

Trust name:	Oxfordshire & Buckinghamshire Mental Health Partnership NHS Trust
This year	2007/08
Last year	2006/07
This year ended	31 March 2008
Last year ended	31 March 2007
This year beginning	1 April 2007

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED  
31 March 2008**

	NOTE	2007/08 £000	2006/07 £000
<b>Income from activities</b>	3	<b>112,201</b>	104,001
<b>Other operating income</b>	4	<b>39,487</b>	38,628
<b>Operating expenses</b>	5-7	<b>(144,247)</b>	<b>(138,377)</b>
<b>OPERATING SURPLUS</b>		<b>7,441</b>	4,252
Profit/(loss) on disposal of fixed assets	8	<b>(806)</b>	936
<b>SURPLUS BEFORE INTEREST</b>		<b>6,635</b>	5,188
Interest receivable		<b>515</b>	370
Interest payable	9	<b>(125)</b>	(7)
Other finance costs - unwinding of discount	16	<b>(33)</b>	(25)
<b>SURPLUS FOR THE FINANCIAL YEAR</b>		<b>6,992</b>	5,526
Public Dividend Capital dividends payable		<b>(5,939)</b>	<b>(5,369)</b>
<b>RETAINED SURPLUS FOR THE YEAR</b>		<b><u>1,053</u></b>	<b><u>157</u></b>

The notes on pages 5 to 40 form part of these accounts.  
All income and expenditure is derived from continuing operations.

**BALANCE SHEET AS AT  
31 March 2008**

	NOTE	31 March 2008 £000	31 March 2007 £000
<b>FIXED ASSETS</b>			
Intangible assets	10	42	85
Tangible assets	11	199,928	186,177
		<b>199,970</b>	186,262
<b>CURRENT ASSETS</b>			
Stocks and work in progress	12	1,625	1,322
Debtors	13	8,974	12,152
Cash at bank and in hand	18.3	5,369	418
		<b>15,968</b>	13,892
<b>CREDITORS:</b> Amounts falling due within one year	15.1	<b>(9,983)</b>	<b>(8,256)</b>
<b>NET CURRENT ASSETS</b>		<b>5,985</b>	5,636
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>205,955</b>	191,898
<b>CREDITORS:</b> Amounts falling due after more than one year	15.1	<b>(1,313)</b>	<b>(1,951)</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	<b>(2,274)</b>	<b>(3,038)</b>
<b>TOTAL ASSETS EMPLOYED</b>		<b>202,368</b>	186,909
<b>FINANCED BY:</b>			
<b>TAXPAYERS' EQUITY</b>			
Public dividend capital	22	88,380	47,719
Revaluation reserve	17	89,378	82,567
Donated asset reserve	17	1,373	1,265
Government grant reserve	17	172	185
Other reserves	17	18,517	52,074
Income and expenditure reserve	17	4,548	3,099
<b>TOTAL TAXPAYERS' EQUITY</b>		<b>202,368</b>	186,909

The financial statements on pages 1 to 4 were 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 2008**

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Surplus/(deficit) for the financial year before dividend payments	<b>6,992</b>	5,526
Fixed asset impairment losses	<b>(5,303)</b>	0
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	<b>12,637</b>	11,044
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	<b>30</b>	772
Additions/(reductions) in "other reserves" **	<b>(33,570)</b>	52,074
<b>Total recognised gains and losses for the financial year*</b>	<b>(19,214)</b>	69,416
Prior period adjustment	<b>0</b>	0
<b>Total gains and losses recognised in the financial year*</b>	<b>(19,214)</b>	69,416

\* Total recognised gains and losses. This does not represent a financial target of the Trust but helps to explain the movements in reserves during the year.

\*\* 2006/07 additions of £52,074K reflects the acquisition of Buckinghamshire Mental Health NHS Trust (£34m provision for Public Dividend Capital (PDC), £18m Reserves), in line with DH acquisition by merger accounting rules.

2007/08 reduction of £33,570K reflects the subsequent movement to PDC from 'Other Reserves'.

**CASH FLOW STATEMENT FOR THE YEAR ENDED**  
**31 March 2008**

	NOTE	2007/08 £000	2006/07 £000
<b>OPERATING ACTIVITIES</b>			
Net cash inflow from operating activities	18.1	14,841	5,509
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:</b>			
Interest received		516	370
Interest paid		(128)	(4)
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		<b>388</b>	<b>366</b>
<b>CAPITAL EXPENDITURE</b>			
(Payments) to acquire tangible fixed assets		(10,801)	(9,290)
Receipts from sale of tangible fixed assets		0	9,807
(Payments) to acquire intangible assets		(34)	0
<b>Net cash inflow/(outflow) from capital expenditure</b>		<b>(10,835)</b>	<b>517</b>
<b>DIVIDENDS PAID</b>			
		(5,939)	(5,369)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		<b>(1,545)</b>	<b>1,023</b>
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
<b>Net cash inflow/(outflow) from management of liquid resources</b>		<b>0</b>	<b>0</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>(1,545)</b>	<b>1,023</b>
<b>FINANCING</b>			
Public dividend capital received		7,104	4,300
Public dividend capital repaid (not previously accrued)		0	(7,672)
Loans received from DH		0	2,500
Loans repaid to DH		(626)	(12)
Other loans repaid		(12)	0
Other capital receipts		30	0
<b>Net cash inflow/(outflow) from financing</b>		<b>6,496</b>	<b>(884)</b>
<b>Increase in cash</b>		<b>4,951</b>	<b>139</b>

## 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. The accounting policies contained in that manual follow UK generally accepted accounting practice (UK GAAP) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to the NHS. 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 arrangement funds are pooled under S75 of the NHS Act 2006. 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.

