

## Annual Statutory Accounts - Year Ending 31 March 2015

Trust name:	Oxford Health NHS Foundation Trust
This year	2014/15
Last year	2013/14
This year ended	31 March 2015
Last year ended	31 March 2014
This year beginning	1 April 2014
Last year beginning	1 April 2013

## **FOREWORD TO THE ACCOUNTS**

### **Oxford Health NHS Foundation Trust**

The accounts for the year ended 31 March 2015 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 2014/15 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 2014/15. The Trust Board has approved the preparation of the 2014/15 accounts on a going concern basis.

**Signed:** .....

**Stuart Bell, Chief Executive**

**Date:** .....

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31 March 2015**

		2014/15	2013/14
	NOTE	£000	£000
<b>Operating income</b>	4,5,6	<b>288,336</b>	286,069
<b>Operating expenses</b>	7	<b>(297,063)</b>	(286,373)
<b>Operating deficit</b>		<b>(8,727)</b>	(304)
<b>Finance costs</b>			
Finance income	16	<b>76</b>	78
Financial expense - financial liabilities	17	<b>(2,089)</b>	(2,075)
Financial expense - unwinding of discount on provisions	17	<b>(36)</b>	(50)
Public Dividend Capital dividends payable	37	<b>(4,071)</b>	(3,030)
<b>Net finance costs</b>		<b>(6,120)</b>	(5,077)
<b>Deficit from continuing operations</b>		<b>(14,847)</b>	(5,381)
<b>DEFICIT FOR THE FINANCIAL YEAR</b>		<b>(14,847)</b>	(5,381)
 <b>Other comprehensive income :</b>			
<b>Gain from transfer by absorption from demising bodies</b>	29	-	38,974
<b>Revaluation losses and impairment losses property, plant and equipment</b>	20,29	<b>(6,149)</b>	(4,209)
<b>Remeasurements of net defined benefit pension scheme asset / liability</b>	11,42	<b>(343)</b>	249
<b>Other reserve movements</b>		-	(10)
<b>TOTAL COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR</b>		<b>(21,339)</b>	29,623

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 2015**

		31 March 2015	31 March 2014
	NOTE	£000	£000
<b>NON-CURRENT ASSETS</b>			
Intangible assets	18	1,216	630
Property, plant and equipment	19	158,986	176,214
Trade and other receivables	22	30	30
<b>Total Non-Current Assets</b>		<u>160,232</u>	<u>176,874</u>
<b>CURRENT ASSETS</b>			
Inventories	21	1,804	1,285
Trade and other receivables	22	9,571	10,753
Non-current assets held for sale	23	3,077	2,525
Cash and cash equivalents	30	15,288	24,213
<b>Total Current Assets</b>		<u>29,740</u>	<u>38,776</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	24	(24,649)	(26,840)
Borrowings	25	(1,471)	(1,430)
Other financial liabilities	26	(357)	(768)
Other liabilities	27	(1,838)	(3,820)
Provisions	28	(1,600)	(1,150)
<b>Total Current Liabilities</b>		<u>(29,915)</u>	<u>(34,008)</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	25	(28,574)	(30,045)
Local government pension scheme	27	(629)	(241)
Provisions	28	(2,620)	(2,562)
<b>Total Non-Current Liabilities</b>		<u>(31,823)</u>	<u>(32,848)</u>
<b>TOTAL ASSETS EMPLOYED</b>		<u>128,234</u>	<u>148,794</u>
<b>TAXPAYERS' EQUITY</b>			
Public dividend capital		90,583	89,804
Revaluation reserve	29	20,702	27,851
Other reserves		1,317	1,317
Income and expenditure reserve		15,632	29,822
<b>TOTAL TAXPAYERS' EQUITY</b>		<u>128,234</u>	<u>148,794</u>

The notes on pages 5 to 47 form part of these accounts.

The financial statements on pages 1 to 47 were approved by the Board and signed on its behalf and authorised for issue by:

Signed:

Date:

Stuart Bell (Chief Executive)

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2014/15

	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000
<b>Taxpayers' Equity at 1 April 2014</b>	<b>148,794</b>	<b>89,804</b>	<b>27,851</b>	<b>1,317</b>	<b>29,822</b>
Deficit for the year	(14,847)	-	-	-	(14,847)
Transfer to retained earnings on disposal of assets between reserves	-	-	(459)	-	459
Revaluation losses and impairment losses on property plant and equipment	(11,507)	-	(11,507)	-	-
Revaluations - Property, Plant & Equipment	5,358	-	5,358	-	-
Actuarial losses on defined benefit pension schemes	(343)	-	-	-	(343)
Transfer of the excess of current cost depreciation over historical cost depreciation to the income and expenditure reserve	-	-	(551)	-	551
Movements on other reserves	-	-	10	-	(10)
Public Dividend Capital received	779	779	-	-	-
<b>Taxpayers' Equity at 31 March 2015</b>	<b>128,234</b>	<b>90,583</b>	<b>20,702</b>	<b>1,317</b>	<b>15,632</b>

