans	-
Obligations under finance leases	2,050
Obligations under PFI, LIFT or other service concession contracts	249,801
<b>Total non-current borrowings</b>	<b><u>254,046</u></b>

**Note 30 Finance leases****Note 30.1 Oxford University Hospitals NHS Foundation Trust as a lessor**

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

**Note 30.2 Oxford University Hospitals NHS Foundation Trust as a lessee**

Obligations under finance leases where Oxford University Hospitals NHS Foundation Trust is the lessee.

	<b>31 March 2016 £000</b>
<b>Gross lease liabilities</b>	<b>2,345</b>
of which liabilities are due:	
- not later than one year;	121
- later than one year and not later than five years;	1,884
- later than five years.	340
Finance charges allocated to future periods	(289)
<b>Net lease liabilities</b>	<b>2,056</b>
of which payable:	
- not later than one year;	6
- later than one year and not later than five years;	1,712
- later than five years.	338
<b>Total of future minimum sublease payments to be received at the reporting date</b>	<b>-</b>
Contingent rent recognised as an expense in the period	-

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.

**Note 31.1 Provisions for liabilities and charges analysis**

	Pensions - former directors £000	Pensions - other staff £000	Other legal claims £000	Agenda for change £000	Re- structurings £000	Continuing care £000	Equal pay £000	Redundancy £000	Other £000	Total £000
<b>At 1 October 2015</b>	-	-	-	-	-	-	-	-	-	-
<b>At start of period for new FTs</b>	<b>158</b>	<b>2,711</b>	<b>126</b>	-	-	-	-	-	<b>1,657</b>	<b>4,652</b>
Transfers by absorption	-	-	-	-	-	-	-	-	-	-
Change in the discount rate	(1)	(15)	-	-	-	-	-	-	-	(16)
Arising during the accounting period	-	-	42	-	-	-	-	-	-	42
Utilised during the accounting period	(6)	(90)	(37)	-	-	-	-	-	(1,014)	(1,147)
Reclassified to liabilities held in disposal groups	-	-	-	-	-	-	-	-	-	-
Reversed unused	(7)	(134)	-	-	-	-	-	-	(643)	(784)
Unwinding of discount	2	32	-	-	-	-	-	-	-	34
<b>At 31 March 2016</b>	<b>146</b>	<b>2,504</b>	<b>131</b>	-	-	-	-	-	-	<b>2,781</b>
<b>Expected timing of cash flows:</b>										
- not later than one year;	11	178	131	-	-	-	-	-	-	320
- later than one year and not later than five years;	45	714	-	-	-	-	-	-	-	759
- later than five years.	90	1,612	-	-	-	-	-	-	-	1,702
<b>Total</b>	<b>146</b>	<b>2,504</b>	<b>131</b>	-	-	-	-	-	-	<b>2,781</b>

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



**Note 31.2 Clinical negligence liabilities**

At 31 March 2016, £337,140k was included in provisions of the NHSLA in respect of clinical negligence liabilities of Oxford University Hospitals NHS Foundation Trust

**Note 32 Contingent assets and liabilities**

	<b>31 March 2016 £000</b>
<b>Value of contingent liabilities</b>	
NHS Litigation Authority legal claims	80
Employment tribunal and other employee related litigation	-
Redundancy	-
Other	-
<b>Gross value of contingent liabilities</b>	<b>80</b>
Amounts recoverable against liabilities	-
<b>Net value of contingent liabilities</b>	<b>80</b>
<b>Net value of contingent assets</b>	<b>-</b>

Contingent liabilities are the legal claims under the liability to third parties and property expenses administered by the NHS Litigation Authority amounting to £80k.

**Note 33 Contractual capital commitments**

	<b>31 March 2016 £000</b>
Property, plant and equipment	6,357
Intangible assets	-
<b>Total</b>	<b>6,357</b>

**Note 34 Defined benefit pension schemes**

The Trust does not operate any material defined benefit pension schemes other than the statutory NHS Pension Scheme

**Note 35 On-SoFP PFI, LIFT or other service concession arrangements**

The Trust has three PFI schemes comprising the John Radcliffe West Wing, Churchill Cancer Centre and the Nuffield Orthopaedic Centre. The John Radcliffe Welcome Centre is recognised as an asset with no liability as there are no payments being made, instead deferred income liability is recognised.