### **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 scheduled for imminent closure and subsequent disposal.

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 indexes 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.

### **Donated fixed assets**

#### **1.8**

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 and Expenditure Reserve.

### **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 practical 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 16.

## **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. Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.pensions.nhsbsa.nhs.uk](http://www.pensions.nhsbsa.nhs.uk). The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

The Scheme is subject to a full actuarial valuation every four years (until 2004, based on a five year valuation cycle), and a FRS17 accounting valuation every year. An outline of these follows:

#### **a) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the Scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

#### **b) FRS17 Accounting valuation**

In accordance with FRS17, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the Scheme Actuary. At this point the assumptions regarding the composition of the Scheme membership are updated to allow the Scheme liability to be valued.

The valuation of the Scheme liability as at 31 March 2008, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 with summary global member and accounting data.

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 NHS Pensions website. Copies can also be obtained from The Stationery Office.

### **Scheme provisions as at 31 March 2008**

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80<sup>th</sup> 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 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 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.

### **Scheme provisions from 1 April 2008**

From 1 April 2008 changes have been made to the NHS Pension Scheme contribution rates and benefits. Further details of these changes can be found on the NHS Pensions website [www.pensions.nhsbsa.nhs.uk](http://www.pensions.nhsbsa.nhs.uk).

#### **1.15 Liquid resources**

Deposits and other investments that are readily convertible into known amounts of cash at or close to their

#### **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).

### **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	
	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
INCOME	<b>134,206</b>	126,603	<b>17,482</b>	16,026	<b>151,688</b>	142,629
SURPLUS/(DEFICIT)						
Segment surplus/(deficit)	<b>6,675</b>	5,019	<b>(40)</b>	169	<b>6,635</b>	5,188
Common costs						
Surplus/(deficit) before interest	<b>6,675</b>	5,019	<b>(40)</b>	169	<b>6,635</b>	5,188
NET ASSETS:						
Segment net assets	<b>199,478</b>	184,433	<b>2,891</b>	2,476	<b>202,369</b>	186,909

**3. Income from Activities**

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
NHS Trusts	<b>205</b>	1,586
Primary Care Trusts	<b>108,269</b>	102,368
Foundation Trusts	<b>2,381</b>	0
Local Authorities	<b>1,181</b>	0
Department of Health	<b>70</b>	0
NHS Other	<b>0</b>	0
Non NHS:		
- Private patients	<b>95</b>	43
- Other	<b>0</b>	4
	<b><u>112,201</u></b>	<u>104,001</u>

**4. Other Operating Income**

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Education, training and research	<b>10,623</b>	10,187
Charitable and other contributions to expenditure	<b>9</b>	22
Transfers from donated asset reserve	<b>25</b>	34
Transfers from government grant reserve	<b>24</b>	23
Non-patient care services to other bodies	<b>9,665</b>	9,925
Oxford Pharmacy Store	<b>17,482</b>	16,026
Income Generation	<b>1,276</b>	1,830
Other income	<b>383</b>	581
	<b><u>39,487</u></b>	<u>38,628</u>

## 5. Operating Expenses

### 5.1 Operating expenses comprise:

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Services from other NHS Trusts	<b>4,092</b>	3,991
Services from PCTs	<b>1,818</b>	1,803
Services from other NHS bodies	<b>79</b>	0
Services from Foundation Trusts	<b>313</b>	224
Purchase of healthcare from non NHS bodies	<b>4,148</b>	2,254
Directors' costs	<b>836</b>	790
Staff costs	<b>88,459</b>	86,788
Supplies and services - clinical	<b>19,783</b>	18,099
Supplies and services - general	<b>2,461</b>	2,702
Consultancy services	<b>672</b>	513
Establishment	<b>3,506</b>	3,753
Transport	<b>494</b>	502
Premises	<b>5,303</b>	4,795
Bad debts	<b>36</b>	0
Depreciation	<b>4,597</b>	4,490
Amortisation	<b>77</b>	108
Audit fees	<b>172</b>	184
Redundancy costs	<b>(23)</b>	638
Other *	<b>7,424</b>	7,256
	<b><u>144,247</u></b>	<b><u>138,890</u></b>

\* Other Operating Expenses includes £2.5m relating to hosted Information, Management & Technology investment in Oxfordshire. This is matched by 'other operating income'.

