

Annual Statutory Accounts - Year Ending 31 March 2011

Trust name:	Oxford Health NHS Foundation Trust
This year	2010/11
Last year	2009/10
This year ended	31 March 2011
Last year ended	31 March 2010
This year beginning	1 April 2010

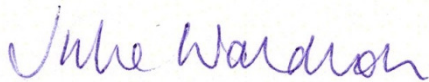
FOREWORD TO THE ACCOUNTS

Oxford Health NHS Foundation Trust

The accounts for the year ended 31 March 2011 are set out on the following pages and comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity, the Statement of Cash Flows and the Notes to the Accounts.

The accounts have been prepared by Oxford Health NHS Foundation Trust in accordance with Schedule 7, Paragraph 24 and 25 of the National Health Service Act 2006 in the form in which Monitor, the Independent Regulator of NHS Foundation Trusts has, with the approval of HM Treasury, directed. The 2010/11 statutory accounts have also been prepared in accordance with International Financial Reporting Standards (IFRS).

With effect from 23rd February 2011 Oxfordshire & Buckinghamshire Mental Health NHS Foundation Trust, with approval from Monitor, changed its name to Oxford Health NHS Foundation Trust.



Signed:(Chief Executive)

Date:

02-Jun-11

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 March 2011

	NOTE	2010/11 £000	2009/10 £000
Operating income	4,5,6	175,897	156,028
Operating expenses	7	(166,422)	(152,455)
Operating surplus		9,475	3,573
Finance costs			
Finance income	16	70	38
Financial expense - financial liabilities	17	(1,290)	(1,038)
Public Dividend Capital dividends payable	37	(3,566)	(4,118)
Net finance costs		(4,786)	(5,118)
Surplus from continuing operations		4,689	(1,545)
Surplus from discontinued operations		0	0
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR		4,689	(1,545)
 Other comprehensive income :			
Revaluation gains/(losses) on property, plant and equipment	19	0	(31,072)
Revaluation gains/(losses) on intangible assets		0	0
Revaluation gains/(losses) on non current assets held for sale	23	0	(1,166)
Actuarial gains/(losses) on defined benefit pension schemes		(28)	0
Reduction in donated asset reserve in respect of depreciation, impairment, and/or disposal of donated assets		(25)	(44)
Other recognised gains/ (losses)		0	
Movement in "other reserves"		0	0
TOTAL COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR		4,636	(33,827)

The notes on pages 5 to 44 form part of these accounts.
All income and expenditure is derived from continuing operations.

**STATEMENT OF FINANCIAL POSITION AS AT
31 March 2011**

	NOTE	31 March 2011 £000	31 March 2010 £000
NON-CURRENT ASSETS			
Intangible assets	18	161	97
Property, plant and equipment	19	112,449	112,254
Trade and other receivables	22	30	30
Total Non-Current Assets		<u>112,640</u>	<u>112,381</u>
CURRENT ASSETS			
Inventories	21	1,909	1,885
Trade and other receivables	22	7,065	7,886
Non-current assets held for sale	23	6,400	6,400
Cash and cash equivalents	30	17,295	11,745
Total Current Assets		<u>32,669</u>	<u>27,916</u>
CURRENT LIABILITIES			
Trade and other payables	24	(13,434)	(13,718)
Borrowings	25	(97)	(692)
Other financial liabilities	26	(1,366)	(1,197)
Provisions	27	(798)	(869)
Other liabilities	28	(2,816)	(1,758)
Total Current Liabilities		<u>(18,511)</u>	<u>(18,234)</u>
NON CURRENT LIABILITIES			
Trade and other payables	24	(97)	(100)
Borrowings	25	(13,712)	(13,733)
Other financial liabilities	26	0	0
Provisions	27	(1,451)	(1,328)
Other liabilities	28	0	0
Total Non Current Liabilities		<u>(15,260)</u>	<u>(15,161)</u>
TOTAL ASSETS EMPLOYED		<u>111,538</u>	<u>106,902</u>
TAXPAYERS' EQUITY			
Public dividend capital		88,380	88,380
Revaluation reserve	29	12,869	13,206
Donated asset reserve		978	1,003
Available for sale financial assets reserve		0	0
Other reserves		8,076	8,076
Merger reserve		0	0
Income and expenditure reserve		1,235	(3,763)
TOTAL TAXPAYERS' EQUITY		<u>111,538</u>	<u>106,902</u>

The notes on pages 5 to 44 form part of these accounts.

The financial statements on pages 1 to 4 were approved by the Board and signed on its behalf by:

Signed: Julie Waldron

Date:

Julie Waldron (Chief Executive)

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2010/11

	Total	Minority Interest	Public Dividend Capital	Revaluation Reserve	Donated Assets Reserve	Available for Sale Investments Reserve	Other Reserves	Merger Reserves	Pensions Reserve	Income and Expenditure Reserve
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Taxpayers' Equity at 1 April 2010	106,902	0	88,380	13,206	1,003	0	8,076	0	0	(3,763)
Total comprehensive income for the year	4,689									4,689
Revaluation gains/(losses) and impairment losses on property plant and equipment	0									
Revaluation gains/(losses) and impairment losses on non current assets held for sale	0									
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal of donated assets	(25)				(25)					
Actuarial gains/(losses) on defined benefit pension schemes	(28)									(28)
Transfer of the excess of current cost depreciation over historical cost depreciation to the income and expenditure reserve	0			(337)						337
Movements on other reserves	0									
Taxpayers' Equity at 31 March 2011	111,538	0	88,380	12,869	978	0	8,076	0	0	1,235

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2009/10

	Total	Minority Interest	Public Dividend Capital	Revaluation Reserve	Donated Assets Reserve	Available for Sale Investments Reserve	Other Reserves	Merger Reserves	Pensions Reserve	Income and Expenditure Reserve
Taxpayers' Equity at 1 April 2009 under IFRS	140,726	0	88,380	41,880	1,043	0	11,814	0	0	(2,391)
Total comprehensive income for the year	(1,545)									(1,545)
Revaluation gains/(losses) and impairment losses on property plant and equipment	(31,072)			(27,334)			(3,738)			
Revaluation gains/(losses) and impairment losses on non current assets held for sale	(1,166)			(1,166)						
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal of donated assets	(44)				(44)					
Transfer of the excess of current cost depreciation over historical cost depreciation to the income and expenditure reserve	0			(174)						174
Movements on other reserves	3				4					(1)
Taxpayers' Equity at 31 March 2010	106,902	0	88,380	13,206	1,003	0	8,076	0	0	(3,763)

