

Annual Statutory Accounts - Year Ending 31 March 2014

Trust name:	Oxford Health NHS Foundation Trust
This year	2013/14
Last year	2012/13
This year ended	31 March 2014
Last year ended	31 March 2013
This year beginning	1 April 2013
Last year beginning	1 April 2012

FOREWORD TO THE ACCOUNTS

Oxford Health NHS Foundation Trust

The accounts for the year ended 31 March 2014 are set out on the following pages and comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statements 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 2013/14 statutory accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union unless directed otherwise within the NHS Foundation Trust Reporting Manual 2013/14. The Trust Board has approved the preparation of the 2013/14 accounts on a going concern basis.

Signed:

Stuart Bell, Chief Executive

Date:

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 March 2014**

		2013/14	2012/13
	NOTE	£000	£000
Operating income	4,5,6	286,069	279,797
Operating expenses	7	(286,373)	(272,210)
Operating (deficit)/surplus		<u>(304)</u>	<u>7,587</u>
Finance costs			
Finance income	16	78	172
Financial expense - financial liabilities	17	(2,075)	(1,545)
Financial expense - unwinding of discount on provisions	17	(50)	(57)
Public Dividend Capital dividends payable	37	<u>(3,030)</u>	<u>(3,395)</u>
Net finance costs		<u>(5,077)</u>	<u>(4,825)</u>
(Deficit)/Surplus from continuing operations		(5,381)	2,762
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR		<u>(5,381)</u>	<u>2,762</u>
 Other comprehensive income :			
Gain from transfer by absorption from demising bodies	29	38,974	-
Revaluation losses and impairment losses property, plant and equipment	20,29	(4,209)	(1,886)
Remeasurements of net defined benefit pension scheme asset / liability	11,43	249	42
Other reserve movements		(10)	-
TOTAL COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR		<u>29,623</u>	<u>918</u>

All income and expenditure is derived from continuing operations.
All items in other comprehensive income will not be reclassified subsequently to income and expenditure.

**STATEMENT OF FINANCIAL POSITION AS AT
31 March 2014**

		31 March 2014	31 March 2013
	NOTE	£000	£000
NON-CURRENT ASSETS			
Intangible assets	18	630	305
Property, plant and equipment	19	176,214	136,891
Trade and other receivables	22	30	30
Total Non-Current Assets		176,874	137,226
CURRENT ASSETS			
Inventories	21	1,285	1,555
Trade and other receivables	22	10,753	7,791
Non-current assets held for sale	23	2,525	6,400
Cash and cash equivalents	30	24,213	30,944
Total Current Assets		38,776	46,690
CURRENT LIABILITIES			
Trade and other payables	24	(26,840)	(25,864)
Borrowings	25	(1,430)	(1,433)
Other financial liabilities	26	(768)	(700)
Other liabilities	27	(3,820)	(2,334)
Provisions	28	(1,150)	(1,171)
Total Current Liabilities		(34,008)	(31,502)
NON-CURRENT LIABILITIES			
Borrowings	25	(30,045)	(31,475)
Other liabilities	27	(241)	(435)
Provisions	28	(2,562)	(2,594)
Total Non-Current Liabilities		(32,848)	(34,504)
TOTAL ASSETS EMPLOYED		148,794	117,910
TAXPAYERS' EQUITY			
Public dividend capital		89,804	88,543
Revaluation reserve	29	27,851	15,040
Other reserves		1,317	6,700
Income and expenditure reserve		29,822	7,627
TOTAL TAXPAYERS' EQUITY		148,794	117,910

The notes on pages 5 to 47 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:

Date:

Stuart Bell (Chief Executive)

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2013/14

	Total	Public Dividend Capital	Revaluation Reserve	Other Reserves	Income and Expenditure Reserve
	£000	£000	£000	£000	£000
Taxpayers' Equity at 1 April 2013	117,910	88,543	15,040	6,700	7,627
Deficit for the year	(5,381)	-	-	-	(5,381)
Transfers by modified absorption: gains on 1 April transfers from demising bodies	38,974	-	-	-	38,974
Transfers by modified absorption: transfers between reserves	-	-	14,160	-	(14,160)
Transfer to retained earnings on disposal of assets between reserves	-	-	(1,994)	-	1,994
Revaluation losses and impairment losses on property plant and equipment	(6,200)	-	(6,200)	-	-
Revaluations - Property, Plant & Equipment	1,991	-	1,991	-	-
Actuarial gains on defined benefit pension schemes	249	-	-	-	249
Transfer of the excess of current cost depreciation over historical cost depreciation to the income and expenditure reserve	-	-	(519)	-	519
Movements on other reserves	(10)	-	5,373	(5,383)	-
Public Dividend Capital received	1,261	1,261	-	-	-
Taxpayers' Equity at 31 March 2014	148,794	89,804	27,851	1,317	29,822

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2012/13

	Total	Public Dividend Capital	Revaluation Reserve	Other Reserves	Income and Expenditure Reserve
	£000	£000	£000	£000	£000
Taxpayers' Equity at 1 April 2012	116,829	88,380	15,982	8,076	4,391
Surplus for the year	2,762	-	-	-	2,762
Transfer between reserves	-	-	1,376	(1,376)	-
Revaluation losses and impairment losses on property plant and equipment	(1,886)	-	(1,886)	-	-
Actuarial gains on defined benefit pension schemes	42	-	-	-	42
Transfer of the excess of current cost depreciation over historical cost depreciation to the income and expenditure reserve	-	-	(432)	-	432
Public Dividend Capital received	163	163	-	-	-
Taxpayers' Equity at 31 March 2013	117,910	88,543	15,040	6,700	7,627

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 March 2014

	NOTE	2013/14 £000	2012/13 £000
Cash flows from operating activities			
Operating (deficit)/surplus from continuing operations		(304)	7,587
Operating (deficit)/surplus		(304)	7,587
Non-cash income and expense:			
Depreciation and amortisation	7	5,022	3,515
Impairments	7	10,299	4,146
Reversals of impairments	6	(2,037)	-
Non-cash donations/grants credited to income		(35)	-
Loss on disposal of assets		445	-
Interest accrued not paid		-	(43)
Dividends accrued and not paid or received		-	(321)
Employer contributions paid less net charge in relation to Local Government Pension Scheme		55	55
(Increase)/Decrease in trade and other receivables		(3,045)	505
Decrease in inventories		270	185
Increase in trade and other payables		1,851	3,455
Increase/(Decrease) in other liabilities		1,548	(2,312)
(Decrease)/Increase in provisions		(103)	315
NET CASH GENERATED FROM OPERATIONS		13,966	17,089
Cash flows from investing activities:			
Interest received		78	255
Purchase of intangible assets		(416)	(72)
Purchase of property, plant and equipment		(22,042)	(23,246)
Sales of Property, Plant and Equipment		6,882	-
PFI lifecycle prepayments (cash outflow)		(108)	(108)
NET CASH GENERATED USED IN INVESTING ACTIVITIES		(15,606)	(23,171)
Cash flows from financing activities:			
Public Dividend Capital received		1,261	163
Loans received		-	19,300
Loans repaid		(1,371)	(34)
Capital element of private finance initiative obligations		(62)	(68)
Interest paid		(1,064)	(477)
Financing element of private finance initiative obligations		(1,015)	(995)
Public Dividend Capital dividend paid		(2,840)	(3,652)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(5,091)	14,238
(Decrease)/increase in cash and cash equivalents		(6,731)	8,156
Cash and cash equivalents at 1 April		30,944	22,788
Cash and cash equivalents at 31 March		24,213	30,944

The 2012/13 total remains the same but the figures have been presented in new categories for comparative purposes.