**5.2 Operating leases**

**5.2/1 Operating expenses include:**

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Other operating lease rentals	<b>1,574</b>	1,019
	<u><b>1,574</b></u>	<u>1,019</u>

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

	<b>Land and buildings</b>		<b>Other leases</b>	
	<b>2007/08</b>	2006/07	<b>2007/08</b>	2006/07
	<b>£000</b>	£000	<b>£000</b>	£000
Operating leases which expire:				
Within 1 year	<b>913</b>	546	<b>516</b>	312
Between 1 and 5 years	<b>3,565</b>	2,171	<b>544</b>	297
After 5 years	<b>12,902</b>	12,393	<b>0</b>	0
	<u><b>17,380</b></u>	<u>15,110</u>	<u><b>1,060</b></u>	<u>609</u>

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

	<b>Total</b>	<b>2007/08 Permanently Employed</b>	<b>Other</b>	2006/07
	<b>£000</b>	<b>£000</b>	<b>£000</b>	£000
Salaries and wages	<b>75,653</b>	67,030	8,623	74,651
Social Security Costs	<b>5,221</b>	5,221	0	5,396
Employer contributions to NHS Pension Scheme	<b>8,361</b>	8,361	0	8,134
	<b><u>89,235</u></b>	<b><u>80,612</u></b>	<b><u>8,623</u></b>	<b><u>88,181</u></b>

**6.2 Average number of persons employed**

	<b>Total</b>	<b>2007/08 Permanently Employed</b>	<b>Other</b>	2006/07
	<b>Number *</b>	<b>Number *</b>	<b>Number *</b>	Number *
Medical and dental	<b>177</b>	175	2	175
Administration and estates	<b>529</b>	507	22	545
Healthcare assistants and other support staff	<b>195</b>	187	8	167
Nursing, midwifery and health visiting staff	<b>1,138</b>	960	178	1,234
Scientific, therapeutic and technical staff	<b>316</b>	316	0	333
Total	<b><u>2,355</u></b>	<b><u>2,145</u></b>	<b><u>210</u></b>	<b><u>2,454</u></b>

\* Relates to Whole Time Equivalent rather than headcount

### 6.3 Employee benefits

The Trust's employees received no material benefits in 2007/08 (none in 2006/07)

### 6.4 Management costs

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Management costs	<b>8,784</b>	7,952
Income	<b>151,688</b>	142,629
%	5.8%	5.6%

### 6.5 Retirements due to ill-health

During 2007/08 there were 7 (2006/07, 6) 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 £331,138 (£258,701). 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

	2007/08	
	Number	£000
Total Non-NHS trade invoices paid in the year	33,795	53,639
Total Non NHS trade invoices paid within target	29,667	50,402
Percentage of Non-NHS trade invoices paid within target	88%	94%
Total NHS trade invoices paid in the year	1,922	17,644
Total NHS trade invoices paid within target	1,470	15,020
Percentage of NHS trade invoices paid within target	76%	85%

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

	2007/08	2006/07
	£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 legislation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

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

	2007/08	2006/07
	£000	£000
Profit on disposal of land and buildings	0	936
(Loss) on disposal of land and buildings*	(806)	0
	<b>(806)</b>	<b>936</b>

\* Loss occurred due to redevelopment of Manor House site - Block 'H'

## 9. Interest Payable

	2007/08	2006/07
	£000	£000
Loans	125	6
Other	0	1
	<b>125</b>	<b>7</b>

**10. Intangible Fixed Assets**

	<b>Software licences £000</b>	<b>Licenses and trademarks £000</b>	<b>Patents £000</b>	<b>Development expenditure £000</b>	<b>Total £000</b>
Gross cost at 1 April 2007	263	0	0	0	263
Indexation	0	0	0	0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Revaluation	0	0	0	0	0
Additions purchased	34	0	0	0	34
Additions donated	0	0	0	0	0
Additions government granted	0	0	0	0	0
Disposals	0	0	0	0	0
<b>Gross cost at 31 March 2008</b>	<b>297</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>297</b>
Amortisation at 1 April 2007	178	0	0	0	178
Indexation	0	0	0	0	0
Impairments	0	0	0	0	0
Reversal of impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Revaluation	0	0	0	0	0
Charged during the year	77	0	0	0	77
Disposals	0	0	0	0	0
<b>Amortisation at 31 March 2008</b>	<b>255</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>255</b>
<b>Net book value</b>					
- Purchased at 1 April 2007	85	0	0	0	85
- Donated at 1 April 2007	0	0	0	0	0
- Government granted at 1 April 2007	0	0	0	0	0
<b>- Total at 1 April 2007</b>	<b>85</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>85</b>
- Purchased at 31 March 2008	42	0	0	0	42
- Donated at 31 March 2008	0	0	0	0	0
- Government granted at 31 March 2008	0	0	0	0	0
<b>- Total at 31 March 2008</b>	<b>42</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>42</b>