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 March 2011**

	NOTE	2010/11 £000	2009/10 £000
Cash flows from operating activities			
Operating surplus/(deficit) from continuing operations		9,475	3,573
Operating surplus/(deficit) of discontinued operations		0	0
Operating surplus/(deficit)		9,475	3,573
Non-cash income and expense:			
Depreciation and amortisation	7	3,100	3,548
Impairments	7	0	3,517
Reversals of impairments		0	0
Transfer from the donated asset reserve		(25)	(44)
(Increase)/decrease in trade and other receivables		178	95
(Increase)/decrease in other assets		0	0
(Increase)/decrease in inventories		(24)	(599)
Increase/(decrease) in trade and other payables		1,295	816
Increase/(decrease) in other liabilities		1,227	1,223
Increase/(decrease) in provisions		52	391
Tax (paid) / received		0	0
Movements in operating cash flow of discontinued operations		0	0
Other movements in operating cash flows		(28)	588
NET CASH GENERATED FROM/(USED IN) OPERATIONS		15,250	13,108
Cash flows from investing activities:			
Interest received	16	70	38
Purchase of intangible assets		(87)	(27)
Sales of intangible assets		0	0
Purchase of property, plant and equipment		(4,834)	(9,012)
Sales of property, plant and equipment		0	0
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		(4,851)	(9,001)
Cash flows from financing activities:			
Loans received	25	86	8,800
Loans repaid		(644)	(638)
Capital element of finance lease rental payments		0	0
Capital element of private finance initiative obligations		(58)	(70)
Interest paid		(381)	(164)
Interest element of finance lease		0	0
Financing element of private finance initiative obligations		(909)	(874)
PDC dividend paid		(2,943)	(4,760)
Cash flows from (used in) other financing activities		0	0
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		(4,849)	2,294
Increase/(decrease) in cash and cash equivalents		5,550	6,401
Cash and cash equivalents at 1 April		11,745	5,344
Cash and cash equivalents at 31 March		17,295	11,745

NOTES TO THE ACCOUNTS

1 Accounting Policies

Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the NHS Foundation Trust Annual Reporting Manual which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2010/11 NHS Foundation Trust Annual Reporting Manual issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.1 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.

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

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

1.2 Expenditure on Employee Benefits

Short Term Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

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

Employers pension cost contributions are charged to operating expenses as and when they become due.

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

Local Government Pension Scheme

Some employees are members of the Local Government Superannuation Scheme which is a defined benefit pension scheme. Changes in the value of plan assets and obligations are shown on the Statement of Comprehensive Income.

1.3 Expenditure on other goods and services

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

1.4 Property, Plant and Equipment

Recognition

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.

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.

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

Measurement

Valuation

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

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. Costs arising from financing the construction of the fixed assets are not capitalised but are charged to income & expenditure account in the year in which they relate.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) *Appraisal and Valuation Manual*. The last asset valuations were undertaken in 2010 as at the valuation date of 31 March 2010.

The Treasury has decided that the NHS should value its property assets in line with the Royal Institution of Chartered Surveyors (RICS) Red Book standards. This means that specialised property, for which market value cannot be readily determined, should be valued at depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis.

Assets in the course of construction are valued at cost and are valued by professional valuers as part of the five or three-yearly valuation or when they are brought into use.

Operational equipment is valued at depreciated replacement cost. Equipment surplus to requirements is valued at net recoverable amount.

Subsequent expenditure

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

Depreciation

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

Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Revaluation gains and losses

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

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

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

Impairments

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

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

De-recognition

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

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

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

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

Donated 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 also 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 net book value of the donated asset is transferred from the donated asset reserve to the Income and Expenditure Reserve.

Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-statement of financial position' by the Trust. The underlying assets are recognised as Property, Plant and Equipment at their fair value. An equivalent financial liability is recognised in accordance with IAS 17.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme. The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income. Lifecycle replacement costs are capitalised in line with the operator capital spend.

1.5 Intangible Assets

Recognition

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

Internally generated intangible assets

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

Expenditure on research is not capitalised.

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

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

Software

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

Measurement

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

Subsequently intangible assets are measured at fair value. Revaluations gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment.

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

Amortisation

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

1.6 Government grants

Government grants are grants from Government bodies other than income from primary care trusts or NHS trusts for the provision of services. Grants from the Department of Health, including those for achieving three star status, are accounted for as Government grants as are grants from the Big Lottery Fund. Where the Government grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure the grant is held as deferred income and released to operating income over the life of the asset in a manner consistent with the depreciation charge for that asset

1.7 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost method.

1.8 Financial instruments and financial liabilities

Recognition

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

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

De-recognition

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

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

Classification and Measurement

Financial assets are classified as fair value through income & expenditure, loans & receivables.

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

Financial assets and financial liabilities at 'Fair Value through Income and Expenditure'

Financial assets and financial liabilities at 'fair value through income and expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets and liabilities in this category are classified as current assets and current liabilities.

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

Loans and receivables

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

The Trust's loans and receivables comprise: cash at bank and in hand, NHS debtors, accrued income and 'other debtors'.

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

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in long-term assets unless the Trust intends to dispose of them within 12 months of the Statement of financial position date.

Available-for-sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'. When items classified as 'available-for-sale' are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised in 'Finance Costs' in the Statement of Comprehensive Income.

Other financial liabilities

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

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

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

Determination of fair value

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

Impairment of financial assets

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly.

1.9 Leases**Finance leases**

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

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

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

Operating leases

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

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease.

1.10 Provisions

The NHS foundation trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 2.2% in real terms, except for early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of 2.9% in real terms.

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Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS foundation trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS foundation trust is disclosed at note 27.

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 when the liability arises.

1.11 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 35 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 35, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

1.12 Public dividend capital

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

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

1.13 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.

1.14 Corporation Tax

The Trust's activities relate to the provision of goods and services relating to healthcare authorised under Section 14(1) of the HSCA. On this basis the Trust is not liable for corporation tax.

1.15 Foreign exchange

The functional and presentational currencies of the Trust are sterling.

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

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of financial position date:

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

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

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

1.16 Third party assets

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

1.17 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

2 Critical Accounting Estimates and Judgements

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- The Trust's PFI scheme has been assessed as an on Statement of Financial Position PFI under IFRIC 12 because the Trust has judged that it controls the services and the residual interest at the end of the service arrangement.
- The carrying values of property, plant and equipment are reviewed for impairment when there is an indication that the values of the assets might be impaired.
- The Trust determines whether a substantial transfer of risks and rewards has occurred in relation to leased assets, if this is deemed to be the case the lease is treated as a finance lease, all other leases are classified as operating leases.

2.2 Key sources of estimation uncertainty

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

- **Property Valuations**

The Trust has decided not to have a full District Valuers valuation of property values in 2010-11 due to the low value of capital expenditure in the year combined with stable market values. Valuations were carried out in March 2010 by the District Valuer to determine the value of property. These valuations are based on Royal Institution of Chartered Surveyors valuation standards insofar as these are consistent with the requirements of HM Treasury, the National Health Service and the Department of Health.

- **Estimation of replacement of components of the PFI asset during the contract - 'lifecycle replacement'.**

PFI lifecycle replacement costs are estimated to take place as planned and at the values included in the operator's financial model as adjusted for indexation.

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

The assets and liabilities relating to the PFI scheme have been brought onto the Statement of Financial Position based on estimations from the Department of Health financial model as required by Department of Health guidance. These estimations were reviewed by external audit as part of the 2008/09 IFRS accounts restatement exercise.

