

Data entered below will be used throughout the workbook:

Trust name:	Oxfordshire & Buckinghamshire Mental Health Partnership NHS Trust
This year	2006/07
Last year	2005/06
This year ended	31 March 2007
Last year ended	31 March 2006
This year beginning	1 April 2006

Throughout these accounts, the 2006/07 values refer to Oxfordshire and Buckinghamshire Mental Health Partnership NHS Trust and the 2005/06 values to Oxfordshire Mental Healthcare NHS Trust only.

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 March 2007**

	NOTE	2006/07 £000	2005/06 £000
Income from activities	3	104,001	60,978
Other operating income	4	38,628	34,995
Operating expenses	5	(138,377)	(92,079)
OPERATING SURPLUS/(DEFICIT)		4,252	3,894
Cost of fundamental reorganisation/restructuring		0	0
Profit/(loss) on disposal of fixed assets	8	936	0
SURPLUS/(DEFICIT) BEFORE INTEREST		5,188	3,894
Interest receivable		370	96
Interest payable	9	(7)	(3)
Other finance costs - unwinding of discount	16	(25)	0
Other finance costs - change in discount rate on provisions		0	0
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR		5,526	3,987
Public Dividend Capital dividends payable		(5,369)	(3,984)
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR		157	3

The notes on pages 6 to 41 form part of these accounts.

All income and expenditure is derived from continuing operations.

**NOTE TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 March 2007**

	31 March 2007 £000	31 March 2006 £000
Retained surplus/(deficit) for the year	157	3
Financial support included in retained surplus/(deficit) for the year - NHS Bank	0	0
Financial support included in retained surplus/(deficit) for the year - Internally Generated	0	1,500
Retained surplus/(deficit) for the year excluding financial support	<u>157</u>	<u>(1,497)</u>

Financial support is income provided wholly to assist in managing the NHS Trust's financial position. Internally generated financial support is financial support received from within the local health economy, consisting of the area of responsibility of South Central Strategic Health Authority.

In 2006/07 the provision of financial support has been replaced by a regime of loans and deposits with the Department of Health. Details of loans received or deposits placed with the Department of Health can be found in notes 14.2 and 15.1 to the accounts.

**BALANCE SHEET AS AT
31 March 2007**

	NOTE	31 March 2007 £000	31 March 2006 £000
FIXED ASSETS			
Intangible assets	10	85	33
Tangible assets	11	186,177	123,956
Investments	14.1	<u>0</u>	<u>0</u>
TOTAL FIXED ASSETS		186,262	123,989
CURRENT ASSETS			
Stocks and work in progress	12	1,322	1,500
Debtors	13	12,152	9,003
Investments	14.2	0	0
Cash at bank and in hand	18.3	<u>418</u>	<u>279</u>
TOTAL CURRENT ASSETS		13,892	10,782
CREDITORS: Amounts falling due within one year	15.1	<u>(8,256)</u>	<u>(7,282)</u>
NET CURRENT ASSETS/(LIABILITIES)		5,636	3,500
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>191,898</u>	<u>127,489</u>
CREDITORS: Amounts falling due after more than one year	15.2	<u>(1,951)</u>	<u>(473)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>(3,038)</u>	<u>(725)</u>
TOTAL ASSETS EMPLOYED		<u><u>186,909</u></u>	<u><u>126,291</u></u>
FINANCED BY:			
TAXPAYERS' EQUITY			
Public dividend capital	22	47,719	51,091
Revaluation reserve	17	82,567	73,252
Donated asset reserve	17	1,265	1,086
Government grant reserve	17	185	0
Other reserves	17	52,074	0
Income and expenditure reserve	17	3,099	862
TOTAL TAXPAYERS' EQUITY		<u><u>186,909</u></u>	<u><u>126,291</u></u>

The financial statements on pages 2 to 5 will be approved by the Board and signed on its behalf by:

Signed:(Chief Executive)

Date:

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED
31 March 2007**

	2006/07	2005/06
	£000	£000
Surplus/(deficit) for the financial year before dividend payments	5,526	3,987
Fixed asset impairment losses	0	0
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	11,044	5,080
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	772	0
Defined benefit scheme actuarial gains/(losses)	0	0
Additions/(reductions) in "other reserves"	52,074	0
Total recognised gains and losses for the financial year	69,416	9,067
Prior period adjustment	0	0
Total gains and losses recognised in the financial year	69,416	9,067

CASH FLOW STATEMENT FOR THE YEAR ENDED
31 March 2007

	NOTE	2006/07 £000	2005/06 £000
OPERATING ACTIVITIES			
Net cash inflow/(outflow) from operating activities	18.1	5,509	5,801
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		370	96
Interest paid		(4)	(3)
Interest element of finance leases		0	0
Net cash inflow/(outflow) from returns on investments and servicing of finance		366	93
CAPITAL EXPENDITURE			
(Payments) to acquire tangible fixed assets		(9,290)	(4,401)
Receipts from sale of tangible fixed assets		9,807	1,181
(Payments) to acquire intangible assets		0	0
Receipts from sale of intangible assets		0	0
(Payments to acquire)/receipts from sale of fixed asset investments		0	0
Net cash inflow/(outflow) from capital expenditure		517	(3,220)
DIVIDENDS PAID			
		(5,369)	(3,984)
Net cash inflow/(outflow) before management of liquid resources and financing		1,023	(1,310)
MANAGEMENT OF LIQUID RESOURCES			
(Purchase) of investments with DH		0	-
(Purchase) of other current asset investments		0	0
Sale of investments with DH		0	-
Sale of other current asset investments		0	0
Net cash inflow/(outflow) from management of liquid resources		0	0
Net cash inflow/(outflow) before financing		1,023	(1,310)
FINANCING			
Public dividend capital received		4,300	4,628
Public dividend capital repaid (not previously accrued)		(7,672)	(3,366)
Public dividend capital repaid (accrued in prior period)		0	0
Loans received from DH		2,500	-
Other loans received		0	120
Loans repaid to DH		0	-
Other loans repaid		(12)	(19)
Other capital receipts		0	0
Capital element of finance lease rental payments		0	0
Cash transferred (to)/from other NHS bodies		0	0
Net cash inflow/(outflow) from financing		(884)	1,363
Increase/(decrease) in cash		139	53

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the NHS Trust Manual for Accounts which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2006/07 NHS Trusts Manual for Accounts issued by the Department of Health. The accounting policies contained in that manual follow UK generally accepted accounting practice (UK GAAP) and HM Treasury's Government Financial Reporting Manual to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs. NHS Trusts are not required to provide a reconciliation between current cost and historical cost surpluses and deficits.