**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 2007	87,067	89,482	844	4,541	2,150	96	5,342	2,231	191,753
Additions purchased	0	3,611	0	6,987	59	0	703	431	11,791
Additions donated	0	30	0	0	0	0	0	0	30
Additions government granted	0	0	0	0	0	0	0	0	0
Impairments	(5,303)	0	0	0	0	0	0	0	(5,303)
Reclassifications	0	4,194	0	(4,293)	0	0	9	90	0
Indexation	4,706	7,800	70	0	21	1	0	39	12,637
Revaluation	0	0	0	0	0	0	0	0	0
Disposals	0	(939)	0	0	0	(1)	0	0	(940)
<b>Cost or Valuation at 31 March 2008</b>	<b>86,470</b>	<b>104,178</b>	<b>914</b>	<b>7,235</b>	<b>2,230</b>	<b>96</b>	<b>6,054</b>	<b>2,791</b>	<b>209,968</b>
Depreciation at 1 April 2007	0	0	0	0	1,252	60	3,403	861	5,576
Charged during the year	0	3,438	15	0	171	9	733	231	4,597
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	0
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Disposals	0	(132)	0	0	0	(1)	0	0	(133)
<b>Depreciation at 31 March 2008</b>	<b>0</b>	<b>3,306</b>	<b>15</b>	<b>0</b>	<b>1,423</b>	<b>68</b>	<b>4,136</b>	<b>1,092</b>	<b>10,040</b>
<b>Net book value</b>									
- Purchased at 1 April 2007	87,067	88,113	844	4,541	880	36	1,883	1,363	184,727
- Donated at 1 April 2007	0	1,240	0	0	18	0	0	7	1,265
- Government granted at 1 April 2007	0	129	0	0	0	0	56	0	185
<b>- Total at 1 April 2007</b>	<b>87,067</b>	<b>89,482</b>	<b>844</b>	<b>4,541</b>	<b>898</b>	<b>36</b>	<b>1,939</b>	<b>1,370</b>	<b>186,177</b>
- Purchased at 31 March 2008	86,470	99,383	899	7,235	793	28	1,881	1,694	198,383
- Donated at 31 March 2008	0	1,354	0	0	14	0	0	5	1,373
- Government granted at 31 March 2008	0	135	0	0	0	0	37	0	172
<b>- Total at 31 March 2008</b>	<b>86,470</b>	<b>100,872</b>	<b>899</b>	<b>7,235</b>	<b>807</b>	<b>28</b>	<b>1,918</b>	<b>1,699</b>	<b>199,928</b>

\* The Assets under construction have been transferred at cost to buildings. All assets are being revalued by the District Valuer in the summer of 2008

### 11.1 Tangible Fixed Assets (contd)

Of the totals at 31 March 2008, land of £4.7 million related to open market value. All assets are being revalued by the District Valuer in the summer of 2008.

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 2008	0	0	0	0	0	0	0	0	0
At 31 March 2007	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
Depreciation 31 March 2008	0	0	0	0	0	0	0	0	0
Depreciation 31 March 2007	0	0	0	0	0	0	0	0	0

**11.2 The net book value of land, buildings and dwellings at 31 March 2008 comprises:**

	<b>31 March 2008</b>	31 March 2007
	<b>£000</b>	£000
Freehold	178,888	168,665
Long leasehold	535	509
Short leasehold	8,818	8,219
<b>TOTAL</b>	<b><u>188,241</u></b>	<b><u>177,393</u></b>

**12. Stocks and Work in Progress**

	<b>31 March 2008</b>	31 March 2007
	<b>£000</b>	£000
Finished goods	1,625	1,322
<b>TOTAL</b>	<b><u>1,625</u></b>	<b><u>1,322</u></b>

**13. Debtors**

	<b>31 March 2008</b>	31 March 2007
	<b>£000</b>	£000
<b>Amounts falling due within one year:</b>		
NHS debtors	4,226	4,854
Provision for irrecoverable debts	66	(30)
Other prepayments and accrued income	1,041	3,899
Other debtors	2,191	1,868
<b>Sub Total</b>	<b><u>7,524</u></b>	<b><u>10,591</u></b>
<b>Amounts falling due after more than one year:</b>		
Other prepayments and accrued income	1,420	1,507
Other debtors	30	54
<b>Sub Total</b>	<b><u>1,450</u></b>	<b><u>1,561</u></b>
<b>TOTAL</b>	<b><u>8,974</u></b>	<b><u>12,152</u></b>

Other Debtors include £0 prepaid pension contributions at 31 March 2008 (£0 at 31 March 2007)

**14. Investments****14.1 Fixed Asset Investments**

	<i>Description</i> £000	<i>Description</i> £000	Other £000	<b>Total</b> <b>£000</b>
Balance at 1 April 2007	0	0	0	<b>0</b>
Additions	0	0	0	<b>0</b>
Disposals	0	0	0	<b>0</b>
Revaluations	0	0	0	<b>0</b>
<b>Balance at 31 March 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**14.2 Current Asset Investments**

	EU emissions trading scheme £000	Department of Health £000	Other £000	<b>Total</b> <b>£000</b>
Balance at 1 April 2007	0	0	0	<b>0</b>
Additions	0	0	0	<b>0</b>
Disposals	0	0	0	<b>0</b>
Revaluations	0	0	0	<b>0</b>
<b>Balance at 31 March 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

	<b>31 March 2008</b>	31 March 2007
	<b>£000</b>	£000
<b>Amounts falling due within one year:</b>		
Current instalments due on loans	<b>638</b>	638
Interest payable	<b>0</b>	3
Payments received on account	<b>18</b>	231
NHS creditors	<b>3,312</b>	2,047
Non - NHS trade creditors - revenue	<b>4,376</b>	2,606
Non - NHS trade creditors - capital	<b>401</b>	198
Tax	<b>0</b>	198
Social security costs	<b>0</b>	760
Other creditors	<b>15</b>	1,093
Accruals and deferred income	<b>1,223</b>	482
<b>Sub Total</b>	<b>9,983</b>	8,256
<b>Amounts falling due after more than one year:</b>		
Long - term loans	<b>1,313</b>	1,951
<b>TOTAL</b>	<b>11,296</b>	10,207

Other creditors include;

- £0 outstanding pensions contributions at 31 March 2008 (31 March 2007 £975,191).