NOTES TO THE ACCOUNTS

1 Accounting policies and other information

Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the Foundation Trust Annual Reporting Manual (FT ARM) which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the FT ARM 2013/14 issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual (FReM) to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

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.

After conducting a detailed review which included consideration of forecasts covering the next twelve months (and projections for 2015-16), the directors have a reasonable expectation that Oxford Health NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Audit Committee, on behalf of the Board of Directors, resolves to approve the preparation of the accounts on a going concern basis.

1.1 Consolidation

NHS Charitable Fund

HM Treasury previously granted dispensation to the application of IAS 27 (Consolidated and Separate Financial Statements) by NHS foundation trusts solely in relation to the consolidation of NHS charitable funds. From 2013/14, the Treasury dispensation is no longer available and NHS foundation trusts therefore need to consolidate any material NHS charitable funds which are determined to be subsidiaries.

Under IAS 27, Oxford Health Charitable Funds is deemed to be a subsidiary as Oxford Health NHS Foundation Trust is a corporate trustee of the Charitable Fund.

However, the size of the Oxford Health Charitable Funds is not considered material to the accounts of Oxford Health NHS Foundation Trust. On this basis, Oxford Health Charitable Funds is not consolidated within the Oxford Health NHS Foundation Trust accounts.

A summary of the financial results and position of Oxford Health Charitable Funds is included in note 44.

1.2 Income

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

1.3 Expenditure on employee benefits

Short term employee benefits

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

Pension costs

NHS Pension scheme

Past and present employees are covered by the provisions of the NHS 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. The net scheme assets or liabilities attributable to these employees can be identified and are recognised in the trust's accounts, arising from the date of transfer to the Trust. The assets are measured at fair value, and the liabilities at the present value of future obligations.

The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The net interest cost during the year arising from the unwinding of the discount on the net scheme liabilities is recognised within finance costs. Remeasurements of the defined benefit plan are recognised in the income and expenditure reserve and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

1.4 Expenditure on other goods and services

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

1.5 Property, plant and equipment

Recognition

Property, Plant and Equipment is capitalised where:

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

Where an 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 property, plant and equipment 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 the Statement of Comprehensive Income in the year to 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 as at the valuation date of 31 March 2014.

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 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.

Revaluation gains and losses

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

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

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

Impairments

In accordance with the FT ARM, impairments that 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.

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

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

De-recognition

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable 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, government grant and other grant funded assets

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

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

Private finance initiative (PFI) transactions

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

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

The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income. Lifecycle replacement costs are capitalised in line with the charges incurred by the Trust

1.6 Intangible assets

Recognition

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

Internally generated intangible assets

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

Expenditure on research is not capitalised.

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

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Trust intends to complete the asset and sell or use it;
- the Trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits 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.

1.7 Government and other grants

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

1.8 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.

1.9 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs 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 categorised as fair value through income & expenditure or loans & receivables.

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

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 and non-current assets.

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

Cash and cash equivalents comprise cash on hand and demand deposits, recognisable within three months.

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

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

Other financial liabilities

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

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

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

Determination of fair value

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

1.10 Leases

Finance leases

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

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as 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.

1.11 Provisions

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

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the 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 28, but is not recognised in the NHS foundation trust's accounts.

Non-clinical risk pooling

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

1.12 Contingencies

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

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.

1.13 Public dividend capital

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

A charge, reflecting the cost of capital utilised by the NHS foundation trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS foundation trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, (iii) for 2013/14 only, net assets and liabilities transferred from bodies which ceased to exist on 1 April 2013, and (iv) 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 of the audit of the annual accounts.

1.14 Value added tax (VAT)

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.

1.15 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.

1.16 Foreign exchange

The functional and presentational currency of the Trust is 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.

1.17 Third party assets

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

1.18 Losses and special payments

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

1.19 Transfers of functions to or from other NHS and local government bodies

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

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

For functions that the trust has transferred to another NHS or local government body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. The net loss or gain corresponding to the net assets or liabilities transferred is recognised within expenses/income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve.

1.20 Accounting Standards that have been issued but have not yet been adopted

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2013-14. The application of the Standards as revised would not have a material impact on the accounts for 2013-14, were they applied in that year:

- IAS 27 Separate Financial Statements - subject to consultation
- IAS 28 Investments in Associates and Joint Ventures - subject to consultation
- IFRS 9 Financial Instruments - subject to consultation
- IFRS 10 Consolidated Financial Statements - subject to consultation
- IFRS 11 Joint Arrangements - subject to consultation
- IFRS 12 Disclosure of Interests in Other Entities - subject to consultation
- IFRS 13 Fair Value Measurement - subject to consultation
- IPSAS 32 - Service Concession Arrangement - subject to consultation

2 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

Property Plant and Equipment Assets were valued by the District Valuers as at 31 March 2014. 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's 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.

- Discount rates for provisions.

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

- Impairing of receivables.

The majority of the Trust's income comes from contracts with other public sector bodies, hence the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2014 are as disclosed in the trade and other receivables note.

3 Operating Segments

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

- Oxford Pharmacy Store - Shortline pharmacy store supplying pharmaceuticals primarily to other NHS Trusts in the United Kingdom.
- Healthcare being all the other activities of the NHS Foundation Trust.

	Healthcare		Oxford Pharmacy Store		Total	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Income	270,603	263,588	15,466	16,209	286,069	279,797
Operating (deficit)/surplus	(680)	7,490	376	97	(304)	7,587

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

	2013/14	2012/13
	£000	£000
Income from activities	242,012	239,762
Other operating income	44,057	40,035
	<u>286,069</u>	<u>279,797</u>

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

	2013/14	2012/13
	£000	£000
Mental health		
Block contract income	123,299	129,022
Cost and volume contract income	10,226	1,919
Clinical income for the secondary commissioning of mandatory services	2,857	2,861
Other clinical income from mandatory services	1,049	2,484
Community services	104,547	103,448
Private patient income	34	28
	<u>242,012</u>	<u>239,762</u>

All income from activities arises from mandatory services.