1.2 Acquisitions and discontinued operations

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

1.3 Income Recognition

Income is accounted for applying the accruals convention. The main source of income for the Trust is from commissioners in respect of healthcare services provided under local agreements. Income is recognised in the period in which services are provided. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

1.4 Other Reserves

Where the transfer is from a dissolved trust to an existing trust the existing trust should receive additional PDC (cash) equal to the lower of the value of net assets transferring or the total PDC of the dissolving trust. This cash receipt is then used to repay the dissolving trust's PDC. The effect of this in the Balance Sheet is similar to using new PDC to purchase net assets. However, the transaction does not involve a purchase and so the cash-flow statement shows PDC received and repaid and not 'payments to acquire fixed assets'. The "Other Reserves" reflect the value of the transactions involving the net assets transferred from the dissolved trust.

1.5 Pooled Budgets

The Trust has entered into three pooled budget arrangements, one with Oxfordshire County Council for Adults of Working Age and two further agreements with Buckinghamshire County Council for Adults of Working Age and Older Adults activities. Under the arrangements funds are pooled under S31 of the Health Act 1999 (as revised by S75 of the 2007 Act). A note to the accounts provides details of the income and expenditure.

The pools are hosted by the Trust. Payments for services provided by the Trust are accounted for as income from Local Authorities. The Trust accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budgets, identified in accordance with the pooled budget agreements.

1.6 Intangible fixed assets

Intangible assets are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

1.7 Tangible fixed assets

Capitalisation

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they

- individually have a cost of at least £5,000; or
- collectively have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

Expenditure on digital hearing aids in the year ended 31 March 2004 (but not in earlier years) was treated as capital expenditure, in accordance with the amendment to the Capital Accounting Manual issued in July 2003, giving rise to an increase in fixed assets regardless of the cost of the individual hearing aids. Subsequent purchases of digital hearing aids are capitalised only when the total value is greater than £5,000. Where small numbers of appliances are purchased the costs are expensed as incurred.

Valuation

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

All land and buildings are restated to current value using professional valuations in accordance with FRS15 every five years and in the intervening years by the use of indices. The buildings index is based on the All in Tender Price Index published by the Building Cost Information Service (BCIS). The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office.

Professional valuations are carried out by the District Valuers of the Revenue and Customs Government Department. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. In accordance with the requirements of the Department of Health, the last asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005 and were applied on the 31 March 2005.

The valuations are carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property. The value of land for existing use purposes is assessed at Existing Use Value. For non-operational properties including surplus land, the valuations are carried out at Open Market Value.

Additional alternative Open Market Value figures have only been supplied for operational assets once they have been taken out of operational use and subsequently disposed of.

All adjustments arising from indexation and five-yearly revaluations are taken to the Revaluation Reserve. All impairments resulting from price changes are charged to the Statement of Total Recognised Gains and Losses. Falls in value when newly constructed assets are brought into use are also charged there. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

Assets in the course of construction are valued at current cost using the indices as for land and buildings, as above. These assets include any existing land or buildings under the control of a contractor.

Residual interests in off-balance sheet Private Finance Initiative properties are included in tangible fixed assets as 'assets under construction and payments on account' where the PFI contract specifies the amount, or a nil value, at which the assets will be transferred to the Trust at the end of the contract. The residual interest is built up, on an actuarial basis, during the life of the contract by capitalising part of the unitary charge so that at the end of the contract the balance sheet value of the residual value plus the specified amount equal the expected fair value of the residual asset at the end of the contract. The estimated fair value of the asset on reversion is determined by the District Valuer based on Department of Health guidance. The District Valuer should provide an estimate of the anticipated fair value of the assets on the same basis as the District Valuer values the NHS Trust's estate.

Operational equipment other than IT equipment, which is considered to have nil inflation, is valued at net current replacement cost through annual uplift by the change in the value of the GDP deflator. Equipment surplus to requirements is valued at net recoverable amount.

Depreciation, amortisation and impairments

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land and assets surplus to requirements.

Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

Impairment losses resulting from short-term changes in price that are considered to be recoverable in the longer term are taken in full to the revaluation reserve. These include impairments resulting from the revaluation of fixed assets from their cost to their value in existing use when they become operational. This may lead to a negative revaluation reserve in certain instances.

Where the useful economic life of an asset is reduced from that initially estimated due to the revaluation of an asset for sale, depreciation is charged to bring the value of the asset to its value at the point of sale. Where, under Financial Reporting Standard 11, a fixed asset impairment is charged to the Income and Expenditure Account, offsetting income may be paid by the Trust's main commissioner using funding provided by the NHS Bank.

1.8 Donated fixed assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the Donated Asset Reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are taken to the Donated Asset Reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Income and Expenditure account. Similarly, any impairment on donated assets charged to the Income and Expenditure Account is matched by a transfer from the Donated Asset Reserve. On sale of donated assets, the value of the sale proceeds is transferred from the Donated Asset Reserve to the Income

1.9 Government Grants

Government grants are grants from government bodies other than funds from NHS bodies or funds awarded by Parliamentary Vote. Gains and losses on revaluations are also taken to the Government grant reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Government grant reserve to the Income and Expenditure account. Similarly, any impairment on grant funded assets charged to the Income and Expenditure Account is matched by a transfer from the Reserve.

1.10 Private Finance Initiative (PFI) transactions

The NHS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides definitive guidance for the application of the Application Note F to FRS 5 and the guidance 'Land and Buildings in PFI schemes Version 2'.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI obligations are recorded as an operating expense. Where the trust has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Income and Expenditure Account. Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.

Where the balance of risks and rewards of ownership of the PFI property are borne by the Trust, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

1.11 Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.12 Research and development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project;

- the related expenditure is separately identifiable;

- the outcome of the project has been assessed with reasonable certainty as to:
 - its technical feasibility;
 - its resulting in a product or service which will eventually be brought into use;
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. The amortisation charge is calculated on the same basis as used for depreciation i.e. on a quarterly basis. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. NHS Trusts are unable to disclose the total amount of research and development expenditure charged in the income and expenditure account because some research and development activity cannot be separated from patient care activity.

Fixed assets acquired for use in research and development are amortised over the life of the associated project.

1.13 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is material, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms.