**15.2 Loans [and other long-term financial liabilities]**

	<i>DH</i>	<i>Other</i>	<b>Total 2007/08 £000</b>	31 March 2007 £000
Amounts falling due:				
In one year or less	626	12	<b>638</b>	638
Between one and two years	626	12	<b>638</b>	638
Between two and five years	622	36	<b>658</b>	1,284
Over 5 years	0	17	<b>17</b>	29
<b>TOTAL</b>	<b>1,874</b>	<b>77</b>	<b>1,951</b>	<b>2,589</b>

	<i>DH</i>	<i>Other</i>	<b>Total 2007/08 £000</b>	31 March 2007 £000
Wholly repayable within five years	1,874	60	<b>1,934</b>	2,560
Wholly repayable after five years, not by instalments	0	17	<b>17</b>	29
Wholly or partially repayable after five years, by instalments	0	0	<b>0</b>	0
<b>TOTAL</b>	<b>1,874</b>	<b>77</b>	<b>1,951</b>	<b>2,589</b>
Total repayable after five years by instalments	0	0	0	0

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

	<b>Interest rate %</b>	<b>Value outstanding £000</b>	31 March 2007 £000
Terms of payment	5	77	89

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**

	<b>31 March 2008 £000</b>	31 March 2007 £000
Payable:		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
	<b>0</b>	<b>0</b>
Less finance charges allocated to future periods	0	0
	<b>0</b>	<b>0</b>

**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	<b>Total £000</b>
At 1 April 2007	44	1,038	327	868	761	<b>3,038</b>
Arising during the year	0	0	145	391	0	<b>536</b>
Utilised during the year	(44)	(86)	(86)	(184)	(26)	<b>(426)</b>
Reversed unused	0	(27)	(55)	(564)	(261)	<b>(907)</b>
Unwinding of discount	0	22	0	0	11	<b>33</b>
<b>At 31 March 2008</b>	<b>0</b>	<b>947</b>	<b>331</b>	<b>511</b>	<b>485</b>	<b>2,274</b>

**Expected timing of cashflows:**

Within one year	0	88	65	349	26	<b>528</b>
Between one and five years	0	352	261	52	104	<b>769</b>
After five years	0	507	5	110	355	<b>977</b>

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 alive 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 £331k for legal claims, £185k has been recognised as an asset as it is covered by Back to Back arrangements.

In respect of Restructuring, £183K relates to previous restructuring and £328K to future events.

Other Provisions relate to injury benefits transferred from Buckinghamshire Mental Health Trust.

£405 is included in the provisions of the NHS Litigation Authority at 31 March 2008 in respect of clinical negligence liabilities of the NHS Trust (31 March 2007 £756K).

**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	<b>Total £000</b>
At 1 April 2007 as previously stated	82,567	1,265	185	52,074	3,099	<b>139,190</b>
Prior Period Adjustments	0	0	0	0	0	<b>0</b>
At 1 April 2007 as restated	<u>82,567</u>	<u>1,265</u>	<u>185</u>	<u>52,074</u>	<u>3,099</u>	<u><b>139,190</b></u>
Transfer from the income and expenditure account	0	0	0	0	1,053	<b>1,053</b>
Fixed asset impairments	(5,303)	0	0	0	0	<b>(5,303)</b>
Surplus/(deficit) on other revaluations/indexation of fixed/current assets	12,523	103	11	0	0	<b>12,637</b>
Transfer of realised profits/(losses) to the income and expenditure reserve	(396)	0	0	0	396	<b>0</b>
Receipt of donated/government granted assets	0	30	0	0	0	<b>30</b>
Transfers to the income and expenditure account for depreciation, impairment, and disposal of donated/government granted assets	0	(25)	(24)	0	0	<b>(49)</b>
Other transfers between reserves	(13)	0	0	13	0	<b>0</b>
Other movements on reserves - Transfer of Bucks PDC from other reserves	0	0	0	(33,570)	0	<b>(33,570)</b>
At 31 March 2008	<u><b>89,378</b></u>	<u><b>1,373</b></u>	<u><b>172</b></u>	<u><b>18,517</b></u>	<u><b>4,548</b></u>	<u><b>113,988</b></u>

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

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Total operating surplus	7,441	4,252
Depreciation and amortisation charge	4,674	4,598
Fixed asset impairments and reversals	0	13
Transfer from donated asset reserve	(25)	(34)
Transfer from the government grant reserve	(24)	(23)
(Increase)/decrease in stocks	(303)	178
(Increase)/decrease in debtors	2,989	(2,790)
Increase/(decrease) in creditors	886	(2,973)
Increase/(decrease) in provisions	(797)	2,288
	<u>14,841</u>	<u>5,509</u>
Net cash inflow from operating activities before restructuring costs	14,841	5,509
Payments in respect of fundamental reorganisation/restructuring	0	0
<b>Net cash inflow from operating activities</b>	<u><u>14,841</u></u>	<u><u>5,509</u></u>