5.2 Income from activities (by source)

	2013/14	2012/13
	£000	£000
Commissioner Requested Services		
Clinical Commissioning Groups and NHS England	214,087	-
Primary care trusts	-	219,535
Non-Commissioner Requested Services		
Local authorities	22,497	15,555
NHS trusts	2,634	2,782
Other Central Government bodies	1,018	1,174
Foundation trusts	260	644
Health Education England	142	-
Bodies external to government	1,340	44
Private patients	34	28
	<u>242,012</u>	<u>239,762</u>

6 Other operating income

	2013/14	2012/13
	£000	£000
Pharmacy sales	15,641	16,250
Education and training	11,525	11,249
Research and development	6,857	5,030
Non-patient care services to other bodies	3,088	4,917
Other income	4,067	2,305
Profit on disposal of assets held for sale	46	-
Reversal of impairments of property, plant and equipment	2,037	-
Charitable and other contributions to expenditure	236	218
Receipt of donations for capital acquisitions	560	66
	44,057	40,035

7 Operating expenses

	2013/14	2012/13
	£000	£000
Services from Foundation Trusts	2,797	2,610
Services from NHS Trusts	851	1,008
Services from PCTs	-	45
Purchase of healthcare from non NHS bodies	2,361	1,764
Employee Expenses - Executive directors	875	960
Employee Expenses - Non-executive directors	127	148
Employee Expenses - Staff	200,831	190,836
Supplies and services - clinical (excluding drug costs)	9,155	8,979
Supplies and services - general	2,902	2,878
Establishment	7,408	7,316
Transport	542	401
Premises	7,490	9,046
(Decrease) / Increase in provision for impairment of receivables	(90)	2
(Decrease) / Increase in other provisions	(15)	444
Change in provisions discount rate	100	-
Inventories written (back)/down (net, including inventory drugs)	(14)	91
Drug costs (non inventory drugs only)	1,692	1,884
Inventories consumed (excluding drugs)	1,475	682
Drug Inventories consumed	16,251	17,197
Rentals under operating leases	6,363	8,201
Depreciation of property plant and equipment	4,927	3,456
Amortisation of intangible assets	95	59
Impairment of property, plant and equipment	10,299	4,146
Audit services - statutory audit	68	73
Audit services - other	-	9
Clinical negligence	327	396
Loss on disposal of property, plant and equipment	491	-
Professional fees and associated costs	1,017	420
Consultancy costs	563	738
Training, courses and conferences	1,607	1,810
Patient travel	204	117
Car parking and security	104	63
Redundancy (Included in Employee Expenses)	459	958
Insurance	323	141
Other services, e.g. External payroll	1,517	1,824
Losses, ex gratia & special payments	80	295
Other	3,191	3,215
	286,373	272,210

The Trust has adopted the above operating expenses table in line with Monitor FTC guidance. The 2012/13 total remains the same but the figures have been presented in new categories for comparative purposes.

8 Staff costs and numbers**8.1 Employee expenses**

(excluding non-executive directors)

	2013/14			2012/13
	Total	Permanently Employed	Other	Total
	£000	£000	£000	£000
Salaries and wages	163,629	160,730	2,899	156,153
Social Security costs	12,051	12,051	-	11,972
Employer contributions to NHS pension scheme	19,517	19,517	-	18,526
Other pension costs	62	62	-	71
Termination benefits	459	459	-	1,085
Bank and agency staff	6,531	-	6,531	5,158
Capitalised employee costs	(74)	(74)	-	(85)
	202,175	192,745	9,430	192,880

8.2 Staff numbers

(excluding non-executive directors)

	2013/14			2012/13
	Total	Permanently employed	Other	Total
	WTE	WTE	WTE	WTE
Medical and dental	237	237	-	224
Administration and estates	983	983	-	965
Healthcare assistants and other support staff	1,068	1,068	-	1,005
Nursing, midwifery and health visiting staff	1,582	1,582	-	1,554
Nursing, midwifery and health visiting learners	89	89	-	79
Scientific, therapeutic and technical staff	894	894	-	872
Social care staff	47	47	-	11
Bank and Agency Staff	133	-	133	114
	5,033	4,900	133	4,824

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

8.3 Directors' remuneration and other benefits

	2013/14	2012/13
	£000	£000
Executive and non-executive directors' salaries	856	1,063
Employers' contribution to executive directors' pensions*	100	110
	956	1,173

*relates to 5 directors (8 in 2012/13) accruing benefits under the NHS Pension Scheme, a defined benefit scheme

8.4 Staff exit packages

	2013/14	2013/14	2013/14	2012/13
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Total number of exit packages
< £10,000	-	5	5	25
£10,000 - £25,000	-	1	1	31
£25,001 - £50,000	-	1	1	13
£50,001 - £100,000	-	-	-	3
£100,001 - £150,000	-	-	-	1
Total number of exit packages	-	7	7	73
Total resource cost £'000	-	71	71	1,390

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

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

8.5 Staff exit packages: other (non-compulsory) departure payments

	2013/14	2013/14
	Number of Agreements	Total value of agreements £000
Voluntary redundancies including early retirement contractual costs	1	38
Mutually agreed resignations (MARS) contractual costs	4	29
Non-contractual payments requiring HM Treasury approval	2	4
Total	7	71
Of which:		
non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary	-	-

As a single exit package can be made up of several components, each of which will be counted separately in this note, the total number above will not necessarily match the total number in note 8.4 which will be the number of individuals.

The Remuneration Report provides details of exit payments payable to individuals named in that Report.

Two non-contractual payments requiring HM Treasury approval were made in the year, one for £1k and one for £3k.

9 Employee benefits

The Trust's employees received no material benefits in 2013/14 (none in 2012/13).

10 Retirements due to ill-health

During 2013/14 there were 13 early retirements (2012/13, 6) from the NHS Foundation Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £630,195 (2012/13, £411,943). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

11 Pension Costs

11.1 NHS Pension Scheme

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

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

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2014, is based on valuation data as 31 March 2013, updated to 31 March 2014 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next formal valuation to be used for funding purposes will be carried out at as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

11.1 NHS Pension Scheme continued

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

**11.2 Local government superannuation scheme
Buckinghamshire County Council pension scheme**

Further disclosure of the Buckinghamshire County Council Pension scheme relating to the Trust is shown in note 43.