- **Estimation of asset lives as the basis for depreciation calculations.**

Depreciation of equipment is based on asset lives, which have been estimated upon recognition of the assets.

3 Operating Segments

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

- Oxford Pharmacy Store - Shortline pharmacy store supplying pharmaceuticals to other NHS Trusts in England and Wales
- Mental Healthcare activities, being all the other activities of the NHS Foundation Trust

	Mental Healthcare		Oxfordshire Pharmacy Store		Total	
	£000		£000		£000	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Income	161,018	141,511	14,879	14,517	175,897	156,028
Operating surplus/(deficit)	9,663	3,548	(188)	25	9,475	3,573

In line with the HM Treasury, the Trust has chosen to adopt the amendment to IFRS 8. Consequently, the Trust does not need to disclose the total assets attributable to each operating segment as this information is not regularly provided to the Board.

4 Operating Income

	2010/11	2009/10
	£000	£000
Income from activities	137,570	121,278
Other operating income	38,327	34,750
	<u>175,897</u>	<u>156,028</u>

5 Income from Activities**5.1 Income from Activities (by activity)**

	2010/11	2009/10
	£000	£000
Block contract income	104,632	115,403
Cost and volume contract income	26,181	898
Clinical partnerships providing mandatory services	0	0
Clinical income for the secondary commissioning of mandatory services	3,152	964
Other clinical income from mandatory services	3,604	3,997
Private patient income	1	16
	<u>137,570</u>	<u>121,278</u>

All income from activities arises from mandatory services.

5.2 Income from Activities (by source)

	2010/11	2009/10
	£000	£000
Primary Care Trusts	126,364	110,038
Local Authorities	9,879	8,135
Foundation Trusts	226	3,026
Strategic Health Authorities	0	0
NHS Trusts	1,100	63
NHS Other	0	0
Non NHS:		
- Private patients	1	16
	<u>137,570</u>	<u>121,278</u>

5.3 Private Patient Income

	2010/11	2002/03*
	£000	£000
Private patient income	1	16
Total patient related income	137,570	77,469
Proportion (as a percentage)	0.00%	0.02%

* The base year for calculating the proportion of total income

The Health Act 2009 revised the Private Patient Cap per section 44 of the 2006 Act for Mental Health NHS Foundation Trusts. A Mental Health NHS Foundation Trust is one that provides goods or services only or mainly for the prevention, diagnosis or treatment of any disorder or disability of the mind or for the benefit in any other way of people suffering from a disorder or disability of the mind. The relevant provisions came into force on 19 January 2010. For mental health NHS foundation trusts the PPI Cap will be the greater of:

- The proportion of the total income derived from private patient charges in 2002/03; or
- 1.5%.

6 Other Operating Income

	2010/11	2009/10
	£000	£000
Pharmacy sales	14,954	14,659
Education and training	11,071	11,196
Non-patient care services to other bodies	5,108	4,611
Other income	4,371	2,597
Research and development	2,798	1,613
Transfers from donated asset reserve	25	67
Charitable and other contributions to expenditure	0	7
	<u>38,327</u>	<u>34,750</u>

7 Operating Expenses

	2010/11	2009/10
	£000	£000
Services from Foundation Trusts	1,293	188
Services from NHS Trusts	1,805	2,165
Services from other NHS bodies	148	290
Purchase of healthcare from non NHS bodies	2,567	1,484
Directors' costs (executive and non-executive)	960	1,008
Staff costs	113,209	101,403
Drug costs	17,153	16,148
Supplies and services - clinical	2,559	323
Supplies and services - general	1,683	1,827
Establishment	5,003	4,502
Transport	280	288
Premises	8,225	7,541
Increase/ (decrease) in bad debt provision	(67)	132
Depreciation of property plant and equipment	3,077	3,528
Amortisation on intangible assets	23	20
(Profit)/loss on disposal of property, plant and equipment	0	588
Impairments and reversals of property, plant and equipment	0	3,517
Professional services	2,086	1,262
Audit services - statutory audit	71	79
Internal audit services	137	147
Clinical negligence	332	318
Other services	1,074	646
Redundancy	16	685
Legal fees	674	817
Training, courses and conferences	1,181	845
Other	2,933	2,704
	<u>166,422</u>	<u>152,455</u>

8 Leases

Memorandum note - operating lease costs are included within operating expenses

8.1 Operating Lease Payments recognised as an expense

	2010/11	2009/10
	£000	£000
Minimum lease payments	3,472	2,553
Contingent rents	0	0
Sub-lease payments	0	0
	<u>3,472</u>	<u>2,553</u>

8.2 Total future minimum operating lease payments

	Land & Buildings		Other Leases	
	2010/11	2009/10	2010/11	2009/10
	£000	£000	£000	£000
Payable:				
Not later than one year	2,764	1,667	504	526
Between one and five years	8,786	5,894	361	321
After 5 years	16,754	14,250	0	0
Total	<u>28,304</u>	<u>21,811</u>	<u>865</u>	<u>847</u>

Total future sublease payments expected to be received: £Nil

8.3 Finance Leases

The Trust has no finance leases, either as lessor or lessee, other than the PFI scheme which is identified separately (see note 32).

9 Staff Costs and Numbers

9.1 Employee expenses*

(excluding non-executive directors)

	2010/11			2009/10
	Total	Permanently Employed	Other	Total
	£000	£000	£000	£000
Salaries and wages	89,011	86,631	2,380	78,552
Social Security costs	7,305	7,305	0	6,370
Employer contributions to NHS Pension Scheme	11,239	11,239	0	10,009
Other pension costs	0	0	0	0
Termination benefits	190	190	0	685
Bank and Agency Staff	5,073	0	5,073	5,898
	112,818	105,365	7,453	101,514

* These figures are net of costs recovered from other organisations.

9.2 Staff numbers

(excluding non-executive directors)

	2010/11			2009/10
	Total	Permanently Employed	Other	Total
	WTE	WTE	WTE	WTE
Medical and dental	184	164	20	179
Administration and estates	637	637	0	576
Healthcare assistants and other support staff	162	161	1	156
Nursing, midwifery and health visiting staff	1,115	1,115	0	1,041
Scientific, therapeutic and technical staff	492	492	0	394
Bank and Agency Staff	86	0	86	109
	2,676	2,569	107	2,455

WTE - Whole Time Equivalent. WTE shown is an average throughout the year

9.3 Directors' Remuneration and Other Benefits

	2010/11	2009/10
	£000	£000
Executive and non executive directors salaries	801	916
Employers' contribution to executive directors' pensions (relates to 7 Directors accruing benefits under the NHS Pension Scheme, a defined benefit scheme)	84	81
	<u>885</u>	<u>997</u>

9.4 Staff Exit Packages

During 2010-11 exit packages were agreed in respect of 4 employees, details are as follows;

Exit Package Cost Band	2010/11	2010/11	2010/11	2009/10
	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Number of Exit Packages by Cost Band
£10,000 - £25,000	3	0	3	2
£25,001 - £50,000	0	0	0	1
£50,001 - £100,000	0	0	0	1
£100,001 - £150,000	0	0	0	0
£150,001 - £200,000	1	0	1	0
Total Number of Exit Packages				
By Type	4	0	4	4
Total Resource Cost £'000	<u>210</u>	<u>0</u>	<u>210</u>	<u>139</u>

10 Employee Benefits

The Trust's employees received no material benefits in 2010/11 (none in 2009/10).