**18.2 Reconciliation of net cash flow to movement in net debt/cash**

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Increase in cash in the period	4,951	139
Cash (inflow) from new debt	0	(2,500)
Cash outflow from debt repaid and finance lease capital payments	638	12
Change in net (debt)/cash resulting from cash flows	<u>5,589</u>	<u>(2,349)</u>
Net (debt)/cash at 1 April 2007	<u>(2,171)</u>	178
<b>Net (debt)/cash at 31 March 2008</b>	<u><u>3,418</u></u>	<u><u>(2,171)</u></u>

**18.3 Analysis of changes in net (debt)/cash**

	At 1 April 2007	Cash Transferred (to)/from other NHS bodies	Other cash changes in year	Non-cash changes in year	At 31 March 2008
	£000	£000	£000	£000	£000
OPG cash at bank	354	0	4,982		5,336
Commercial cash at bank and in hand	64	0	(31)		33
Loan from DH due within one year	(626)	0	0	0	(626)
Other debt due within one year	(12)	0	0	0	(12)
Loan from DH due after one year	(1,874)	0	626	0	(1,248)
Other debt due after one year	(77)	0	12	0	(65)
	<b>(2,171)</b>	<b>0</b>	<b>5,589</b>	<b>0</b>	<b>3,418</b>

**19. Capital Commitments**

Commitments under capital expenditure contracts at 31 March 2008 were £3,186K (31 March 2007 £1,497K)

The major commitments are as follows:

Scheme	Amount	Time Scale (Completed by)
Prog003 - Spend to Save Money (Warneford Boilers) - Replacement of Boilers	£199,176	01/10/2008
Stra002 - Park Refurbishment / Redevelopment	£665,423	01/12/2008
Stra016 - Expansion of beds at Marlborough House - Extension	£690,235	01/10/2008
Stra021 - Redesign to enable extra beds in Mandalay	£952,660	01/11/2008
<b>Total</b>	<b>£2,507,494</b>	

**20. Post Balance Sheet Events**

On 1st April 2008 OBMH has been authorised as a NHS Foundation Trust. As a Foundation Trust the organisation remains a part of the NHS but will be accountable directly to Parliament as opposed to the Department of Health. Foundation Trusts have more freedom over business and financial strategy than NHS Trusts. At a local level Foundation Trusts are constituted with a Board of Governors, elected from a membership base. This Board of Governors performs an overview and scrutiny role on behalf of the membership and the wider community served by the Trust. Foundation Trusts are regulated by Monitor.

The Trust has established a £15m Working Capital Facility with Barclays with effect from 7 April 2008. This facility is a guaranteed facility and approved by the Board at its meeting on 1 April 2008.

**21. Contingencies**

	2007/08 £000	2006/07 £000
Contingent liabilities	0	0
Amounts recoverable against contingent liabilities	0	0
<b>Net value of contingent liabilities</b>	<u>0</u>	<u>0</u>
 Contingent Assets	 <u>0</u>	 <u>0</u>
 Public Dividend Capital as at 1 April 2007	 47,719	 51,091
New Public Dividend Capital received (including transfers from dissolved NHS Trusts)	7,104	4,300
Public Dividend Capital repaid in year	0	(7,672)
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	-
Other movements in Public Dividend Capital in year *	33,557	0
<b>Public Dividend Capital as at 31 March 2008</b>	<u><u>88,380</u></u>	<u><u>47,719</u></u>

\* For further details see page 3

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

The trust's breakeven performance for 2007/08 is as follows:

	<b>b/f 1997/2003</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Turnover	372,608	81,985	86,618	95,973	142,629	151,688
Retained surplus/(deficit) for the year	33	2	2	3	157	1,053
Adjustment for:						
- Timing/non-cash impacting distortions						
- Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]	0	0	0	0	0	0
- 2003/04 Prior Period Adjustment (relating to 1997/98 to 2002/03)	0					
- 2004/05 Prior Period Adjustment (relating to 1997/98 to 2003/04)	0	0				
- 2005/06 Prior Period Adjustment (relating to 1997/98 to 2004/05)	0	0	0			
- 2006/07 Prior Period Adjustment (relating to 1997/98 to 2005/06)	0	0	0	0		
- 2007/08 Prior Period Adjustment (relating to 197/98 to 2006/07)	0	0	0	0	0	
- Other agreed adjustments	0	0	0	0	0	0
Break-even in-year position	33	2	2	3	157	1,053
Break-even cumulative position	33	35	37	40	197	1,250
						0
						0
Materiality test (I.e. is it equal to or less than 0.5%):						
- Break-even in-year position as a percentage of turnover	0.01%	0.00%	0.00%	0.00%	0.11%	0.69%
- Break-even cumulative position as a percentage of turnover	0.01%	0.04%	0.04%	0.04%	0.14%	0.82%

In delivering an actual surplus of £1.0m against this plan the Trust has exceeded the in-year materiality test applied to NHS Trust in respect of the statutory break-even duty. The materiality test requires narrative explanation for a surplus or deficit that exceeds 0.5% of turnover, the surplus reported for 2007/08 represents 0.6% of turnover. In planning for 2007/08 the Trust put in place efficiency and income generation measures to generate a recurrent surplus in the region of £1.0m. This was in response to national and local NHS guidance and to support the Trust application to become a Foundation Trust. This plan was agreed with the Strategic Health Authority and the Trust's financial performance has been in accordance with those plans. As a Foundation Trust the statutory breakeven duty and materiality test no longer apply