12 Leases**12.1 Operating lease payments recognised as an expense**

	2013/14	2012/13
	£000	£000
Minimum lease payments	<u>6,363</u>	<u>8,201</u>
	<u>6,363</u>	<u>8,201</u>

12.2 Total future minimum operating lease payments

	Land & Buildings		Other Leases		Employee Car Leases*	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000	£000	£000
Payable:						
Not later than one year	4,630	5,129	754	269	755	643
Between one and five years	5,148	7,368	187	221	645	601
After 5 years	11,494	14,908	-	-	-	-
Total	<u>21,272</u>	<u>27,405</u>	<u>941</u>	<u>490</u>	<u>1,400</u>	<u>1,244</u>

The reduction in the future minimum operating lease payments is primarily due to a number of properties leased from Oxfordshire PCT in 2012/13 transferring to the Trust on 1 April 2013.

Total future sublease payments expected to be received: £Nil

*Leases for employee lease cars are the Trust's liability but not recognised in operating expenses as they are deducted directly from employee salaries.

12.3 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).

13 Audit remuneration**13.1 Audit fees**

	2013/14	2012/13
	£000	£000
Audit services - statutory audit	68	73
Other auditor remuneration	-	9
	<u>68</u>	<u>82</u>

In 2012/13, £8k of the other auditor remuneration relates to property valuation advice.

13.2 Limitation on auditor's liability

	2013/14	2012/13
	£000	£000
Limitation on auditor's liability	-	-
	<u>-</u>	<u>-</u>

14 Better payment practice code

	2013/14		2012/13	
	Number	£000	Number	£000
Measure of Compliance:				
Total Non-NHS trade invoices paid in the year	71,142	88,217	63,429	86,622
Total Non NHS trade invoices paid within target*	<u>67,452</u>	<u>83,868</u>	<u>59,949</u>	<u>82,670</u>
Percentage of Non-NHS trade invoices paid within target	<u>94.8%</u>	<u>95.1%</u>	<u>94.5%</u>	<u>95.4%</u>
Total NHS trade invoices paid in the year	2,669	21,763	2,421	22,346
Total NHS trade invoices paid within target*	<u>2,448</u>	<u>20,946</u>	<u>2,280</u>	<u>21,687</u>
Percentage of NHS trade invoices paid within target	<u>91.7%</u>	<u>96.2%</u>	<u>94.2%</u>	<u>97.1%</u>

* The Better Payment Practice Code's target is for the Trust to pay 95% of the value of 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

	2013/14	2012/13
	£000	£000
Amounts included within Finance Costs (Note 17) arising from claims made under this legislation	-	-
Compensation paid to cover debt recovery costs under this legislation	-	-
	<u>-</u>	<u>-</u>

16 Finance income

	2013/14	2012/13
	£000	£000
Bank account interest	<u>78</u>	<u>172</u>
	<u>78</u>	<u>172</u>

17 Finance expense

	2013/14	2012/13
	£000	£000
Interest on loans	1,048	453
Financing obligations under PFI contracts:		
- main finance cost *	723	720
- contingent finance cost**	288	270
Change in discount rate on provisions***	-	84
Unwinding of discount on provisions	50	57
Net finance expense on Local Government Pension Scheme	<u>16</u>	<u>18</u>
	<u>2,125</u>	<u>1,602</u>

* The interest on the outstanding PFI liability.

** 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.

*** For 2013/14 the change in discount rate on provisions has been reclassified to operating expenses in line with Monitor FTC guidance.

18 Intangible assets

	2013/14	2012/13
	£000	£000
Gross cost at 1 April	710	638
Transfers by modified absorption*	9	-
Additions purchased	417	72
Disposals	(264)	-
Gross cost at 31 March	872	710
Amortisation at 1 April	405	345
Transfers by modified absorption*	6	-
Charged during the year	95	59
Disposals	(264)	-
Amortisation at 31 March	242	405
Net book value		
Total at 31 March	630	305

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.

* Assets transferred from Oxfordshire PCT

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19 Property, Plant and Equipment

19.1 Property, Plant and Equipment 2013/14

	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 2013	<u>42,510</u>	<u>74,958</u>	<u>765</u>	<u>25,774</u>	<u>2,801</u>	<u>91</u>	<u>10,866</u>	<u>5,241</u>	<u>163,006</u>
Transfers by modified absorption*	16,985	15,400	-	1,744	1,920	-	196	5,694	41,939
Additions purchased	-	14,814	-	2,789	690	21	2,172	681	21,167
Additions donated	-	-	-	-	-	35	-	-	35
Reclassifications	-	22,557	-	(24,004)	1,273	-	-	175	1
Reclassified as held for sale	(1,555)	(454)	(720)	-	-	-	-	-	(2,729)
Disposals	(5)	(5,100)	(120)	-	(1,241)	(41)	(6,723)	(1,024)	(14,254)
Revaluation	-	(67)	160	-	-	-	-	-	93
Impairments charged to the revaluation reserve	(3,613)	(2,587)	-	-	-	-	-	-	(6,200)
Cost or valuation at 31 March 2014	<u>54,322</u>	<u>119,521</u>	<u>85</u>	<u>6,303</u>	<u>5,443</u>	<u>106</u>	<u>6,511</u>	<u>10,767</u>	<u>203,058</u>
Depreciation at 1 April 2013	<u>3,018</u>	<u>6,646</u>	<u>15</u>	<u>3,417</u>	<u>1,561</u>	<u>91</u>	<u>8,482</u>	<u>2,887</u>	<u>26,116</u>
Transfers by modified absorption*	75	256	-	-	417	-	177	2,044	2,969
Reclassifications	-	(2)	-	-	-	-	-	-	(2)
Disposals	-	(4,502)	(22)	-	(1,239)	(41)	(6,723)	(1,003)	(13,530)
Revaluation	-	(1,881)	(17)	-	-	-	-	-	(1,898)
Impairments charged to operating expenses	2,602	7,617	-	-	2	-	-	78	10,299
Reversal of impairments to operating income	-	(2,037)	-	-	-	-	-	-	(2,037)
Charged during the year	-	2,652	22	-	349	10	861	1,033	4,927
Depreciation at 31 March 2014	<u>5,695</u>	<u>8,749</u>	<u>(2)</u>	<u>3,417</u>	<u>1,090</u>	<u>60</u>	<u>2,797</u>	<u>5,039</u>	<u>26,844</u>
Net Book Value									
Purchased at 31 March 2014	48,627	101,458	87	2,457	4,352	21	3,714	5,730	166,446
Private finance initiatives at 31 March 2014	-	7,689	-	-	-	-	-	-	7,689
Donated and Government Granted at 31 March 2014	-	1,625	-	429	-	25	-	-	2,079
Total at 31 March 2014	<u>48,627</u>	<u>110,772</u>	<u>87</u>	<u>2,886</u>	<u>4,352</u>	<u>46</u>	<u>3,714</u>	<u>5,730</u>	<u>176,214</u>
Purchased at 1 April 2013	39,492	59,785	751	22,357	1,240	-	2,384	2,355	128,364
Private finance initiatives at 1 April 2013	-	7,384	-	-	-	-	-	-	7,384
Donated and Government Granted at 01 April 2013	-	1,143	-	-	-	-	-	-	1,143
Total at 1 April 2013	<u>39,492</u>	<u>68,312</u>	<u>751</u>	<u>22,357</u>	<u>1,240</u>	<u>-</u>	<u>2,384</u>	<u>2,355</u>	<u>136,891</u>

* Assets transferred from Oxfordshire PCT which are restricted to healthcare use.