11 Retirements due to ill-health

During 2010/11 there were 2 (2009/10, 3) early retirements from the NHS Foundation Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £51,943 (£329,108). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

12 Pension Costs

12.1 NHS Pension Scheme

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

Full Actuarial valuation

The NHS Pension Scheme is subject to a full valuation every four years by the Government Actuary. The latest published valuation relates to the period 1 April 1999 to 31 March 2004 which was published in December 2007 and is available on the NHS Pensions Agency website.

The national deficit of the scheme was £3.3 billion as per the last scheme valuation by the Government Actuary for the period 1 April 1999 to 31 March 2004. The conclusion of the valuation was the scheme continues to operate on a sound financial basis.

On 22 June 2010 the government announced in the Emergency Budget that in future the Consumer Prices Index (CPI) would be used to calculate the minimum pension increases for index-linked pensions rather than the Retail Prices Index (RPI) that has been used to date. This change will result in a reduction of any defined benefit pension liability, or where a net pension is recognised, an increase in that asset.

Employer contribution rates are reviewed every four years following the scheme valuation, on advice from the actuary. At the last valuation it was recommended that employer contribution rates should continue at 14% on pensionable pay. From 1 April 2008, employees' pay contributions will be on a tiered scale from 5% to 8.5% of their pensionable pay.

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

Details of the benefits under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk

12.2 Local Government

Buckinghamshire County Council Pension Scheme

In 2009-10 22 members of staff transferred employment from Buckinghamshire County Council. As at 31st March 2011 19 of these retain their membership of the Buckinghamshire County Council Pension Scheme. The County Council retains the assets and liabilities relating to this scheme. The Trust's obligations in respect of pension liabilities for these staff transferring is with effect from 1 April 2009 and not the period of employment before this date.

The Trust's accounts in 2010-11 recognise a £28k movement in the net liability of the pension scheme attributable to these employees. This is shown on the Statement of Comprehensive Income and included within provisions on the Statement of Financial Position. The total liability of the pension scheme in relation to these employees as at 31st March 2011 is £290k.

The £28k comprises of an increase in the Fair Value of Pension Fund Scheme Assets to £1,097k (£1,007k as at 31st March 2010) less an increase in the Present Value of Funded Pension Obligation to £1,387k (£1,269k as at 31st March 2010).

Full details of the scheme actuarial report are available on request.

13 Audit Remuneration**13.1 Audit Fees**

	2010/11 £000	2009/10 £000
Audit services - statutory audit	71	79
Audit services - audit-related regulatory reporting	<u>0</u>	<u>0</u>
	<u><u>71</u></u>	<u><u>79</u></u>

13.2 Limitation on auditor's liability

	2010/11 £000	2009/10 £000
Limitation on auditor's liability	<u>0</u>	<u>0</u>
	<u><u>0</u></u>	<u><u>0</u></u>

14 Better Payment Practice Code

	2010/11		2009/10	
	Number	£000	Number	£000
Measure of Compliance:				
Total Non-NHS trade invoices paid in the year	33,697	53,368	35,047	53,329
Total Non NHS trade invoices paid within target*	<u>30,700</u>	<u>51,229</u>	<u>31,754</u>	<u>51,124</u>
Percentage of Non-NHS trade invoices paid within target	<u>91.1%</u>	<u>96.0%</u>	<u>90.6%</u>	<u>95.9%</u>
Total NHS trade invoices paid in the year	1,796	14,125	1,467	11,399
Total NHS trade invoices paid within target*	<u>1,699</u>	<u>13,730</u>	<u>1,365</u>	<u>10,723</u>
Percentage of NHS trade invoices paid within target	<u>94.6%</u>	<u>97.2%</u>	<u>93.0%</u>	<u>94.1%</u>

*Target - 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.

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

	2010/11 £000	2009/10 £000
Amounts included within Finance Costs (Note 17) arising from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	<u>0</u>	<u>0</u>
	<u><u>0</u></u>	<u><u>0</u></u>

16 Finance Income

	2010/11	2009/10
	£000	£000
Finance Income:		
- Bank account interest	<u>70</u>	<u>38</u>
	<u>70</u>	<u>38</u>

17 Finance Expense

	2010/11	2009/10
	£000	£000
Interest on loans	381	164
Financing obligations under PFI contracts:		
- main finance cost *	685	668
- contingent finance cost**	<u>224</u>	<u>206</u>
	<u>1,290</u>	<u>1,038</u>

* The interest on the PFI liability outstanding.

** The additional amount payable on the liability due to uncertain factors (i.e. inflation) is treated as a 'contingent finance cost'. IAS17 requires this to be reported separately from the main lease finance cost.

18 Intangible Assets

	2010/11 £000	2009/10 £000
Gross cost at 1 April 2010	380	353
Indexation	0	0
Impairments	0	0
Reclassifications	0	0
Revaluation	0	0
Additions purchased	87	27
Additions donated	0	0
Additions government granted	0	0
Disposals	0	0
Gross cost at 31 March 2011	467	380
Amortisation at 1 April 2010	283	263
Indexation	0	0
Impairments	0	0
Reversal of impairments	0	0
Reclassifications	0	0
Revaluation	0	0
Charged during the year	23	20
Disposals	0	0
Amortisation at 31 March 2011	306	283
Net book value		
Purchased at 31 March 2011	161	97
Donated at 31 March 2011	0	0
Government granted at 31 March 2011	0	0
Total at 31 March 2011	161	97

All Intangible Assets held by the Trust are software licences which are held at depreciated replacement cost. The useful lives of software assets are finite. The useful remaining life of software licences range from between 1 year and 5 years.