### 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 £5,939K, bears to the average relevant net assets of £190,475K, that is 3.1%. Within the tolerance of 3.0% - 4.0%

### 23.3 External financing

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

	£000	2007/08 £000	2006/07 £000
External financing limit		1,574	(1,011)
Cash flow financing	1,545		(1,023)
Finance leases taken out in the year	0		0
Other capital receipts	(30)		0
External financing requirement		<u>1,515</u>	<u>(1,023)</u>
<b>Undershoot/(overshoot)</b>		<u><u>59</u></u>	<u><u>12</u></u>

### 23.4 Capital Resource Limit

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

	2007/08 £000	2006/07 £000
Gross capital expenditure	11,855	8,921
Less: book value of assets disposed of	(807)	(8,871)
Plus: loss on disposal of donated assets	807	0
Less: capital grants	0	0
Less: donations towards the acquisition of fixed assets	(30)	0
Charge against the capital resource limit	<u>11,825</u>	<u>50</u>
Capital resource limit	<u>11,855</u>	<u>53</u>
<b>(Over)/Underspend against the capital resource limit</b>	<u><u>30</u></u>	<u><u>3</u></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 Mental Health 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	
	2007/08 £000s	2006/07 £000s	2007/08 £000s	2006/07 £000s
Oxfordshire PCT	66,095	58,803	646	545
Buckinghamshire PCT	42,556	41,127	1,760	1,421
South Central SHA	7,663	7,136	80	32
Berkshire West PCT	3,801	2,847		
Berkshire Healthcare NHS Foundation Trust	2,661	1,548	228	147
Milton Keynes PCT	2,612	2,115	19	61
Oxford Radcliffe Hospital NHS Trust	1,645	3,352	3,156	1,494
Buckinghamshire Hospitals NHS Trust	1,545	1,379	2,658	2,950
Hampshire PCT	1,222	8		
Department of Health	1,122	190		
The University Hospitals of Leicester NHS Trust	952	1,045		
Heatherwood & Wexham Park Hospitals NHS Foundation Trust	847	696		
The Royal Wolverhampton Hospital NHS Trust	794	272		
Oxford Learning Disabilities Trust	765	803	1	4
University Hospitals Coventry & Warks NHS Trust	684	831		
Heart of England NHS Foundation Trust	660	569		
Northampton General Hospital NHS Trust	599	503		
Basildon & Thurrock University Hospitals NHS Foundation Trust	529	0		
United Llincolnshire Hospitals NHS Trust	445	642		
Gloucestershire PCT	444	308		
Other Health Bodies	9,956	10,983	8,820	9,622

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 2007/08 was £17,482K (£16,026K in 2006/07).

In addition Elaine Whittaker, who is a Non Executive Director of the Trust, is a shareholder of Smith's Medical (small number of shares) 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 schemes deemed to be off-balance sheet**

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Amounts included within operating expenses in respect of PFI transactions deemed to be off-balance sheet - gross	<b>1,770</b>	1,690
Amortisation of PFI deferred asset	<b>(87)</b>	<b>(86)</b>
Net charge to operating expenses	<b><u>1,683</u></b>	<b><u>1,604</u></b>

The NHS Trust is committed to make the following payments during the next year.

PFI scheme which expires;		
Within one year	<b>1,752</b>	1,604
2nd to 5th years (inclusive)	<b>0</b>	0
6th to 10th years (inclusive)	<b>0</b>	0
11th to 15th years (inclusive)	<b>0</b>	0
16th to 20th years (inclusive)	<b>1,752</b>	1,604
21st to 25th years (inclusive)	<b>0</b>	0
26th to 30th years (inclusive)	<b>0</b>	0
31st to 35th years (inclusive)	<b>0</b>	0
	<b>£000</b>	£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 the 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 2007/08 annual accounts is £1,420k

(ii) Lease of Trust Land

The contract involved the lease of Trust land to the operator for nil consideration. The substance of this 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 (£5,835k at 2007/08 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 2007 to 31st March 2008.

**OBMH Year end Accounts 2007/08 - Memorandum Account**

Oxfordshire & Buckinghamshire Mental Health Partnership NHS Trust			
	£000's	£000's	£000's
<b>Delegated Budgets</b>	<b>Total</b>	<b>OBMH Contribution</b>	<b>Oxford County Council</b>
<b>Expenditure</b>			
Pay	16,689	14,613	2,076
Non-pay	1,868	1,657	211
	<b>18,557</b>	<b>16,270</b>	<b>2,287</b>
Income	(165)	(145)	(20)
<b>Total Delegated Budgets</b>	<b>18,392</b>	<b>16,125</b>	<b>2,267</b>
Overhead Contribution	92		92
<b>Contribution to the Pool</b>	<b>18,484</b>	<b>16,125</b>	<b>2,359</b>