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19.2 Property, Plant and Equipment 2012/13

	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 2012	42,803	63,844	769	18,117	2,180	91	10,101	4,579	142,484
Additions purchased	-	6,463	-	15,999	120	-	756	374	23,712
Additions donated	-	66	-	-	-	-	-	-	66
Reclassifications	-	7,544	-	(8,342)	501	-	9	288	-
Revaluation	85	2,876	(4)	-	-	-	-	-	2,957
Impairments	(378)	(5,835)	-	-	-	-	-	-	(6,213)
Cost or Valuation at 31 March 2013	42,510	74,958	765	25,774	2,801	91	10,866	5,241	163,006
Depreciation at 1 April 2012	2,864	2,074	10	3,417	1,451	91	7,518	2,459	19,884
Revaluation	-	(1,350)	(19)	-	-	-	-	-	(1,369)
Impairments	154	3,991	-	-	-	-	-	-	4,145
Charged during the year	-	1,931	24	-	110	-	964	428	3,456
Depreciation at 31 March 2013	3,018	6,646	15	3,417	1,561	91	8,482	2,887	26,116
Net book value									
Purchased at 31 March 2013	39,492	59,785	751	22,357	1,240	-	2,384	2,355	128,364
Private finance initiatives at 31 March 2013	-	7,384	-	-	-	-	-	-	7,384
Donated and Government Granted at 31 March 2013	-	1,143	-	-	-	-	-	-	1,143
Total at 31 March 2013	39,492	68,312	751	22,357	1,240	-	2,384	2,355	136,891
Purchased at 1 April 2012	39,939	52,459	760	14,700	727	-	2,583	2,120	113,288
Private finance initiatives at 1 April 2012	-	8,219	-	-	-	-	-	-	8,219
Donated and Government Granted at 01 April 2012	-	1,092	-	-	2	-	-	-	1,094
Total at 1 April 2012	39,939	61,770	760	14,700	729	-	2,583	2,120	122,601

19.3 Economic life of property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Plant and machinery	Transport equipment	Information technology	Furniture and fittings
Minimum life years		1	33	5	7	5	7
Maximum life years		45	33	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 31 March 2013 and as at 31 March 2014. Plant and equipment is valued using depreciated replacement cost.

19.5 Profit/(loss) on disposal of property, plant and equipment

Profit/(loss) on the disposal of property, plant and equipment is made up as follows:

	2013/14 £000	2012/13 £000
(Loss) on disposal of land and buildings	(459)	-
(Loss) on disposal of plant and equipment	(32)	-
	<u>(491)</u>	<u>-</u>

£470k of the loss on disposal relates to the net book value of assets held at the John Hampden Unit, Aylesbury. The services provided from this facility were relocated to the new Whiteleaf Centre in March 2014.

20 Impairment of property, plant and equipment

	2013/14	2012/13
	£000	£000
Property, plant and equipment impairments and reversals taken to SoCI		
Recognised in operating income		
Reversal of Impairments due to changes in market price	(2,037)	-
Recognised in operating expenses		
Impairments due to changes in market price	10,299	4,146
Charge to revaluation reserve		
Impairments/(Reversal of impairments) due to changes in market price	6,200	6,213
Total	14,462	10,358

In 2013/14 the £14,462k (£10,358k in 2012/13) impairment due to changes in market price was offset by a £1,991k (£4,326k in 2012/13) upward revaluation due to changes in market price, resulting in a net impairment of £12,471k (£6,032k in 2012/13).

The impairment loss included within other comprehensive income of £4,209k (2012/13 £1,886k) is calculated as the net of the £6,200k (2012/13 £6,213k) impairment loss to revaluation reserve and the £1,991k (2012/13 £4,326k) upward revaluation credited to revaluation reserve.

21 Inventories**21.1 Inventories by type**

	31 March 2014	31 March 2013
	£000	£000
Drugs	1,219	1,475
Consumables	10	18
Energy	25	32
Other	31	30
	1,285	1,555

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

21.2 Inventories recognised in expenses

	31 March 2014	31 March 2013
	£000	£000
Inventories recognised as an expense in the period	17,726	17,879
Write-down of inventories (including losses)	210	187
Reversal of write-downs that reduced the expense	(224)	(95)
	17,712	17,971

22 Trade and other receivables

22.1 Trade and other receivables

	Current		Non-current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
NHS receivables	3,156	2,265	-	-
Receivables due from NHS charities - revenue	57	41	-	-
Other receivables with related parties	2,248	419	-	-
Other receivables	1,006	1,251	30	30
VAT	318	377	-	-
Accrued income	2,550	2,248	-	-
PDC dividend receivable	130	320	-	-
Provision for the impairment of receivables	(190)	(280)	-	-
Prepayments other	1,478	1,150	-	-
	10,753	7,791	30	30

The majority of activity is with Clinical Commissioning Groups, as commissioners for NHS patient care services. As Clinical Commissioning Groups are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

22.2 Impairment of receivables

	Ageing of impaired receivables		Receivables past their due date but not impaired	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
Not due	19	70		
By up to three months	16	53	2,226	2,009
By three to six months	48	141	204	111
By more than six months	203	172	27	13
	286	436	2,457	2,133

The 2012/13 comparative figures have been restated.

22.3 Provision for impairment of receivables

	2013/14	2012/13
	£000	£000
Balance at 1 April	280	278
Amount recovered during the year	(179)	(196)
Increase in receivables impaired	89	198
Balance at 31 March	190	280

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 2013/14

	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 2013	-	6,400	-	-	6,400
Plus assets classified as available for sale in the year	-	2,727	-	-	2,727
Less assets sold in year	-	(6,602)	-	-	(6,602)
NBV of non-current assets for sale and assets in disposal groups at 31 March 2014	-	2,525	-	-	2,525

There was a gain recognised on assets sold in the year of £47k

23.2 Analysis of property plant and equipment assets held for sale

	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 2013	4,600	1,800	-	-	-	-	6,400
Plus assets classified as held for sale in the year	1,555	452	720	-	-	-	2,727
Less assets sold in the year	(4,600)	(2,002)	-	-	-	-	(6,602)
Balance brought forward at 31 March 2014	1,555	250	720	-	-	-	2,525

The non-current assets held for sale at 31 March 2013 relates to Boundary Brook House, formally Park Hospital (Oxford), which was sold in September 2013.