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS 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 Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note

Non-clinical risk pooling

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

1.14 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. As a consequence it is not possible for the NHS Trust to identify its share of the underlying Scheme assets and liabilities. Therefore the Scheme is accounted for as if it is a defined contribution scheme and the cost of the Scheme is equal to the contributions payable to the Scheme for the accounting period.

The Scheme is subject to a full valuation for FRS 17 purposes every four years. The last valuation on this basis took place as at 31 March 2003. The scheme is also subject to a full valuation by the Government Actuary to assess the scheme's assets and liabilities to allow a review of the employers contribution rates. This valuation took place as at 31 March 2004 and has yet to be finalised. The last published valuation on which contributions are based covered the period 1 April 1994 to 31 March 1999. Between valuations, the Government Actuary provides an update of the scheme liabilities. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the Business Service Authority - Pensions Division website at www.nhs.gov.uk. Copies can also be obtained from The Stationery Office.

The conclusion of the 1999 valuation was that the scheme continues to operate on a sound financial basis and the notional surplus of the scheme is £1.1 billion. It was recommended that employers' contributions are set at 14% of pensionable pay from 1 April 2003. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last 3 years' pensionable pay for each year of service. A lump sum normally equivalent to 3 years' pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and up to five times their annual pension for death after retirement, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die after retirement is payable.

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

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

1.15 Liquid resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement. The Trust does not hold any investments with maturity dates exceeding one year from the date of purchase.

1.16 Value Added Tax

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

1.17 Foreign Exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the Income and Expenditure Account.

1.18 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 28 to the accounts.

1.19 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Income and Expenditure Account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Income and Expenditure Account on a straight-line basis over the term of the lease.

1.20 Public Dividend Capital (PDC) and PDC Dividend

Public Dividend Capital represents the outstanding public debt of an NHS Trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the NHS Trust.

A charge, reflecting the forecast cost of capital utilised by the NHS Trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the forecast average carrying amount of all assets less liabilities, except for donated assets and cash with the Office of the Paymaster General. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets. A note to the accounts discloses the rate that the dividend represents as a percentage of the actual average carrying amount of assets less liabilities in the year.

1.21 Losses and Special Payments

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

Losses and Special Payments are charged to the relevant functional headings in the Income and Expenditure Account on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, note 30 is compiled directly from the losses and compensations register which is prepared on a cash basis.

1.22 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government granted current asset investments, valued at open market value. As the Trust makes emissions a provision is recognised, with an offsetting transfer from the government grant reserve. The provision is settled on surrender of the allowances. The current asset investment, provision and government grant reserve are valued at current market value at the balance sheet date.

2 SEGMENTAL ANALYSIS

The following information segments the results of the NHS Trust by:

- Oxfordshire Pharmacy Store - shortline pharmacy store supplying pharmaceuticals to other NHS Trusts in London, the South East and the Midlands
- Healthcare activities, being all the other activities of the NHS Trust

	Healthcare		Oxfordshire Pharmacy		Total	
	£000		£000		£000	
	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
INCOME	126,603	80,908	16,026	15,065	142,629	95,973
SURPLUS/(DEFICIT)						
Segment surplus/(deficit)	4,083	3,929	169	(35)	4,252	3,894
Common costs						
Surplus/(deficit) before interest	4,083	3,929	169	(35)	157	3,894
NET ASSETS:						
Segment net assets	186,909	121,825	0	0	186,909	121,825

3. Income from Activities

	2006/07	2005/06
	£000	£000
Strategic Health Authorities	0	0
NHS Trusts	1,586	678
Primary Care Trusts	102,368	60,223
Foundation Trusts	0	0
Local Authorities	0	0
Department of Health	0	0
NHS Other	0	0
Non NHS:		
- Private patients	43	76
- Overseas patients (non-reciprocal)	0	0
- Road Traffic Act	0	0
- Injury cost recovery	0	-
- Other	4	1
	104,001	60,978

4. Other Operating Income

	2006/07	2005/06
	£000	£000
Patient transport services	0	0
Education, training and research	10,187	6,884
Charitable and other contributions to expenditure	22	33
Transfers from donated asset reserve	34	23
Transfers from government grant reserve	23	0
Non-patient care services to other bodies	9,925	9,670
Income Generation	17,856	16,950
Other income	581	1,435
	38,628	34,995

5. Operating Expenses

5.1 Operating expenses comprise:

	2006/07	2005/06
	£000	£000
Services from other NHS Trusts	3,991	2,150
Services from other NHS bodies	1,803	1,283
Services from Foundation Trusts	224	169
Purchase of healthcare from non NHS bodies	2,254	835
Directors' costs	790	723
Staff costs	86,788	56,007
Supplies and services - clinical	18,099	16,460
Supplies and services - general	2,702	2,330
Establishment	3,753	2,600
Transport	502	324
Premises	4,795	3,133
Bad debts	0	30
Depreciation	4,490	2,495
Amortisation	108	0
Fixed asset impairments and reversals	0	0
Audit fees	184	119
Other auditor's remuneration	0	0
Clinical negligence	0	0
Redundancy costs	638	0
Other	7,256	3,421
	<u>138,377</u>	<u>92,079</u>

5.2 Operating leases

5.2/1 Operating expenses include:

	2006/07	2005/06
	£000	£000
Hire of plant and machinery	0	0
Other operating lease rentals	1,019	60
	<u>1,019</u>	<u>60</u>

5.2/2 Annual commitments under non - cancellable operating leases are:

	Land and buildings		Other leases	
	2006/07	2005/06	2006/07	2005/06
	£000	£000	£000	£000
Operating leases which expire:				
Within 1 year	546	0	312	17
Between 1 and 5 years	2,171	0	297	15
After 5 years	12,393	0	0	0
	<u>15,110</u>	<u>0</u>	<u>609</u>	<u>32</u>

6. Staff costs and numbers**6.1 Staff costs**

	Total	2006/07 Permanently Employed	Other	2005/06
	£000	£000	£000	£000
Salaries and wages	74,651	64,368	10,283	47,743
Social Security Costs	5,396	5,396	0	3,588
Employer contributions to NHS BSA Pension Scheme	8,134	8,134	0	5,351
Other pension costs	0	0	0	0
	88,181	77,898	10,283	56,682

6.2 Average number of persons employed

	Total	2006/07 Permanently Employed	Other	2005/06
	Number	Number	Number	Number
Medical and dental	175	157	18	119
Ambulance staff	0	0	0	0
Administration and estates	545	534	11	357
Healthcare assistants and other support staff	167	165	2	116
Nursing, midwifery and health visiting staff	1,234	1,009	225	758
Nursing, midwifery and health visiting learners	0	0	0	28
Scientific, therapeutic and technical staff	333	284	49	246
Social care staff	0	0	0	0
Other	0	0	0	0
Total	2,454	2,149	305	1,624