**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. 1st April 2007 to 31st March 2008.

**OBMH Year end Accounts 2007/08 - Memorandum Account**

Oxfordshire & Buckinghamshire Mental Health Partnership NHS Trust			
Adults of Working Age	£000's	£000's	£000's
<b>Delegated Budgets</b>	<b>Total</b>	<b>OBMH Contribution</b>	<b>Buckinghamshire County Council</b>
<b>Expenditure</b>			
Pay	12,506	10,209	2,297
Non-pay	1,718	1,292	426
	<b>14,224</b>	<b>11,501</b>	<b>2,723</b>
Income	(182)	(3)	(179)
<b>Total Delegated Budgets</b>	<b>14,042</b>	<b>11,498</b>	<b>2,544</b>
Overhead Contribution	0	0	0
<b>Contribution to the Pool</b>	<b>14,042</b>	<b>11,498</b>	<b>2,544</b>

Oxfordshire & Buckinghamshire Mental Health Partnership NHS Trust			
Older Adults	£000's	£000's	£000's
<b>Delegated Budgets</b>	<b>Total</b>	<b>OBMH Contribution</b>	<b>Buckinghamshire County Council</b>
<b>Expenditure</b>			
Pay	4,884	3,963	921
Non-pay	283	192	91
	<b>5,167</b>	<b>4,155</b>	<b>1,012</b>
Income	(54)	(47)	(7)
<b>Total Delegated Budgets</b>	<b>5,113</b>	<b>4,108</b>	<b>1,005</b>
Overhead Contribution	0	0	0
<b>Contribution to the Pool</b>	<b>5,113</b>	<b>4,108</b>	<b>1,005</b>

\* As memorandum accounts these only record expenditure. The Trust receives income to meet costs from the respective Local Authorities.

## **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 and 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 and 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 Weighted average interest rate	Non-interest bearing Weighted average period for which fixed	Non-interest bearing Weighted average term
Currency	£000	£000	£000	£000	%	Years	Years
At 31 March 2008							
Sterling	5,369	0	0	5,369	0.00%	0	0
Other	0	0	0	0	0.00%	0	0
<b>Gross financial assets</b>	<b>5,369</b>	<b>0</b>	<b>0</b>	<b>5,369</b>			
At 31 March 2007							
Sterling	418	0	0	418	0.00%	0	0
Other	0	0	0	0	0.00%	0	0
<b>Gross financial assets</b>	<b>418</b>	<b>0</b>	<b>0</b>	<b>418</b>			

**27.2 Financial Liabilities**

	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate Weighted average interest rate	Non-interest bearing Weighted average period for which fixed	Non-interest bearing Weighted average term
Currency	£000	£000	£000	£000	%	Years	Years
At 31 March 2008							
Sterling	(1,951)	0	(1,951)	0	5.00%	4	3
Other	0	0	0	0	0.00%	0	0
<b>Gross financial liabilities</b>	<b>(1,951)</b>	<b>0</b>	<b>(1,951)</b>	<b>0</b>			
At 31 March 2007							
Sterling *	47,719	0	0	47,719	3.50%	0	0
Other	0	0	0	0	0.00%	0	0
<b>Gross financial liabilities</b>	<b>47,719</b>	<b>0</b>	<b>0</b>	<b>47,719</b>			

\* In 2006/07 the Trust's Public Dividend Capital (PDC) was shown as a Financial Liability. In 2007/08 the Department of Health has reconsidered the accounting treatment of PDC and thus the 2007/08 figures are no longer shown under this table.

**Foreign Currency Risk**

The Trust has no 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 2008.

	<b>Book Value</b>	<b>Fair Value</b>	<b>Basis of fair valuation</b>
	<b>£000</b>	<b>£000</b>	
<b>Financial assets</b>			
Cash	5,369	5,369	
Debtors over 1 year:			
- Agreements with commissioners to cover creditors and provisions	0	0	Note a
Investments	0	0	
<b>Total</b>	<u>5,369</u>	<u>5,369</u>	
<b>Financial liabilities</b>			
Overdraft	0	0	
Creditors over 1 year:			
- Finance leases	0	0	Note b
Provisions under contract	0	0	Note c
Loans	(1,951)	(1,951)	
<b>Total</b>	<u>(1,951)</u>	<u>(1,951)</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.
- b To obtain fair value, cash flows have been discounted at prevailing market interest rates for finance leases for a similar term.
- c 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.

**28 Third Party Assets**

The Trust held £158,220.37 cash at bank and in hand at 31 March 2008 (£473,810.17 - at 31 March 2007) 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**

	<b>Debtors: amounts falling due within one year</b>	<b>Debtors: amounts falling due after more than one year</b>	<b>Creditors: amounts falling due within one year</b>	<b>Creditors: amounts falling due after more than one year</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balances with other Central Government Bodies	2,917	0	1,672	0
Balances with Local Authorities	131	0	225	0
Balances with NHS Trusts and Foundation Trusts	2,171	0	1,035	0
Balances with Public Corporations and Trading Funds	7	0	605	0
Balances with bodies external to government	2,298	1,450	6,446	1,313
<b>At 31 March 2008</b>	<b><u>7,524</u></b>	<b><u>1,450</u></b>	<b><u>9,983</u></b>	<b><u>1,313</u></b>
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	<b><u>10,591</u></b>	<b><u>1,561</u></b>	<b><u>8,256</u></b>	<b><u>1,951</u></b>

**30 Losses and Special Payments**

There were 25 cases of losses and special payments (2006/07: 37 cases) totalling £14,589 (2006/07: £7,820) paid during 2007/08.