Revaluation reserve balance for intangible assets

	2010/11 £000	2009/10 £000
At 1 April 2010	0	0
Changes	0	0
At 31 March 2011	0	0

19 Property, Plant and Equipment

19.1 Property, Plant and Equipment at the date of the Statement of Financial Position 2010 - 2011 comprise of the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2010	<u>39,938</u>	<u>64,328</u>	<u>594</u>	<u>6,907</u>	<u>1,937</u>	<u>91</u>	<u>8,557</u>	<u>4,364</u>	<u>126,716</u>
Additions purchased	0	581	0	2,116	1	0	529	45	3,272
Additions donated									0
Additions government granted									0
Reclassifications		603	199	(1,002)	53		18	129	0
Reclassified as held for sale									0
Disposals other than by sale									0
Indexation									0
Revaluation									0
Impairments									0
Reversal of impairments									0
Cost or valuation at 31 March 2011	<u>39,938</u>	<u>65,512</u>	<u>793</u>	<u>8,021</u>	<u>1,991</u>	<u>91</u>	<u>9,104</u>	<u>4,538</u>	<u>129,988</u>
Depreciation at 1 April 2010	<u>0</u>	<u>5,674</u>	<u>30</u>	<u>0</u>	<u>1,278</u>	<u>79</u>	<u>5,765</u>	<u>1,636</u>	<u>14,462</u>
Reclassifications									0
Reclassified as held for sale									0
Disposals other than by sale									0
Revaluation									0
Impairments									0
Reversal of impairments									0
Charged during the year	0	1,670	22	0	88	8	880	409	3,077
Depreciation at 31 March 2011	<u>0</u>	<u>7,344</u>	<u>52</u>	<u>0</u>	<u>1,366</u>	<u>87</u>	<u>6,645</u>	<u>2,045</u>	<u>17,539</u>
Net Book Value									
Purchased at 1 April 2010	39,938	50,350	564	6,907	651	12	2,792	2,727	103,941
Private finance initiatives at 1 April 2010	0	7,310	0	0	0	0	0	0	7,310
Donated at 1 April 2010	0	994	0	0	8	0	0	1	1,003
Total at 1 April 2010	<u>39,938</u>	<u>58,654</u>	<u>564</u>	<u>6,907</u>	<u>659</u>	<u>12</u>	<u>2,792</u>	<u>2,728</u>	<u>112,254</u>
Purchased at 31 March 2011	39,938	49,764	741	8,021	619	4	2,459	2,493	104,039
Private finance initiatives at 31 March 2011		7,432							7,432
Donated at 31 March 2011		972			6				978
Total at 31 March 2011	<u>39,938</u>	<u>58,168</u>	<u>741</u>	<u>8,021</u>	<u>625</u>	<u>4</u>	<u>2,459</u>	<u>2,493</u>	<u>112,449</u>

Property, Plant and Equipment at the date of the Statement of Financial Position 2009 - 2010 comprise of 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 2009	55,112	76,601	770	5,459	1,838	91	6,647	3,359	149,877
Additions purchased	0	3,472	0	6,046	102	0	836	37	10,493
Additions donated	0	0	0	0	0	0	0	0	0
Additions government granted	0	0	0	0	0	0	0	0	0
Reclassifications	(265)	2,664	0	(4,598)	2	0	1,074	1,123	0
Reclassified as held for sale	1,645	0	0	0	0	0	0	0	1,645
Disposals other than by sale	0	(473)	(81)	0	(5)	0	0	(151)	(710)
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Impairments	(16,554)	(17,936)	(95)	0	0	0	0	(4)	(34,589)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Cost or Valuation at 31 March 2010	39,938	64,328	594	6,907	1,937	91	8,557	4,364	126,716
Depreciation at 1 April 2009	0	3,548	15	0	1,192	72	4,939	1,292	11,058
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	(55)	(5)	0	(5)	0	0	(58)	(123)
Revaluation	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	2,181	20	0	91	7	826	402	3,527
Depreciation at 31 March 2010	0	5,674	30	0	1,278	79	5,765	1,636	14,462
Net book value									
- Purchased at 1 April 2009	55,112	64,105	755	5,459	635	19	1,708	2,064	129,857
- Private finance initiative at 1 April 2009	0	7,919	0	0	0	0	0	0	7,919
- Donated at 1 April 2009	0	1,029	0	0	11	0	0	3	1,043
- Total at 1 April 2009	55,112	73,053	755	5,459	646	19	1,708	2,067	138,819
- Purchased at 31 March 2010	39,938	50,350	564	6,907	651	12	2,792	2,727	103,941
- Private finance initiative at 1 April 2009	0	7,310	0	0	0	0	0	0	7,310
- Donated at 31 March 2010	0	994	0	0	8	0	0	1	1,003
- Total at 31 March 2010	39,938	58,654	564	6,907	659	12	2,792	2,728	112,254

19.2 Analysis of Property, Plant and Equipment as at 2010 - 2011

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net Book Value									
Protected Assets at 1 April 2010	37,802	44,358	364						82,524
Unprotected Assets at 1 April 2010	2,136	14,296	200	6,907	659	12	2,792	2,728	29,730
Total as at 1 April 2010	39,938	58,654	564	6,907	659	12	2,792	2,728	112,254
Protected Assets at 31 March 2011	38,695	44,385	545						83,625
Unprotected Assets at 31 March 2011	1,243	13,783	196	8,021	625	4	2,459	2,493	28,824
Total as at 31 March 2011	39,938	58,168	741	8,021	625	4	2,459	2,493	112,449

19.3 Economic Life of Property, Plant and Equipment as at 2010 - 2011

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings
Minimum Life Years		10	16		1	1	1	1
Maximum Life Years		55	31		15	7	8	10

19.4 Further comments on Property, Plant and Equipment

All land and buildings were revalued by the District Valuer using Modern Equivalent Asset valuation as at 1 April 2009 and revalued as at 31 March 2010.

Plant and equipment is valued using depreciated replacement cost.

19.5 Profit/(Loss) on Disposal of Fixed Assets

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

	2010/11 £000	2009/10 £000
Profit on disposal of land and buildings	0	0
(Loss) on disposal of land and buildings	0	(495)
Profits on disposal of plant and equipment	0	0
(Loss) on disposal of plant and equipment	0	(93)
	0	(588)

All losses on disposal of fixed assets in 2009/10 related to unprotected assets.

20 Impairment of Property, Plant and Equipment

There were no impairments of Property, Plant and Equipment in the current financial year.

21 Inventories**21.1 Inventories**

	31 March 2011	31 March 2010
	£000	£000
Drugs	1,834	1,810
Consumables	28	33
Energy	24	19
Work in progress	0	0
Other	23	23
	<u>1,909</u>	<u>1,885</u>

Inventories are held at the lower of cost and net realisable value.

21.2 Inventories recognised in expenses

	31 March 2011	31 March 2010
	£000	£000
Inventories recognised as an expense in the period	15,914	15,363
Write-down of inventories (including losses)	57	5
Reversal of write-downs that reduced the expense	(3)	(2)
	<u>15,968</u>	<u>15,366</u>

22 Trade and Other Receivables**22.1 Trade and Other Receivables**

	Current		Non-current	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	£000	£000	£000	£000
NHS receivables	2,865	2,927		0
Non-NHS trade receivables	1,017	1,161	30	30
VAT	344	288		0
Accrued income	1,343	2,282		0
PDC dividend receivable	19	642		0
Provision for the impairment of receivables	(210)	(277)		0
Prepayments other	1,687	863		0
	7,065	7,886	30	30

The majority of trade is with Primary Care Trusts, as commissioners for NHS patient care services. As Primary Care Trusts are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

The prior year figures remain the same in total value but have been reclassified in line with Monitor's reporting requirements.