6.3 Employee benefits

The Trust's employees received no material benefits in 2006/07 (none in 2005/06)

6.4 Management costs

	2006/07	2005/06
	£000	£000
Management costs	7,558	4,440
Income	142,629	95,973
%	5.3%	4.6%

2006/07 management costs reflect the enlarged Trust after merger with Buckinghamshire Mental Health NHS Trust. Their management costs in 2005/06 were 4.9%. Vacancies held during integration of support services were filled during 2006/07,

6.5 Retirements due to ill-health

During 2006/07 there were 6 (2005/06, 3) early retirements from the NHS Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £258,701 (£69,581). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

7. Better Payment Practice Code**7.1 Better Payment Practice Code - measure of compliance**

	2006/07	
	Number	£000
Total Non-NHS trade invoices paid in the year	32,468	48,030
Total Non NHS trade invoices paid within target	28,890	45,100
Percentage of Non-NHS trade invoices paid within target	89%	94%
Total NHS trade invoices paid in the year	1,994	30,760
Total NHS trade invoices paid within target	1,429	25,028
Percentage of NHS trade invoices paid within target	72%	81%

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

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

	2006/07	2005/06
	£000	£000
Amounts included within Interest Payable (Note 9) arising from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislator	0	0

8. Profit/(Loss) on Disposal of Fixed Assets

Profit/(loss) on the disposal of fixed assets is made up as follows:

	2006/07	2005/06
	£000	£000
Profit on disposal of fixed asset investments	0	0
(Loss) on disposal of fixed asset investments	0	0
Profit on disposal of intangible fixed assets	0	0
(Loss) on disposal of intangible fixed assets	0	0
Profit on disposal of land and buildings	936	0
(Loss) on disposal of land and buildings	0	0
Profits on disposal of plant and equipment	0	0
(Loss) on disposal of plant and equipment	0	0
	<u>936</u>	<u>0</u>

£700k profit arose on the sale of Chiltern View and £186k on Sefton House. There was no profit on disposal of £6.8 million assets linked to transfer of services.

9. Interest Payable

	2006/07	2005/06
	£000	£000
Finance leases	0	0
Late payment of commercial debt	0	0
Loans	6	
Other	1	3
	<u>7</u>	<u>3</u>

10. Intangible Fixed Assets

	Software licences £000	Licenses and trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross cost at 1 April 2006	263	0	0	0	263
Indexation				0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Other revaluation	0	0	0	0	0
Additions purchased	0	0	0	0	0
Additions donated	0	0	0	0	0
Additions government granted	0	0	0	0	0
Disposals	0	0	0	0	0
Gross cost at 31 March 2007	263	0	0	0	263
Amortisation at 1 April 2006	70	0	0	0	70
Indexation				0	0
Impairments	0	0	0	0	0
Reversal of impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Other revaluation	0	0	0	0	0
Charged during the year	108	0	0	0	108
Disposals	0	0	0	0	0
Amortisation at 31 March 2007	178	0	0	0	178
Net book value					
- Purchased at 1 April 2006	33	0	0	0	33
- Donated at 1 April 2006	0	0	0	0	0
- Government granted at 1 April 2006	0	0	0	0	0
- Total at 1 April 2006	33	0	0	0	33
- Purchased at 31 March 2007	85	0	0	0	85
- Donated at 31 March 2007	0	0	0	0	0
- Government granted at 31 March 2007	0	0	0	0	0
- Total at 31 March 2007	85	0	0	0	85

Gross cost at 1 April 2006 includes £160k of net book value of assets transferred from Buckinghamshire Mental Health NHS Trust on merger. Net book value at 1 April 2006 records Oxfordshire Mental Healthcare NHS Trust balance only.

11. Tangible Fixed Assets**11.1 Tangible fixed assets at the balance sheet date comprise the following elements:**

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2006	86,360	85,331	3,907	0	2,126	93	4,525	1,694	184,036
Additions purchased	(1)	2,993	26	4,541	0	0	842	520	8,921
Additions donated	0	0	0	0	0	0	0	0	0
Additions government granted	0	0	0	0	0	0	0	0	0
Impairments	0	(6)	0	0	0	0	0	(7)	(13)
Reclassifications	0	0	0	0	0	0	0	0	0
Indexation	4,935	7,312	330	0	65	3	0	56	12,701
Other in year revaluation	(992)	(197)	0	0	0	0	0	0	(1,189)
Disposals	(3,235)	(2,433)	(3,553)	0	(41)	0	(25)	(32)	(9,319)
Cost or Valuation at 31 March 2007	87,067	93,000	710	4,541	2,150	96	5,342	2,231	195,137
Depreciation at 1 April 2006					1,010	49	2,762	629	4,450
Charged during the year	0	3,272	99		226	9	666	218	4,490
Impairments	0	0	0	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0		0	0	0	0	0
Indexation	0	393	13		34	2		26	468
Other in year revaluation					0	0	0	0	0
Disposals	0	(147)	(246)		(18)	0	(25)	(12)	(448)
Depreciation at 31 March 2007	0	3,518	(134)	0	1,252	60	3,403	861	8,960
Net book value : At 1 April 2006									
- Purchased at 1 April 2006	62,960	57,999	0	0	804	40	452	615	122,870
- Donated at 1 April 2006	0	1,075	0	0	0	0	0	11	1,086
- Government granted at 1 April 2006	0	0	0	0	0	0	0	0	0
- Total at 1 April 2006	62,960	59,074	0	0	804	40	452	626	123,956
Net book value : At 31 March 2007									
- Purchased at 31 March 2007	87,067	88,113	844	4,541	880	36	1,883	1,363	184,727
- Donated at 31 March 2007	0	1,240	0	0	18	0	0	7	1,265
- Government granted at 31 March 2007	0	129	0	0	0	0	56	0	185
- Total at 31 March 2007	87,067	89,482	844	4,541	898	36	1,939	1,370	186,177

Gross cost at 1 April 2006 includes £55,630k of net book value of assets transferred from Buckinghamshire Mental Health NHS Trust on merger. Net book value at 1 April 2006 records Oxfordshire Mental Healthcare NHS Trust balance only.

11.1 Tangible Fixed Assets (contd)

Of the totals at 31 March 2007, £0 related to land valued at open market value and £0 related to buildings valued at open market value and £0 related to dwellings valued at open market value.