The non-current assets held for sale at 31 March 2014 relate to land and buildings at the Tindal Centre and part of the remaining Manor hospital site. The Trust expects the sales to complete in 2014/15. The loss recognised on becoming classified as held for sale was £5,988k.

24 Trade Payables

	Current		Non-current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
NHS payables - revenue	1,315	810	-	-
Related Parties payables - revenue	2,826	2,241	-	-
Other trade payables - revenue	2,928	2,392	-	-
Other trade payables - capital	1,857	232	-	-
Tax and social security costs	3,644	3,724	-	-
Accruals	14,071	15,422	-	-
Other Payables	199	1,043	-	-
	<u>26,840</u>	<u>25,864</u>	<u>-</u>	<u>-</u>

25 Borrowings

	Current		Non-current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
Loans from:				
Department of Health	1,338	1,338	25,425	26,762
Other entities	15	33	-	16
PFI liabilities:				
Main liability	77	62	4,620	4,697
	<u>1,430</u>	<u>1,433</u>	<u>30,045</u>	<u>31,475</u>

Department of Health loan facility of £28.1m for the Manor House redevelopment has been fully drawn down. 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 be repaid in full by September 2014.

26 Other financial liabilities

	Current		Non-current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
Holiday pay accrual	<u>768</u>	<u>700</u>	<u>-</u>	<u>-</u>
	<u>768</u>	<u>700</u>	<u>-</u>	<u>-</u>

27 Other liabilities

	Current		Non-current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
Deferred Income	<u>3,820</u>	<u>2,334</u>	<u>-</u>	<u>-</u>
Local Government Pension Scheme	<u>-</u>	<u>-</u>	<u>241</u>	<u>435</u>
	<u>3,820</u>	<u>2,334</u>	<u>241</u>	<u>435</u>

28 Provisions**28.1 Provisions by category**

	Current		Non-current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
Pensions relating to other staff	99	97	1,029	1,014
Legal claims	126	200	-	-
Other - redundancy	350	534	-	-
Other - pensions to death	16	15	185	179
Other - injury benefit	44	47	793	840
Other - employment	178	32	-	-
Other - dilapidations	227	246	555	562
Other - onerous lease	110	-	-	-
	1,150	1,171	2,562	2,594

28.2 Analysis of provisions

	Pensions relating to other staff			
	£000	£000	£000	£000
	Legal claims	Other	Total	
Provision at 1 April 2013	1,111	199	2,453	3,763
Arising during the year	67	83	883	1,033
Used during the year	(101)	(23)	(249)	(373)
Change in discount	41	-	59	100
Reversed unused	(17)	(133)	(711)	(861)
Unwinding of discount	27	-	23	50
Provision at 31 March 2014	1,128	126	2,458	3,712
Expected timing of cash flows:	£000	£000	£000	£000
no later than one year	99	126	925	1,150
later than one year and no later than five years	377	-	779	1,156
later than five years	652	-	754	1,406

Pensions relating to other staff results from early retirements for which the Trust is liable. Other provisions includes injury benefits to former staff for which the Trust is liable. Also included in other provisions are dilapidations provisions for the Trust's leasehold premises. There are no material uncertainties around the timing of these cashflows. £503k is included in the provisions of the NHS Litigation Authority at 31 March 2014 in respect of clinical negligence liabilities of the Trust (£550k at 31 March 2013).

29 Revaluation reserve

	2013/14			2012/13		
	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	<u>15,040</u>	-	<u>15,040</u>	<u>15,982</u>	-	<u>15,982</u>
Transfers by modified absorption	14,160	-	14,160	-	-	-
Revaluation (losses) and impairment losses property, plant and equipment	(4,209)	-	(4,209)	(1,886)	-	(1,886)
Transfers to the income and expenditure account in respect of asset disposals	(1,994)	-	(1,994)	-	-	-
Transfer of the excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve	(519)	-	(519)	(432)	-	(432)
Other transfers on reserves	5,373	-	5,373	1,376	-	1,376
Revaluation reserve at 31 March	<u><u>27,851</u></u>	-	<u><u>27,851</u></u>	<u><u>15,040</u></u>	-	<u><u>15,040</u></u>

On 1 April 2013, Oxford Health NHS Foundation Trust received assets from Oxfordshire PCT. The net assets received were £39.0m. These net assets had an associated revaluation reserve balance in the accounts of the PCT as at 31 March 2013 of £14.2m. The services associated with these assets were previously transferred to the Trust in 2011, hence the historical performance of the function is already included in the Trust's financial statements.

On 1 April 2013, Oxford Health NHS Foundation Trust recognised the £39.0m net assets in its statement of financial position. The corresponding gain of £39.0m was recognised into the income and expenditure reserve. This gain is material therefore is a separate line item in the statement of changes in taxpayers' equity and within other comprehensive income on the face of the statement of comprehensive income.

The Trust transferred £14.2m from its income and expenditure reserve to its revaluation reserve, and reports this transfer in the statement of changes in taxpayers' equity.

30 Cash and Cash Equivalents

	31 March 2014	31 March 2013
	£000	£000
Balance at 1 April	30,944	22,788
Net change in year	(6,731)	8,156
Balance at 31 March	24,213	30,944
Consists of:		
Cash with Government Banking Service	23,953	30,705
Commercial banks and cash in hand	260	239
Cash and cash equivalents as in Statement of Financial Position	24,213	30,944

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 Performance 2013/14

	Plan	Actual	Adjustment to Contribution
	£000	£000	£000
Oxford Health NHS FT	8,346	8,285	(61)
OCC	2,279	2,262	(17)
OCC contribution to Trust overheads	111	111	-
Total Pooled Budget	10,736	10,658	(78)

Analysis of Income and Expenditure within the Pooled Budget

	Total	Trust	OCC
	£000	Contribution £000	Contribution £000
Pay Expenditure	9,452	7,316	2,136
Non-Pay Expenditure	1,095	969	126
Contribution to Overheads	111	-	111
	10,658	8,285	2,373

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 2013/14

	Plan	Actual	Adjustment to
	£000	£000	Contribution
			£000
Oxford Health NHS FT	6,370	6,166	(204)
BCC	2,352	2,278	(74)
Total Delegated Budget	8,722	8,444	(278)
BCC contribution to Trust overheads	99	99	-
Total Pooled Budget	8,821	8,543	(278)