22.2 Receivables past their due date but not impaired

	31 March 2011	31 March 2010
	£000	£000
By up to three months	3,073	3,854
By three to six months	37	100
By more than six months	50	281
	3,160	4,235

22.3 Ageing of impaired receivables

	31 March 2011	31 March 2010
	£000	£000
By up to three months	131	147
By three to six months	116	142
By more than six months	162	265
	409	554

22.4 Provision for impairment of receivables

	31 March 2011	31 March 2010
	£000	£000
Balance at 1 April	277	145
Amount written off during the year	(74)	0
Amount recovered during the year	4	0
Increase/(decrease) in receivables impaired	3	132
Balance at 31 March	210	277

All individual receivables due have been reviewed to reflect fair value.

23 Disposal Groups**23.1 Non-current assets held for sale and assets in disposal groups 2010/11**

	Intangible assets £000	Property, Plant and Equipment £000	Financial Investments £000	Other £000	Total £000
NBV of non-current assets for sale and assets in disposal groups at 1 April 2010	0	6,400	0	0	6,400
Plus assets classified as available for sale in the year					0
Less assets sold in year					0
Less Impairment of assets held for sale					0
Plus Reversal of impairment of assets held for sale					0
Less assets no longer classified as held for sale, for reasons other than disposal by sale					0
NBV of non-current assets for sale and assets in disposal groups at 31 March 2011	0	6,400	0	0	6,400

There was no gain or loss recognised for these non current assets on classification of held for sale

23.2 Non-current assets for sale 2010/11

	Land £000	Buildings excluding dwelling £000	Dwellings £000	Other property, plant and equipment £000	Intangible assets £000	Other assets £000	Total £000
Balance brought forward at 1 April 2010	4,600	1,638	0	162	0	0	6,400
Plus assets classified as held for sale in the year		162					162
Less assets sold in the year							0
Less impairment of assets held for sale							0
Plus reversal of impairment of assets held for sale							0
Less assets no longer classified as held for sale, for reasons other than disposal by sale				(162)			(162)
Balance brought forward at 31 March 2011	4,600	1,800	0	0	0	0	6,400

The non current assets held for sale at 31 March 2011 relates to Boundary Brook House, formally Park Hospital (Oxford). The Trust have accepted an offer on this property and expect the sale to be complete in 2011/12. The terms of the offer include an operating lease arrangement back to the Trust.

24 Trade Payables

	Current		Non-current	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	£000	£000	£000	£000
Interest payable	0	0		0
NHS payables	1,125	1,587		0
Other trade payables - revenue	4,180	3,087	97	100
Other trade payables - capital	529	2,092		0
Tax and social security costs	2,330	2,050		0
Accruals	5,252	4,883		0
Other	18	19		0
	<u>13,434</u>	<u>13,718</u>	<u>97</u>	<u>100</u>

'Other trade payables - capital' relate primarily to Manor House (Aylesbury) which commenced in 2009/10, and IT Infrastructure development.

'Other payables - revenue' include: £1,415,910 outstanding pensions contributions at 31 March 2011 (£1,271,678 at 31 March 2010).

The prior year figures remain the same in total value but have been reclassified in line with Monitor's reporting requirements.

25 Borrowings

	Current		Non-current	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	£000	£000	£000	£000
Loans from:				
Department of Health	0	622	8,800	8,800
Other entities	34	12	83	41
PFI liabilities:				
Main liability	63	58	4,829	4,892
Lifecycle replacement received in advance	0	0	0	0
	<u>97</u>	<u>692</u>	<u>13,712</u>	<u>13,733</u>

DH loan facility of £28.1m for the Manor House redevelopment has been approved, of which none has been received in 2010/11. This loan will be repaid in full by 2034.

PFI liability will be repaid in full by 2024. The loan in respect of Nuffield Health Centre will be repaid in full by 2015.

The Trust has received Salix Finance Ltd Energy Efficiency Loans totalling £86k which will repaid in full by 2014.

26 Other Financial Liabilities

	Current		Non-current	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	£000	£000	£000	£000
Financial liabilities carried at fair value through income and expenditure	1,366	1,197	0	0
	<u>1,366</u>	<u>1,197</u>	<u>0</u>	<u>0</u>

The only other financial liability that the Trust has relates to the holiday pay accrual (IAS 19 - Employee benefits).

27 Provisions

	Current		Non-current	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	£000	£000	£000	£000
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	95	101	745	685
Legal claims	123	153	81	97
Agenda for Change	0	0	0	0
Other - Redundancy	368	573	0	0
Other - Pensions to Death	14	14	125	138
Other - Injury Benefit	28	28	500	408
Other - Employment	170	0	0	0
	798	869	1,451	1,328

	Pensions relating to former directors	Pensions relating to other staff	Legal claims	Agenda for Change	Other	Total
	£000	£000	£000	£000	£000	£000
Provision at 1 April 2010	0	786	250	0	1,161	2,197
Arising during the year		175	120		723	1,018
Used during the year		(95)	(80)		(232)	(407)
Change in discount		(26)			(49)	(75)
Reversed unused			(86)		(398)	(484)
Unwinding of discount						0
Provision at 31 March 2011	0	840	204	0	1,205	2,249

Expected timing of cash flows:

no later than one year	95	123	580	798
later than one year and no later than five years	379	65	170	614
later than five years	366	16	455	837

£345k is included in the provisions of the NHS Litigation Authority at 31 March 2011 in respect of clinical negligence liabilities of the Trust (£68k at 31 March 2010).

28 Other Liabilities

	Current		Non-current	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	£000	£000	£000	£000
Lease incentives	0	0	0	0
PFI asset – deferred credit	0	0	0	0
Other - Deferred Income	2,816	1,758	0	0
	<u>2,816</u>	<u>1,758</u>	<u>0</u>	<u>0</u>

The increase in deferred income compared to last year comprises increased deferrals for Research and Development £0.9m, HIEC £0.6m and other £0.1m. This is offset by reductions in deferrals on Improved Access to Psychological Therapies funding £0.3m and Flexibility and Sustainability funding £0.3m.

29 Revaluation Reserve

	2010/11			2009/10		
	Total Revaluation Reserve	Revaluation Reserve - intangibles	Revaluation Reserve - Property, Plant and Equipment	Total Revaluation Reserve	Revaluation Reserve - intangibles	Revaluation Reserve - Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
Revaluation Reserve at 1 April 2010	13,206	0	13,206	41,880	0	41,880
Revaluation gains/(losses) and impairment losses on intangible assets	0	0	0	0	0	
Revaluation gains/(losses) and impairment losses property, plant and equipment	0	0	0	(27,334)	0	(27,334)
Revaluation gains/(losses) and impairment losses arising from classifying non current assets as Assets Held for Sale	0	0	0	(1,166)	0	(1,166)
Fair Value gains/(losses) on Available-for-sale financial investments	0	0	0	0	0	0
Recycling gains/(losses) on Available-for-sale financial investments	0	0	0	0	0	0
Transfers to the income and expenditure account in respect of assets disposed of	0	0	0	0	0	0
Transfer of the excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve	(337)	0	(337)	(174)	0	(174)
Other transfers between reserves	0	0	0	0	0	0
Movements on other reserves	0	0	0	0	0	0
Revaluation Reserve at 31 March 2011	12,869	0	12,869	13,206	0	13,206

30 Cash and Cash Equivalents

	31 March 2011	31 March 2010
	£000	£000
Balance at 1 April 2010	<u>11,745</u>	<u>5,344</u>
Net change in year	<u>5,550</u>	<u>6,401</u>
Balance at 31 March 2011	<u><u>17,295</u></u>	<u><u>11,745</u></u>
Consists of:		
Cash with Government Banking Service	5,976	6,618
Commercial banks and cash in hand	<u>11,319</u>	<u>5,127</u>
Cash and cash equivalents as in Statement of Financial Position	<u><u>17,295</u></u>	<u><u>11,745</u></u>

31 Pooled Budgets

31.1 Oxfordshire County Council Pooled Budgets

Oxford Health NHS Foundation Trust has a pooled budget arrangement with Oxfordshire County Council. Oxford Health NHS Foundation Trust is the host.