The net book value of assets held under finance leases and hire purchase contracts at the balance sheet date are as follows:

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 31 March 2007	0	0	0	0	0	0	0	0	0
At 31 March 2006	0	0	0	0	0	0	0	0	0

The total amount of depreciation charged to the income and expenditure in respect of assets held under finance leases and hire purchase contracts:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Year ended 31 March 2007	0	0	0	0	0	0	0	0	0
Year ended 31 March 2006	0	0	0	0	0	0	0	0	0

11.2 The net book value of land, buildings and dwellings at 31 March 2007 comprises:

	31 March 2007	31 March 2006
	£000	£000
Freehold	168,665	111,487
Long leasehold	509	10,425
Short leasehold	8,219	122
TOTAL	<u>177,393</u>	<u>122,034</u>

12. Stocks and Work in Progress

	31 March 2007	31 March 2006
	£000	£000
Raw materials and consumables	0	0
Work-in-progress	0	0
Finished goods	1,322	1,500
TOTAL	<u>1,322</u>	<u>1,500</u>

13. Debtors

	31 March 2007	31 March 2006
	£000	£000

Amounts falling due within one year:

NHS debtors	4,854	5,523
Provision for irrecoverable debts	(30)	(32)
Other prepayments and accrued income	3,899	918
Other debtors	1,868	950
Sub Total	<u>10,591</u>	<u>7,359</u>

Amounts falling due after more than one year:

NHS debtors	0	0
Provision for irrecoverable debts	0	0
Other prepayments and accrued income	1,507	1,593
Other debtors	54	51
Sub Total	<u>1,561</u>	<u>1,644</u>
TOTAL	<u>12,152</u>	<u>9,003</u>

Other Debtors include £0 prepaid pension contributions at 31 March 2007 (£0 at 31 March 2006)

14. Investments**14.1 Fixed Asset Investments**

	<i>Description</i> £000	<i>Description</i> £000	Other £000	Total £000
Balance at 1 April 2006	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Balance at 31 March 2007	0	0	0	0

14.2 Current Asset Investments

	EU emissions trading scheme £000	Department of Health £000	Other £000	Total £000
Balance at 1 April 2006	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Balance at 31 March 2007	0	0	0	0

15. Creditors

15.1 Creditors at the balance sheet date are made up of:

	31 March 2007	31 March 2006
	£000	£000
Amounts falling due within one year:		
Bank overdrafts	0	0
Current instalments due on loans	638	12
Interest payable	3	0
Payments received on account	231	1,284
NHS creditors	2,047	2,191
Non - NHS trade creditors - revenue	2,606	758
Non - NHS trade creditors - capital	198	22
Tax	198	1,233
Social security costs	760	0
Obligations under finance leases and hire purchase contracts	0	0
Other creditors	1,093	798
Accruals and deferred income	482	984
Sub Total	8,256	7,282
Amounts falling due after more than one year:		
Long - term loans	1,951	89
Obligations under finance leases and hire purchase contracts	0	0
NHS creditors	0	0
Other	0	384
Sub Total	1,951	473
TOTAL	10,207	7,755

Other creditors include;

- £975,191 outstanding pensions contributions at 31 March 2007 (31 March 2006 £744,100).

15.2 Loans [and other long-term financial liabilities]

	DH £000	Other £000	31 March 2007 Total £000	31 March 2006 £000
Amounts falling due:				
In one year or less	626	12	638	12
Between one and two years	626	12	638	12
Between two and five years	1,248	36	1,284	36
Over 5 years	0	29	29	41
TOTAL	<u>2,500</u>	<u>89</u>	<u>2,589</u>	<u>101</u>

	DH £000	Other £000	31 March 2007 Total £000	31 March 2006 £000
Wholly repayable within five years	2,500	60	2,560	0
Wholly repayable after five years, not by instalments	0	29	29	0
Wholly or partially repayable after five years, by instalments	0	0	0	101
TOTAL	<u>2,500</u>	<u>89</u>	<u>2,589</u>	<u>101</u>

Total repayable after five years by instalments

Loans [and long-term financial liabilities] wholly or partially repayable after five years:

	Interest rate %	31 March 2007 Value outstanding £000	31 March 2006 Value outstanding £000
Terms of payment	24	89	101

The Trust has a loan with GP's in respect of the Nuffield Health Centre, with an original value of £120,000 repayable over ten years on a quarterly basis.

15.3 Finance lease obligations

	31 March 2007 £000	31 March 2006 £000
Payable:		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
	<u>0</u>	<u>0</u>
Less finance charges allocated to future periods	0	0
	<u>0</u>	<u>0</u>

15.4 Finance Lease Commitments

The Trust has no finance lease commitments.

16. Provisions for liabilities and charges

	Pensions relating to former directors £000	Pensions relating to other staff £000	Legal claims £000	Restructurings £000	Other £000	Total £000
At 1 April 2006	0	0	251	0	474	725
Arising during the year	73	1,139	223	1,982	1,427	4,844
Utilised during the year	(29)	(58)	(101)	(10)	(677)	(875)
Reversed unused	0	(68)	(46)	(1,104)	(463)	(1,681)
Unwinding of discount	0	25	0	0	0	25
At 31 March 2007	44	1,038	327	868	761	3,038

Expected timing of cashflows:

Within one year	11	85	20	682	282	1,080
Between one and five years	33	953	307	186	479	1,958
After five years	0	0	0	0	0	0

The provision for early retirements is based on guidance provided by the NHS Pensions Agency and is deemed by the Trust to be fairly certain. The provision is required as long as the retirees (or their spouse) remain live or until the pension liability is fully capitalised by the Trust. Quarterly payments are made against this provision directly to the NHS Pensions Agency.

Of the £327K for legal claims, £241K has been recognised as an asset as it is covered by Back to Back arrangements.

In respect of Restructuring, £404K relates to previous restructuring and £462K to future events.

Of the Other Provisions, £500K relate to injury benefits transferred from Buckinghamshire Mental Health trust, and £261K relates to the outstanding Agenda for Change pay and assimilations.

£756K is included in the provisions of the NHS Litigation Authority at 31 March 2007 in respect of clinical negligence liabilities of the NHS Trust (31 March 2006 £72K).