**Note 35.1 Imputed finance lease obligations**

The trust has the following obligations in respect of the finance lease element of on-Statement of Financial Position PFI and LIFT schemes:

	<b>31 March 2016 £000</b>
<b>Gross PFI, LIFT or other service concession liabilities</b>	<b>437,303</b>
<b>Of which liabilities are due</b>	
- not later than one year;	20,842
- later than one year and not later than five years;	81,270
- later than five years.	335,191
Finance charges allocated to future periods	(180,663)
<b>Net PFI, LIFT or other service concession arrangement obligation</b>	<b>256,640</b>
- not later than one year;	6,839
- later than one year and not later than five years;	29,724
- later than five years.	220,077

**Note 35.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments**

The trust's total future obligations under these on-SoFP schemes are as follows:

	<b>31 March 2016 £000</b>
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	958,972
<b>Of which liabilities are due:</b>	
- not later than one year;	41,134
- later than one year and not later than five years;	166,608
- later than five years.	751,230

**Note 35.3 Analysis of amounts payable to service concession operator**

This note provides an analysis of the trust's expenditure in Six months ending 31 March 2016:

	<b>31 March 2016 £000</b>
Unitary payment payable to service concession operator	31,493
<b>Consisting of:</b>	
- Interest charge	7,202
- Repayment of finance lease liability	4,694
- Service element	15,867
- Capital lifecycle maintenance	1,116
- Revenue lifecycle maintenance	(69)
- Contingent rent	2,683
- Other	-
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	-
<b>Consisting of:</b>	
- Services purchased	-
- Other	-
<b>Total amount paid to service concession operator</b>	<b><u><u>31,493</u></u></b>

**Note 36 Off-SoFP PFI, LIFT and other service concession arrangements**

The Trust does not have any off-SoFP PFI, LIFT or other service concession arrangements

## **Note 37 Financial instruments**

### **Note 37.1 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 commissioners and the way those commissioners 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. 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 Trust's regulators. 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 revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2016 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 Commissioners, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

**Note 37.2 Financial assets**

	<b>Loans and receivables</b>	<b>Assets at fair value through the I&amp;E</b>	<b>Held to maturity</b>	<b>Available- for-sale</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Assets as per SoFP as at 31 March 2016</b>					
Embedded derivatives	-	-	-	-	-
Trade and other receivables excluding non financial assets	31,054	-	-	-	<b>31,054</b>
Other investments	-	-	-	-	-
Other financial assets	-	-	-	-	-
Cash and cash equivalents at bank and in hand	89,434	-	-	-	<b>89,434</b>
<b>Total at 31 March 2016</b>	<b>120,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,488</b>

**Note 37.3 Financial liabilities**

	<b>Other financial liabilities</b>	<b>Liabilities at fair value through the I&amp;E</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Liabilities as per SoFP as at 31 March 2016</b>			
Embedded derivatives	-	-	-
Borrowings excluding finance lease and PFI liabilities	3,599	-	<b>3,599</b>
Obligations under finance leases	2,056	-	<b>2,056</b>
Obligations under PFI, LIFT and other service concession contracts	256,640	-	<b>256,640</b>
Trade and other payables excluding non financial liabilities	109,616	-	<b>109,616</b>
Other financial liabilities	-	-	-
Provisions under contract	-	-	-
<b>Total at 31 March 2016</b>	<b>371,911</b>	<b>-</b>	<b>371,911</b>

**Note 37.4 Maturity of financial liabilities**

	<b>31 March 2016 £000</b>
In one year or less	117,867
In more than one year but not more than two years	11,944
In more than two years but not more than five years	21,685
In more than five years	<u>220,415</u>
<b>Total</b>	<b><u><u>371,911</u></u></b>

**Note 37.5 Fair values of financial assets at 31 March 2016**

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

**Note 37.6 Fair values of financial liabilities at 31 March 2016**

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

**Note 38 Losses and special payments**

	<b>Six months ending 31 March 2016</b>	
	<b>Total number of cases Number</b>	<b>Total value of cases £000</b>
<b>Losses</b>		
Cash losses	6	12
Fruitless payments	-	-
Bad debts and claims abandoned	181	272
Stores losses and damage to property	2	101
<b>Total losses</b>	<b>189</b>	<b>385</b>
<b>Special payments</b>		
Extra-contractual payments	-	-
Extra-statutory and extra-regulatory payments	-	-
Compensation payments	1	1
Special severance payments	1	90
Ex-gratia payments	26	12
<b>Total special payments</b>	<b>28</b>	<b>103</b>
<b>Total losses and special payments</b>	<b>217</b>	<b>488</b>
Compensation payments received		-

**Details of cases individually over £300k**

There were no individual cases in excess of £300k

**Note 39 Transfers by absorption**

The Trust did not have any transfers by absorption during the accounting period

**Note 40 Prior period adjustments**

The Trust does not have any prior period adjustments

**Note 41 Events after the reporting date**

The Trust does not have any material non adjusting events after the reporting date to disclose

**Note 42 Final period of operation as a provider of NHS healthcare**

This is not the Trust's final period of operation as a provider of NHS healthcare



**Note 43 Related parties**

During the accounting period 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 Foundation Trust

The Department of Health is regarded as a related party. During the accounting period Oxford University Hospitals NHS Foundation 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. For example :

- Other NHS foundation trusts
- Other NHS trusts
- CCGs and NHS England
- Other health bodies
- NHS Litigation Authority
- NHS Business Services Authority

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 Oxfordshire County Council and are for a variety of reasons including Genito-Urinary Medicine services, salary recharges associated with social services and supported hospital discharges as well as sub-lease arrangements for rental of property space.

The Trust has also received revenue and capital payments from a number of charitable funds, none of these are material, certain of the trustees for which are also members of the Trust board.

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