Analysis of Income and Expenditure within the Pooled Budget

	Total	Trust	BCC
	Contribution	Contribution	Contribution
	£000	£000	£000
Pay Expenditure	7,427	5,435	1,992
Non-Pay Expenditure	1,018	732	286
Income	(1)	(1)	-
Contribution to Overheads	99	-	99
	8,543	6,166	2,377

Buckinghamshire Older Adults Pooled Budget Performance 2013/14

	Plan	Actual	Adjustment to
	£000	£000	Contribution
			£000
Oxford Health NHS FT	1,847	1,927	80
BCC	963	1,005	42
Total Delegated Budget	2,810	2,932	122
BCC contribution to Trust overheads	41	41	-
Total Pooled Budget	2,851	2,973	122

Analysis of Income and Expenditure within the Pooled Budget

	Total	Trust	BCC
	Contribution	Contribution	Contribution
	£000	£000	£000
Pay Expenditure	2,757	1,841	916
Non-Pay Expenditure	186	93	93
Income	(11)	(7)	(4)
Contribution to Overheads	41	-	41
	2,973	1,927	1,046

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 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: 06 September 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 2013/14 value) is recorded within the Trust's total land value.

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

	31 March 2014	31 March 2013
	£000	£000
Not later than one year	794	773
Later than one year, not later than five years	3,568	3,383
Later than five years	6,016	6,849
Subtotal	10,378	11,005
Less: interest element	(5,681)	(6,246)
Total	4,697	4,759

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

32.3 Charges to expenditure

The total charged in the year to operating expenses in respect of the service element of on-'Statement of Financial Position' PFI contracts was £508k (prior year £492k).

The Trust is committed to the following charges:

	31 March 2014	31 March 2013
	£000	£000
PFI scheme expiry date:		
Not later than one year	521	504
Later than one year, not later than five years	2,217	2,147
Later than five years	3,764	4,307
Total	6,502	6,958

33 Contractual Capital Commitments

Commitments under capital expenditure contracts at 31 March 2014 were £4,505k (31 March 2013 £13,127k).

34 Events After the Reporting Period

No significant events after the reporting period

35 Contingencies**35.1 Contingent Liabilities**

	2013/14	2012/13
	£000	£000
Equal Pay cases	-	-
Other	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

35.2 Contingent Assets

	2013/14	2012/13
	£000	£000
Contingent Assets	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

36 Related Party Transactions

Oxford Health NHS Foundation Trust is a body corporately established by order of the Secretary of State for Health.

The Department of Health is regarded as a related party. During the year the 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 in order of significance. Oxfordshire CCG, NHS England, Chiltern CCG and Aylesbury Vale CCG together account for 86% of the Trust's clinical income.

NHS Oxfordshire CCG
NHS England
NHS Chiltern CCG
NHS Aylesbury Vale CCG
Health Education England
Oxford University Hospitals NHS Trust
NHS Wiltshire CCG
Department of Health
South Central Ambulance Service NHS Foundation Trust
NHS Bath and North East Somerset CCG
Great Western Hospitals NHS Foundation Trust
Community Health Partnerships
Buckinghamshire Healthcare NHS Trust
NHS Nene CCG
Calderdale And Huddersfield NHS Foundation Trust
Southern Healthcare NHS Foundation Trust
Frimley Park Hospital NHS Foundation Trust
Heatherwood and Wexham Park Hospitals NHS Foundation Trust
University Hospitals of Leicester NHS Trust
NHS Litigation Authority
Burton Hospitals NHS Foundation Trust

Government bodies outside the Department of Health that the Trust has had material transactions with are:

NHS Pension Scheme
National Insurance Fund
Oxfordshire County Council
Buckinghamshire County Council
Swindon Unitary Authority
NHS Professionals
Welsh Assembly Government (including Welsh Health Bodies)
NHS Property Services
Wiltshire Unitary Authority

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 Trust has also received 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 2013/14 was £15,466k (£16,209k in 2012/13).

Professor Sue Dopson, who is a non-executive director, is an appointed representative of the University of Oxford (Said Business School). Martin Howell, who is the Chairman, is a Governor of Oxford Brookes University. Alyson Coates, who is a non-executive director, is a Governor of Oxford Brookes University

37 Public dividend capital rate

For Oxford Health NHS Foundation Trust in 2013/14 this dividend is calculated as follows:

	£000
Average Relevant Net Assets	86,584
Rate of Dividend (%)	3.50%
2013/14 PDC dividend	3,030

38 Performance against the prudential borrowing limit

The prudential borrowing code requirements in section 41 of the NHS Act 2006 have been repealed with effect from 1 April 2013 by the Health and Social Care Act 2012. The financial statements disclosures that were provided previously are no longer required.

39 Financial instruments**39.1 Financial assets**

	At fair value through Income and Expenditure	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Receivables	-	8,827	-	8,827
Cash at bank and in hand	-	24,213	-	24,213
Other financial assets	-	-	-	-
Total at 31 March 2014	-	33,040	-	33,040
Receivables	-	5,974	-	5,974
Cash at bank and in hand	-	30,944	-	30,944
Other financial assets	-	-	-	-
Total at 31 March 2013	-	36,918	-	36,918

From 2013/14 non-current assets held for sale are not classified as financial assets, therefore the 2012/13 figure has been restated.

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	Other	Total
	£000	£000	£000
Payables	-	20,536	20,536
PFI and finance lease obligations	-	4,697	4,697
Other borrowings	-	26,778	26,778
Provisions	-	-	-
Other financial liabilities	-	768	768
Total at 31 March 2014	-	52,779	52,779
Payables	-	19,671	19,671
PFI and finance lease obligations	-	4,759	4,759
Other borrowings	-	28,149	28,149
Provisions	-	-	-
Other financial liabilities	-	700	700
Total at 31 March 2013	-	53,279	53,279

All financial assets and liabilities are held at fair value.

39.3 Maturity of financial liabilities

	2013/14	2012/13
	£000	£000
In one year or less	22,734	21,803
In more than one year but not more than two years	1,471	1,431
In more than two years but not more than five years	4,765	4,593
In more than five years	23,809	25,452
Total	52,779	53,279

39.4 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 Trust has with Clinical Commissioning Groups and the way those organisations are financed, the 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 has limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking activities.

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

Currency risk

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

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by regulator review. The borrowings are for 1 – 20 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2014 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups and NHS England, which are financed from resources voted annually by Parliament. The Trust is not, therefore, exposed to significant liquidity risks.

The Trust had a Working Capital Facility of £15.0m in place until 30 September 2013 which is no longer required, in line with Monitor's Risk Assessment Framework.