17. Movements on Reserves

Movements on reserves in the year comprised the following:

	Revaluation Reserve £000	Donated Asset Reserve £000	Government Grant Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000	Total £000
At 1 April 2006 as previously stated	73,252	1,086	0	0	862	75,200
Prior Period Adjustments	0	0	0	0	0	0
At 1 April 2006 as restated	<u>73,252</u>	<u>1,086</u>	<u>0</u>	<u>0</u>	<u>862</u>	<u>75,200</u>
Transfer from the income and expenditure account					157	157
Fixed asset impairments	0	0	0			0
Surplus/(deficit) on other revaluations/indexation of fixed/current assets	10,904	130	10			11,044
Transfer of realised profits/(losses) to the income and expenditure reserve	(1,589)	(491)	0		2,080	0
Receipt of donated/government granted assets		0	772			772
Transfers to the income and expenditure account for depreciation, impairment, and disposal of donated/government granted assets		(34)	(23)			(57)
Other transfers between reserves	0	574	(574)	0	0	0
Other movements on reserves (Net assets transferred from Buckinghamshire Mental Health Trust)				52,074		52,074
Reserves eliminated on dissolution	0	0	0	0	0	0
At 31 March 2007	<u>82,567</u>	<u>1,265</u>	<u>185</u>	<u>52,074</u>	<u>3,099</u>	<u><u>139,190</u></u>

18. Notes to the cash flow Statement**18.1 Reconciliation of operating surplus to net cash flow from operating activities:**

	2006/07	2005/06
	£000	£000
Total operating surplus/(deficit)	4,252	3,894
Depreciation and amortisation charge	4,598	2,495
Fixed asset impairments and reversals	0	0
Transfer from donated asset reserve	(34)	(23)
Transfer from the government grant reserve	(23)	0
(Increase)/decrease in stocks	178	(70)
(Increase)/decrease in debtors	(2,790)	(924)
Increase/(decrease) in creditors	(2,960)	673
Increase/(decrease) in provisions	2,288	(244)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities before restructuring costs	5,509	5,801
Payments in respect of fundamental reorganisation/restructuring	0	0
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>5,509</u>	<u>5,801</u>

18.2 Reconciliation of net cash flow to movement in net debt

	2006/07	2005/06
	£000	£000
Increase/(decrease) in cash in the period	139	53
Cash (inflow) from new debt	(2,500)	(120)
Cash outflow from debt repaid and finance lease capital payments	12	19
Cash (inflow)/outflow from (decrease)/increase in liquid resources	0	0
	<hr/>	<hr/>
Change in net debt resulting from cash flows	(2,349)	(48)
Non - cash changes in debt	0	0
Net debt at 1 April 2006	178	226
	<hr/>	<hr/>
Net debt at 31 March 2007	<u>(2,171)</u>	<u>178</u>

18.3 Analysis of changes in net debt

	At 1 April 2006	Cash Transferred (to)/from other NHS bodies	Other cash changes in year	Non-cash changes in year	At 31 March 2007
	£000	£000	£000	£000	£000
OPG cash at bank	234	0	120		354
Commercial cash at bank and in hand	45	0	19		64
Bank overdraft	0	0	0		0
Loan from DH due within one year		0	(626)	0	(626)
Other debt due within one year	(12)	0	0	0	(12)
Loan from DH due after one year		0	(1,874)	0	(1,874)
Other debt due after one year	(89)	0	12	0	(77)
Finance leases	0	0	0	0	0
Current asset investments	0	0	0		0
	178	0	(2,349)	0	(2,171)

19. Capital Commitments

Commitments under capital expenditure contracts at 31 March 2007 were £1,497K (31 March 2006 £660K)

20. Post Balance Sheet Events

There are no post balance sheet events having a material effect on the accounts.

21. Contingencies

	2006/07	2005/06
	£000	£000
Contingent liabilities	0	
Amounts recoverable against contingent liabilities	0	
Net value of contingent liabilities	<u>0</u>	<u>0</u>
Contingent Assets	<u>0</u>	

22. Movement in Public Dividend Capital

	2006/07	2005/06
	£000	£000
Public Dividend Capital as at 1 April 2006	51,091	49,829
New Public Dividend Capital received (including transfers from dissolved NHS Trusts)	4,300	4,628
Public Dividend Capital repaid in year	(7,672)	(3,366)
Public Dividend Capital repayable (creditor)	-	0
Public Dividend Capital written off	0	0
Public Dividend Capital issued as originating capital on new establishment	0	0
Public Dividend Capital transferred to Foundation Trust	0	0
Other movements in Public Dividend Capital in year	0	0
Public Dividend Capital as at 31 March 2007	<u>47,719</u>	<u>51,091</u>

23. Financial Performance Targets**23.1 Breakeven Performance**

The trust's breakeven performance for 2006/07 is as follows:

	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Turnover	45,578	49,368	55,159	67,642	77,473	77,388	81,985	86,618	95,973	142,629
Retained surplus/(deficit) for the year	(3,311)	(1,855)	(2,153)	7,343	8	1	2	2	3	157
Adjustment for:										
- Timing/non-cash impacting distortions										
- Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]	0	0	0	0	0	0	0	0	0	0
- 1999/2000 Prior Period Adjustment (relating to 1997/98 and 1998/99)	0	0								
- 2000/01 Prior Period Adjustment (relating to 1997/98 to 1999/2000)	0	0	0							
- 2001/02 Prior Period Adjustment (relating to 1997/98 to 2000/01)	0	0	0	0						
- 2002/03 Prior Period adjustment (relating to 1997/98 to 2001/02)	0	0	0	0	0					
- 2003/04 Prior Period Adjustment (relating to 1997/98 to 2002/03)	0	0	0	0	0	0				
- 2004/05 Prior Period Adjustment (relating to 1997/98 to 2003/04)	0	0	0	0	0	0	0			
- 2005/06 Prior Period Adjustment (relating to 1997/98 to 2004/05)	0	0	0	0	0	0	0	0		
- 2006/07 Prior Period Adjustment (relating to 1997/98 to 2005/06)	0	0	0	0	0	0	0	0	0	
- Other agreed adjustments	0	0	0	0	0	0	0	0	0	0
Break-even in-year position	(3,311)	(1,855)	(2,153)	7,343	8	1	2	2	3	157
Break-even cumulative position	(3,311)	(5,166)	(7,319)	24	32	33	35	37	40	197
										0
Materiality test (I.e. is it equal to or less than 0.5%):										
- Break-even in-year position as a percentage of turnover	(7.26%)	(3.76%)	(3.90%)	10.86%	0.01%	0.00%	0.00%	0.00%	0.00%	0.11%
- Break-even cumulative position as a percentage of turnover	(7.26%)	(10.46%)	(13.27%)	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.14%

23.2 Capital cost absorption rate

The Trust is required to absorb the cost of capital at a rate of 3.5% of average relevant net assets. The rate is calculated as the percentage that dividends paid on public dividend capital, totalling £5,369K, bears to the average relevant net assets of £155,131k, that is 3.5%.