Oxfordshire Adults of Working Age and Older Adults Pooled Budget

	Plan	Actual	Overspend/ (Underspend)
	£000	£000	£000
Oxford Health NHS FT	25,550	25,550	0
OCC	2,693	2,693	0
Total Delegated Budget	28,243	28,243	0
OCC contribution to Trust overheads	111	111	0
Total Pooled Budget	28,354	28,354	0

Analysis of Income and Expenditure within the Pooled Budget

	Total	Trust Contribution	OCC Contribution
	£000	£000	£000
Pay Expenditure	25,846	23,196	2,650
Non-Pay Expenditure	2,681	2,625	56
Income	(284)	(271)	(13)
Contribution to Overheads	111		111
	28,354	25,550	2,804

31.2 Buckinghamshire County Council Pooled Budgets

Oxford Health NHS Foundation Trust has two pooled budget arrangements with Buckinghamshire County Council. Oxford Health NHS Foundation Trust is the host.

Buckinghamshire Adults of Working Age Pooled Budget Performance

	Plan	Actual	Overspend/ (Underspend)
	£000	£000	£000
Oxford Health NHS FT	6,878	6,878	0
BCC	2,606	2,606	0
Total Delegated Budget	9,484	9,484	0
BCC contribution to Trust overheads	101	101	0
Total Pooled Budget	9,585	9,585	0

Analysis of Income and Expenditure within the Pooled Budget

	Total	Trust Contribution	BCC Contribution
	£000	£000	£000
Pay Expenditure	8,297	6,120	2,177
Non-Pay Expenditure	1,255	808	447
Income	(68)	(50)	(18)
Contribution to Overheads	101	0	101
	9,585	6,878	2,707

Buckinghamshire Older Adults Pooled Budget Performance

	Plan	Actual	Overspend/ (Underspend)
	£000	£000	£000
Oxford Health NHS FT	1,955	1,955	0
BCC	1,092	1,092	0
Total Delegated Budget	3,047	3,047	0
BCC contribution to Trust overheads	42	42	0
Total Pooled Budget	3,089	3,089	0

Analysis of Income and Expenditure within the Pooled Budget

	Total	Trust Contribution	BCC Contribution
	£000	£000	£000
Pay Expenditure	2,852	1,885	967
Non-Pay Expenditure	208	74	134
Income	(13)	(4)	(9)
Contribution to Overheads	42	0	42
	3,089	1,955	1,134

32 Private Finance Initiatives**32.1 PFI schemes off-'Statement of Financial Position'**

The Trust has no PFI schemes off-'Statement of Financial Position'

32.2 PFI schemes on-'Statement of Financial Position'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

Contract Start Date: 09 June 1999

Contract End Date: 05 September 2049*

* Contract break possible after 25 years, at 05 September 2024. In 2024, the Trust has legal ownership of the asset.

The inflation of the PFI scheme is linked directly to RPI

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 (£700K at 2010/11 value) is recorded within the Trust's total land value.

Total obligations for on-'Statement of Financial Position' PFI contracts due**:

	31 March 2011	31 March 2010
	£000	£000
Not later than one year	757	734
Later than one year, not later than five years	3,029	2,892
Later than five years	8,237	8,718
Subtotal	12,023	12,344
Less: interest element	(7,131)	(7,394)
Total	4,892	4,950

** This is the value of the capital liability and future interest liability.

32.3 Charges to Expenditure

The total charged in the year to expenditure in respect of the service element of on-'Statement of Financial Position' PFI contracts was £450k (prior year £430k)***.

The Trust is committed to the following charges:

	31 March 2011	31 March 2010
	£000	£000
PFI scheme expiry date:		
Not later than one year	466	430
Later than one year, not later than five years	1,984	1,887
Later than five years	5,250	5,588
Total	7,700	7,905

***These are the values charged to operating expenses in respect of the service element of the contract.

33 Contractual Capital Commitments

Commitments under capital expenditure contracts at 31 March 2011 were £444k (31 March 2010 £655k)

The capital commitments include:

	Amount	Time Scale
	£000	(Completed by)
Scheme:		
Manor House	139	2011
IT Infrastructure	148	2011

34 Events After the Reporting Period

On the 29th March 2010 the Trust was notified it had been successful in its application to NHS Oxfordshire to become the preferred partner for the future provision of community health services in Oxfordshire. These services were previously provided by an arm's length body, Community Health Oxfordshire (CHO), within the overall legal entity of NHS Oxfordshire. The value of these services is c. £93 million per annum. On 31st March 2011, the Trust and NHS Oxfordshire entered into a legal contract for the Trust to provide these services for a period of three years from 1st April 2011. This transaction has been approved by the Trust's Board of Directors, the Board of NHS Oxfordshire, the Strategic Health Authority, the Department of Health Competition and Co-operation Panel and reviewed by Monitor (the independent regulator for Foundation Trusts).

35 Contingent Assets and Liabilities**35.1 Contingent Liabilities**

	2010/11	2009/10
	£000	£000
Equal Pay cases	0	0
Other	0	0
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

35.2 Contingent Assets

	2010/11	2009/10
	£000	£000
Contingent Assets	0	0
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

36 Related Party Transactions

Oxford Health NHS Foundation Trust is a body corporately 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 Oxford Health NHS Foundation Trust