40 Third party assets

The Trust held £307k cash at bank and in hand at 31 March 2014 (£355k at 31 March 2013) 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	468	-	6,599	-
Balances with Local Authorities	2,317	-	1,586	-
Balances with other NHS Bodies	5,432	-	7,155	-
Balances with Public Corporations and Trading Funds	-	-	-	-
Balances with bodies external to government	2,536	30	15,320	-
Total at 31 March 2014	10,753	30	30,660	-
Balances with other Central Government Bodies	576	-	6,824	-
Balances with Local Authorities	330	-	1,031	-
Balances with other NHS Bodies	4,396	-	5,406	-
Balances with Public Corporations and Trading Funds	-	-	-	-
Balances with bodies external to government	2,489	30	14,935	-
Total at 31 March 2013	7,791	30	28,196	-

42 Losses and special payments

The total number of losses cases and their total value was as follows:

	2013/14		2012/13	
	Total Value of Cases £	Total Number of Cases	Total Value of Cases £	Total Number of Cases
Losses				
Cash losses	131	10	120,633	4
Stores losses	610	1	-	-
Special payments				
Extra-contractual payments	11,190	2	1,300	2
Special severance payments	4,000	2	24,500	3
Ex gratia payments	64,126	34	148,737	34
Total losses and special payments	80,057	49	295,170	43

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

In 2012/13 the Treasury approved an ex gratia payment of £102,500, made in relation to the severance of employment of a former Director of the Trust.

In 2012/13 cash losses includes a loss of £120,611 incurred in relation to a bank mandate fraud.

43 **Local Government Superannuation Scheme** **Buckinghamshire County Council Pension Scheme**

In 2009-10 22 members of staff transferred employment from Buckinghamshire County Council. As at 31 March 2014 22 of these retain active membership of the Buckinghamshire County Council Pension Scheme, which is a defined benefits scheme.

The County Council retains the assets and liabilities relating to this scheme.

The Trust's obligations in respect of pensions 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 reflect the liability attributable from this date within Provisions on the Statement of Financial Position, £240,000 at 31 March 2014 (£435,000 at 31 March 2013).

The Trust commissioned Barnett Waddingham to prepare an actuarial report to provide full pension details in accordance with International Accounting Standard 19 (IAS19) . The report is available on request.

43.1 **The main actuarial assumptions used at the date of the Statement of Financial Position in measuring the present value of the defined benefit scheme liabilities are:**

	31 March 2014	31 March 2013
RPI Increases	3.7%	3.4%
CPI Increases	2.9%	2.6%
Salary Increases	4.7%	4.8%
Pension Increases	2.9%	2.6%
Discount rate	4.6%	4.7%
Expected return on assets (average)	6.8%	5.9%

43.2 **The estimated Fund asset allocation as at 31 March 2014 is as follows:**

	31 March 2014		31 March 2013	
	£000		£000	
Equities	1,220	72%	1,011	70%
Gilts	85	5%	58	4%
Other bonds	169	10%	130	9%
Property	136	8%	116	8%
Cash	17	1%	14	1%
Alternative Assets	68	4%	116	8%
Total	1,695	100%	1,445	100%

43.3 **The expected return on the plan assets**

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2013 for the year to 31 March 2014). The returns on gilts and other bonds are assumed to be gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

Asset class	Expected return at	
	31 March 2014	31 March 2013
Equities	7.5%	6.3%
Gilts	3.6%	3.0%
Other bonds	4.2%	4.1%
Property	5.8%	5.8%
Cash	3.4%	0.5%
Alternative Assets	7.5%	6.3%
Total	6.8%	5.9%

43.4 Amounts recognised in the SoCI

	2013/14	2012/13
	£000	£000
Operating expenses - Current service cost	(101)	(108)
Net interest expense	(16)	(18)
Other comprehensive income - Remeasurements of net defined benefit pension scheme asset / liability	249	42
Total pension cost recognised	132	(84)

43.5 Amounts recognised in the SoFP

	2013/14	2012/13
	£000	£000
Oxford Health NHS Foundation Trust liability	(240)	(435)

Oxford Health NHS Foundation Trust is only liable for the deficit in the scheme from the date of transfer of employees from Buckinghamshire County Council in 2009.

Present value of funded obligations	(2,197)	(2,142)
Less fair value of scheme assets (bid value)	1,694	1,445
Deficit in the scheme	(503)	(697)

43.6 Reconciliation of opening and closing SoFP balances for Oxford Health NHS Foundation Trust

	2013/14	2012/13
	£000	£000
Deficit in the scheme at 1 April	(435)	(422)
Expenses recognised in the SoCI	(117)	(126)
Contributions paid (Employer)	62	71
Actuarial gains/(losses) in the current year	249	42
Deficit in the scheme at 31 March	(241)	(435)

43.7 Change in benefit obligation during the year to 31 March

	2013/14	2012/13
	£000	£000
Opening defined benefit obligation	2,142	1,805
Current service cost	101	108
Interest on pension obligations	16	18
Member contributions	27	31
Actuarial (gains)/losses on obligations	(164)	122
Benefits paid	(12)	(12)
Closing benefit obligation	2,110	2,072

43.8 Change in fair value of plan assets during the year to 31 March

	2013/14	2012/13
	£000	£000
Opening fair value of plan assets	1,445	1,121
Actuarial gains/(losses) on assets	85	164
Employer contributions	62	71
Member contributions	27	31
Benefits paid	(12)	(12)
Closing fair value of assets	1,607	1,375

The projected employer contributions for the year to 31 March 2015 are £63k.

44 NHS Charitable Fund

Oxford Health Charitable Funds is not consolidated within the Oxford Health NHS Foundation Trust accounts. The summary results and financial position for Oxford Health Charitable Funds (Charity Registration Number 1057285) are as follows:

Statement of Financial Activities

	2013/14	2012/13
	£000	£000
Total Incoming Resources	311	380
Resources Expended with Oxford Health NHS Foundation Trust	(213)	(195)
Other Resources Expended	(185)	(170)
Total Resources Expended	(398)	(365)
Net (outgoing)/incoming resources	(87)	15
Gains on revaluation and disposal	33	108
Net movement in funds	(54)	123

Balance Sheet

	31 March 2014	31 March 2013
	£000	£000
Investments	1,238	1,275
Cash	100	53
Other Current Assets	374	407
Current Liabilities	(86)	(55)
Net assets	1,626	1,680
Restricted / Endowment funds	407	440
Unrestricted funds	1,219	1,240
Total Charitable Funds	1,626	1,680

The 2013/14 Statement of Financial Activities and Balance Sheet are based on unaudited accounts of the Charitable Fund.