23.3 External financing

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

	£000	2006/07 £000	2005/06 £000
External financing limit		(1,011)	1,310
Cash flow financing	(1,023)		1,310
Finance leases taken out in the year	0		0
Other capital receipts	0		0
External financing requirement	<u>0</u>	(1,023)	<u>1,310</u>
Undershoot/(overshoot)		<u>12</u>	<u>0</u>

23.4 Capital Resource Limit

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

	2006/07 £000	2005/06 £000
Gross capital expenditure	8,921	3,820
Less: book value of assets disposed of	(8,871)	(1,181)
Plus: loss on disposal of donated assets	0	0
Less: capital grants	0	0
Less: donations towards the acquisition of fixed assets	0	0
Charge against the capital resource limit	<u>50</u>	<u>2,639</u>
Capital resource limit	53	4,484
(Over)/Underspend against the capital resource limit	<u>3</u>	<u>1,845</u>

24. Related Party Transactions

Oxfordshire & Buckinghamshire Mental Health Partnership NHS Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Oxfordshire & Buckinghamshire Mental Health Partnership NHS Trust.

The Department of Health is regarded as a related party. During the year Oxfordshire & Buckinghamshire Partnership NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

	Income to the Trust		Expenditure by the Trust	
	2006/07 £000s	2005/06 £000s	2006/07 £000s	2005/06 £000s
Oxfordshire PCT	58,803	61,266	545	1,109
Buckinghamshire PCT	41,127	1,846	1,421	0
South Central Strategic Health Authority	7,136	6,775	32	6
Oxford Radcliffe Hospital NHS Trust	3,352	2,968	1,494	1,670
Berkshire West PCT	2,847	2,963	0	0
Milton Keynes PCT	2,115	75	61	1
Berkshire Healthcare NHS Trust	1,548	370	147	204
Buckinghamshire Hospitals NHS Trust	1,379	1,363	2,950	35
University Hospitals of Leicester NHS Trust	1,045	624	0	0
University Hospitals Coventry and Warwickshire NHS Trust	831	971	0	6
Oxfordshire Learning Disabilities NHS Trust	803	492	4	3
Heatherwood & Wexham NHS Trust	696	586	0	0
United Lincolnshire Hospitals NHS Trust	642	0	0	0
Northamptonshire PCT	632	274	0	0
Sandwell & West Birmingham NHS Trust	623	425	0	67
Royal Berkshire Hospitals NHS Foundation	606	0	0	0
Royal Berkshire & Battle Hospitals NHS Trust	94	798	0	0
Heart of England NHS Foundation Trust	569	484	0	0
Northampton General Hospital NHS Trust	503	864	0	0
University Hospitals of North Staffordshire	441	301	0	0
Other Health Bodies	9,365	8,302	9,622	4,699

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

In addition the Trust manages the Oxfordshire Pharmacy Store, a shortline pharmaceutical supplier to other NHS organisations. The turnover for the year 2006/07 was £16,026K (£15,065K in 2005/06).

In addition Professor G. Godwin, who is a Non Executive Director of the Trust, is a shareholder of sundry pharmaceutical companies with which the Trust may have business.

In addition Cedric Scroggs, who is a Non Executive Director of the Trust, is a shareholder of sundry pharmaceutical companies with which the Trust may have business.

25. Private Finance Transactions

25.1 PFI operational schemes deemed to be off-balance sheet

	2006/07 £000	2005/06 £000
Amounts included within operating expenses in respect of PFI transactions deemed to be off-balance sheet - gross	1,690	1,498
Amortisation of PFI deferred asset	(86)	(86)
Net charge to operating expenses	<u>1,604</u>	<u>1,412</u>

The NHS Trust is committed to make the following payments during the following years

PFI scheme which expires:		
Within one year*	1,604	1,412
2nd to 5th years (inclusive)*	6,416	5,650
6th to 10th years (inclusive)*	8,020	7,062
11th to 15th years (inclusive)*	8,020	7,062
16th to 20th years (inclusive)*	3,876	4,849
21st to 25th years (inclusive)*	0	0
26th to 30th years (inclusive)*	0	0
31st to 35th years (inclusive)*	0	0
	£000	£000
Estimated capital value of the PFI scheme	9,243	9,243
Contract Start date:	9 June 1999	
Contract End date:	* 5 September 2049	

* Contract break possible after 25 years, at 5 September 2024.

Description of Scheme

The Scheme provides a centre in Oxford for the secure care of 30 clients with mental health problems and 10 clients with learning disabilities. Many of the clients are offenders who have been referred for treatment through the Courts. The Scheme also provides a new staff accommodation block.

Community Health Facilities (Oxford) Limited have designed, built, financed, maintained and operated the new facility. They are a special purpose company established through three main sponsors:

The Miller Group Limited

Interserve (Facilities Management) Ltd (formerly Building and Property Group Limited)

British Linen Investments Limited

Specific Accounting Entries

(i) Sale of Surplus Land

The contract involved arrangements for the operator to receive proceeds from the sale of surplus land, the total value of which was £2.1 million. The substance of this transaction was that it resulted in lower annual payments over the life of the contract. This £2.1 million is treated as a deferred asset (within current assets) in the balance sheet of the Trust. This deferred asset is being written off as an operating cost over the life of the contract (25 years). The value of this deferred asset in the 2006/07 annual accounts is £1,506,525.

(ii) Lease of Trust Land

transaction was that it would result in lower annual payments over the life of the contract, i.e. an implicit reduction in the unitary charge since the operator has not had to lease the land on the open market. Consequently the value of the land (£5,534,812 at 2006/07 value) is recorded within the Trust's total land value.

25.2 'Service' element of PFI schemes deemed to be on-balance sheet

The Trust does not have an element of the PFI Scheme which is deemed to be On-Balance Sheet.

-
-

26. Pooled Budgets**26.1 Oxfordshire County Council Pooled Budget**

Oxfordshire and Buckinghamshire Mental Health Partnership NHS Trust (OBMH) has a pooled budget arrangement with Oxfordshire County Council. This is hosted by OBMH. 1st April 2006 to 31st March 2007.