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

	Income to the Trust		Expenditure by the Trust	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
Related parties:				
Oxfordshire PCT	58,197	56,465	378	1,635
Buckinghamshire PCT	35,562	32,567	49	566
Hampshire PCT	24,708	20,560	112	0
South Central SHA	9,383	8,759	68	10
Wiltshire PCT	4,822	114	428	0
Bath & North East Somerset PCT	2,287	17	101	0
Oxford Radcliffe Hospital NHS Trust	2,269	1,909	1,484	1,587
Buckinghamshire Hospitals NHS Trust	1,871	853	1,245	1,063
Milton Keynes PCT	1,380	1,273	29	9
Cwm Taf Health Board	1,153	0	0	0
Department of Health	1,058	860	0	0
The University Hospitals of Leicester NHS Trust	982	853	0	0
Heatherwood & Wexham Park Hospitals NHS Foundation T	927	894	0	0
Oxford Learning Disabilities Trust	725	686	895	295
Royal Berkshire NHS Foundation Trust	713	543	0	0
Gloucestershire PCT	662	358	0	0
Northampton General Hospital NHS Trust	651	548	0	0
Northamptonshire Teaching PCT	627	842	0	0
Swindon PCT	608	29	1	0
Milton Keynes Hospital NHS Foundation Trust	570	375	205	213
South East Essex PCT	438	545	0	0
Bristol PCT	314	614	0	0
Great Western Hospital NHS Foundation Trust	200	187	835	9
South Central Ambulance Service NHS Trust	8	22	912	882
Swindon & Marlborough NHS Trust	0	0	776	9
South London & Maudsley NHS Trust	0	0	624	3
NHS Professionals	0	0	1,944	3,542
NHS Prescription Pricing Authority	0	0	1,280	979
Frimley Park Hospital NHS Foundation Trust	0	0	721	739
Other Health Bodies	10,937	13,705	12,981	11,960

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

The Trust manages the Oxfordshire Pharmacy Store, a shortline pharmaceutical supplier to other NHS organisations. The turnover for the year 2010/11 was £14,879k (£14,517K in 2009/10).

Elaine Whittaker, who was a Non Executive Director of the Trust up to the 31st December 2010, is a shareholder of Smith's Medical (small number of shares) with which the Trust may have business. Elaine was also employed by the Picker Institute for part of the year, which is a not-for-profit organisation that makes patients' views count in healthcare.

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.

Roger Reed, who is a Non Executive Director of the Trust, is a Buckinghamshire County Councillor.

37 Public Dividend Capital

The Trust is required to deliver a public dividend capital dividend at a rate of 3.5% of average relevant net assets (the average of the opening and closing 2010/11 balance sheet positions). For Oxford Health NHS Foundation Trust in 2010/11 this rate is calculated as follows:

	£000
Opening Relevant Net Assets	99,281
Closing Relevant Net Assets	104,480
Average Relevant Net Assets	101,881
2010/11 PDC dividend	3,566
Rate of Dividend (%)	3.50%

38 Performance Against the Prudential Borrowing Limit

The NHS Foundation Trust is required to comply and remain within a Prudential Borrowing Limit. This is made up of 2 elements :

- (1) The maximum cumulative amount of long term borrowing. This is set by reference to the 4 ratio tests set out in Monitor's PBC. The financial risk rating set under Monitor's Compliance Framework determines one of the ratios and therefore can impact on the long term borrowing limit.
- (2) The amount of any working capital facility approved by Monitor

Further information on the Prudential Borrowing Code and the Compliance Framework for NHS Foundation Trust's can be found on the website of (or on request from) Monitor, the independent regulator of foundation trusts.

The Trust had a Prudential Borrowing Limit of £40.7m in 2010/11, against which the Trust had total long term borrowing commitments of £21.4m.

Performance against the Prudential Borrowing Limit (PBL) ratios is shown below:

Financial Ratios 2010/11	Actual Ratios based on 2010/11 financial performance and standing	Approved PBL limits (to be read as the Trust must not exceed '<' or go below '>' the stated value)
Minimum dividend cover	3.2	>1
Minimum interest cover	9.8	>3
Minimum debt service cover	6.4	>2
Maximum debt service to revenue	1.1%	<2.5%

Note that the Trust Prudential Borrowing Code compliance is monitored by Monitor based upon the Trust's annual plan and quarterly monitoring submissions. These submissions include pooled budget (Section 75) income and expenditure and as a result the ratios quoted here are based on different I&E figures to the Trust's annual accounts, which exclude Section 75 balances.

The Trust had Monitor approval for a Working Capital Facility of £15.0m as at 31st March 2011, and a Working Capital Facility in place for £14.0m.

39 Financial Instruments

39.1 Financial Assets

	At fair value through Income and Expenditure £000	Loans and Receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
Receivables	0	5,014	0	5,014
Cash at bank and in hand	0	17,295	0	17,295
Other financial assets	0	0	6,400	6,400
Total at 31 March 2011	0	22,309	6,400	28,709
Embedded derivatives	0	0	0	0
Receivables	0	6,147	0	6,147
Cash at bank and in hand	0	11,745	0	11,745
Other financial assets	0	0	6,400	6,400
Total at 31 March 2010	0	17,892	6,400	24,292

The majority of receivables relate to agreed debt owing from other NHS bodies. Non NHS receivables have been impaired in accordance with Trust policy.

39.2 Financial Liabilities

	At fair value through Income and Expenditure £000	Other £000	Total £000
Embedded derivatives	0	0	0
Payables	0	9,684	9,684
PFI and finance lease obligations	0	4,892	4,892
Other borrowings	0	8,916	8,916
Provisions	0	0	0
Other financial liabilities	0	1,366	1,366
Total at 31 March 2011	0	24,858	24,858
Embedded derivatives	0	0	0
Payables	0	10,371	10,371
PFI and finance lease obligations	0	4,950	4,950
Other borrowings	0	9,475	9,475
Provisions	0	0	0
Other financial liabilities	0	1,197	1,197
Total at 31 March 2010	0	25,993	25,993

All financial assets and liabilities are held at fair value.

39.3 Financial Risk Management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with primary care trusts and the way those primary care trusts are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the Prudential Borrowing Code and Regulator review. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk.

Liquidity risk

The Trust's operating costs are incurred under contracts with Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

To mitigate short term liquidity risk the Trust also has a Working Capital Facility of £14.0m which was not utilised throughout 2010/11.

40 Third Party Assets

The Trust held £314,193.89 cash at bank and in hand at 31 March 2011 (£327,767.94 at 31 March 2010) which relates to monies held by the NHS Foundation Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

41 Intra-Government and Other Balances

	Receivables: amounts falling due within one year	Receivables: amounts falling due after more than one year	Payables: amounts falling due within one year	Payables: amounts falling due after more than one year
	£000	£000	£000	£000
Balances with other Central Government Bodies	405	0	2,356	0
Balances with Local Authorities	326	0	970	0
Balances with NHS Trusts and Foundation Trusts	4,016	0	1,661	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	2,318	30	8,447	97
Total at 31 March 2011	<u>7,065</u>	<u>30</u>	<u>13,434</u>	<u>97</u>
Balances with other Central Government Bodies	1,193	0	2,393	0
Balances with Local Authorities	289	0	273	0
Balances with NHS Trusts and Foundation Trusts	4,872	0	1,720	0
Balances with Public Corporations and Trading Funds	0	0	636	0
Balances with bodies external to government	1,532	30	8,696	100
Total at 31 March 2010	<u>7,886</u>	<u>30</u>	<u>13,718</u>	<u>100</u>

42 Losses and Special Payments

There were 23 cases of losses and special payments totalling £46k paid during 2010/11 (2009/10: 35 payments totalling £38k).

These amounts are reported on an accruals basis , excluding provisions for future losses.