OBMH Year end Accounts 2006/07 - Memorandum Account

Oxfordshire & Buckinghamshire Mental Health Partnership NHS Trust			
	£000's	£000's	£000's
	Total	OBMH Contribution	Oxford County Council
Contributions to the Pool:			
Expenditure			
Pay	(16,605)	(14,119)	(2,486)
Non-pay	(2,116)	(1,907)	(209)
	(18,721)	(16,026)	(2,695)
Income Received by Pool	421	165	256
Patient Income	18,300	15,861	2,439
Total Delegated Budgets:	18,721	16,026	2,695

26.2 Buckinghamshire County Council Pooled Budgets

Oxfordshire and Buckinghamshire Mental Health Partnership NHS Trust (OBMH) has two pooled budget arrangements with Buckinghamshire County Council. These are hosted by OBMH. 28th to 31st March 2007, (full year £4.1million total).

OBMH Year end Accounts 2006/07 - Memorandum Account

Oxfordshire & Buckinghamshire Mental Health Partnership NHS Trust			
Adults of Working Age	£000's	£000's	£000's
	Total	OBMH Contribution	Buckinghamshire County Council
Contributions to the Pool:			
Expenditure			
Non-pay	(154)	(120)	(34)
	(154)	(120)	(34)
Patient Income	154	120	34
Total Delegated Budgets:	154	120	34

Oxfordshire & Buckinghamshire Mental Health Partnership NHS Trust			
Older Adults	£000's	£000's	£000's
	Total	OBMH Contribution	Buckinghamshire County Council
Contributions to the Pool:			
Expenditure			
Non-pay	(60)	(49)	(11)
	(60)	(49)	(11)
Patient Income	60	49	11
Total Delegated Budgets:	60	49	11

27 Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with local Primary Care Trusts and the way those Primary Care Trusts are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than the currency profile.

Liquidity risk

The NHS Trust's net operating costs are incurred under annual service agreements with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from funds made available from Government under an agreed borrowing limit. Oxfordshire & Buckinghamshire Mental Health Partnership NHS Trust is not, therefore, exposed to significant liquidity risks.

Interest-Rate Risk

100% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. Oxfordshire & Buckinghamshire Mental Health Partnership NHS Trust is not, therefore, exposed to significant interest-rate risk. The following two tables show the interest rate profiles of the Trust's financial assets and liabilities:

27.1 Financial Assets

	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate		Non-interest bearing Weighted average term
					Weighted average interest rate	Weighted average period for which fixed	
Currency	£000	£000	£000	£000	%	Years	Years
At 31 March 2007							
Sterling	418	0	0	418	0.00%	0	0
Other	0	0	0	0	0.00%	0	0
Gross financial assets	418	0	0	418			
At 31 March 2006							
Sterling	279	0	0	279	0.00%	0	0
Other	0	0	0	0	0.00%	0	0
Gross financial assets	279	0	0	279			

27.2 Financial Liabilities

	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate		Non-interest bearing Weighted average term
					Weighted average interest rate	Weighted average period for which fixed	
Currency	£000	£000	£000	£000	%	Years	Years
At 31 March 2007							
Sterling	47,719	0	0	47,719	3.50%	0	0
Other	0	0	0	0	0.00%	0	0
Gross financial liabilities	47,719	0	0	47,719			
At 31 March 2006							
Sterling	51,091	0	0	51,091	3.50%	0	0
Other	0	0	0	0	0.00%	0	0
Gross financial liabilities	51,091	0	0	51,091			

Note: The public dividend capital is of unlimited term.

Foreign Currency Risk

The Trust has no/negligible foreign currency income or expenditure.

27.3 Fair Values

Set out below is a comparison, by category, of book values and fair values of the NHS Trust's financial assets and liabilities as at 31 March 2007.

	Book Value	Fair Value	Basis of fair valuation
	£000	£000	
Financial assets			
Cash	418	418	
Debtors over 1 year:			
- Agreements with commissioners to cover creditors and provisions	0	0	Note a
Investments	0	0	
Total	<u>418</u>	<u>418</u>	
Financial liabilities			
Overdraft	0	0	
Creditors over 1 year:			
- Early retirements	0	0	Note b
- Finance leases	0	0	Note c
Provisions under contract	0	0	Note d
Loans	(2,589)	(2,589)	
Public dividend capital	(47,719)	(47,719)	Note e
Total	<u>(50,308)</u>	<u>(50,308)</u>	

Notes

- a These debtors reflect agreements with commissioners to cover creditors over 1 year for early retirements and provisions under contract, and their related interest charge/unwinding of discount. In line with notes c and e, below, fair value is not significantly different from book value.
- b Fair value is not significantly different from book value since interest at 9% is paid on early retirement creditors.
- c To obtain fair value, cash flows have been discounted at prevailing market interest rates for finance leases for a similar term.
- d Fair value is not significantly different from book value since, in the calculation of book value, the expected cash flows have been discounted by the Treasury discount rate of 2.2% in real terms.
- e The figure here should be the full value of PDC in the balance sheet and 'book value' should equal 'fair value'.

28 Third Party Assets

The Trust held £473,810.17 cash at bank and in hand at 31 March 2007 (£126,583.17 - at 31 March 2006) which relates to monies held by the NHS Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

29 Intra-Government and Other Balances

	Debtors: amounts falling due within one year	Debtors: amounts falling due after more than one year	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year
	£000	£000	£000	£000
Balances with other Central Government Bodies	3,131	0	1,368	1,884
Balances with Local Authorities	608	0	0	0
Balances with NHS Trusts and Foundation Trusts	1,721	0	926	0
Balances with Public Corporations and Trading Funds	3	0	419	0
Balances with bodies external to government	5,128	1,561	5,543	67
At 31 March 2007	<u>10,591</u>	<u>1,561</u>	<u>8,256</u>	<u>1,951</u>
Balances with other Central Government Bodies	1,814	0	942	0
Balances with Local Authorities	388	0	9	0
Balances with NHS Trusts and Foundation Trusts	3,689	0	913	0
Balances with Public Corporations and Trading Funds	17	0	330	0
Balances with bodies external to government	1,451	1,644	5,088	473
At 31 March 2006	<u>7,359</u>	<u>1,644</u>	<u>7,282</u>	<u>473</u>

30 Losses and Special Payments

There were 37 cases of losses and special payments (2005/06: 21 cases) totalling £7,820 (2005/06: £7,384) paid during 2006/07.

Note: The total costs included in this note are on a cash basis and will not reconcile to the amounts in the notes to the accounts which are prepared on an accruals basis.