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2013/14

	Total	Public Dividend Capital	Revaluation Reserve	Other Reserves	Income and Expenditure Reserve
<b>Taxpayers' Equity at 1 April 2013</b>	<b>117,910</b>	<b>88,543</b>	<b>15,040</b>	<b>6,700</b>	<b>7,627</b>
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	-	-	-
<b>Taxpayers' Equity at 31 March 2014</b>	<b>148,794</b>	<b>89,804</b>	<b>27,851</b>	<b>1,317</b>	<b>29,822</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED**  
**31 March 2015**

		2014/15	2013/14
	NOTE	£000	£000
<b>Cash flows from operating activities</b>			
Operating deficit from continuing operations		(8,727)	(304)
<b>Operating deficit</b>		(8,727)	(304)
<b>Non-cash income and expense:</b>			
Depreciation and amortisation	7	6,467	5,022
Impairments	7	16,377	10,299
Reversals of impairments	6	(5,263)	(2,037)
Non-cash donations/grants credited to income		-	(35)
Net loss on disposal of assets		246	445
Interest accrued not paid		-	-
Dividends accrued and not paid or received		-	-
Employer contributions paid less net charge in relation to Local Government Pension Scheme		45	55
Decrease/(Increase) in trade and other receivables		1,167	(3,045)
(Increase)/Decrease in inventories		(519)	270
Increase in trade and other payables		105	1,851
(Decrease)/Increase in other liabilities		(2,373)	1,548
Increase/(Decrease) in provisions		473	(103)
<b>NET CASH GENERATED FROM OPERATIONS</b>		7,998	13,966
<b>Cash flows from investing activities:</b>			
Interest received		76	78
Purchase of intangible assets		(757)	(416)
Purchase of property, plant and equipment		(10,723)	(22,042)
Sales of Property, Plant and Equipment		1,300	6,882
PFI lifecycle prepayments (cash outflow)		(94)	(108)
<b>NET CASH GENERATED USED IN INVESTING ACTIVITIES</b>		(10,198)	(15,606)
<b>Cash flows from financing activities:</b>			
Public Dividend Capital received		779	1,261
Loans received		-	-
Loans repaid		(1,354)	(1,371)
Capital element of private finance initiative obligations		(91)	(62)
Interest paid		(1,056)	(1,064)
Financing element of private finance initiative obligations		(1,042)	(1,015)
Public Dividend Capital dividend paid		(3,961)	(2,840)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		(6,725)	(5,091)
<b>Decrease in cash and cash equivalents</b>		(8,925)	(6,731)
<b>Cash and cash equivalents at 1 April</b>		24,213	30,944
<b>Cash and cash equivalents at 31 March</b>		15,288	24,213

## 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 2014/15 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 2016/17), 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

Oxford Health NHS Foundation Trust is the corporate trustee to the Oxford Health Charity. Oxford Health NHS Foundation Trust has assessed its relationship to the charity and determined it to be a subsidiary because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charity and has the ability to affect those returns and other benefits through its power over the fund.

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

A summary of the financial results and position of Oxford Health Charity is included in note 43.

#### 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 a subsequent financial year, that income is deferred.

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

#### 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 Pension Scheme which is a defined benefit pension scheme. The scheme assets and 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 a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

### **Measurement**

#### **Valuation**

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

They are restated to current value each year. The carrying values of 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 January 2015.



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

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

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

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

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable 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. 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 or through the use of a bad debt provision.

## 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.

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

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

### 1.13 Public dividend capital

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

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

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

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

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

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

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

### 1.17 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 Foundation Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

## 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. In 2013/14 the net gain corresponding to the net assets transferred from Oxfordshire PCT is recognised within the income and expenditure reserve under the principles of modified absorption accounting which applied to transfers where the transferring body ceased to exist on 1 April 2013.

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 2014/15. The application of the Standards as revised would not have a material impact on the accounts for 2014/15, were they applied in that year:

IFRS 9 Financial Instruments - subject to consultation

IFRS 13 Fair Value Measurement - adoption delay by HM Treasury. To be adopted from 2015/16

IAS 36 (amendment) recoverable amount disclosures - to be adopted from 2015/16 (aligned to IFRS 13 adoption)

IAS 19 (amendment) employer contributions to defined benefit pension schemes - effective from 2015/16 but not yet EU adopted

IFRS 15 Revenue from contracts with customers - not yet EU adopted but expected to be effective from 2017/18

## 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 District Valuer Services as at 31 January 2015. 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 2015 are as disclosed in the trade and other receivables note.



### **3 Operating Segments**

All of the Trust's activities relate to the provision of healthcare, which is an aggregate of all the individual specialty components included therein. Similarly, the majority of the Trust's income originates with UK Whole of Government Accounting (WGA) bodies. The majority of expenses incurred are payroll expenditure on staff involved in the provision or support of healthcare activities generally across the Trust together with the related supplies and overheads necessary. The business activities which earn revenue and incur expenses are therefore of one broad combined nature.

The operating results of the Trust are reviewed monthly or more frequently by the Trust's chief operating decision maker which is the overall Foundation Trust Board, which includes non-executive directors. The finance report considered by the Trust Board contains only total balance sheet positions and cash flow forecasts for the Trust as a whole. The Board as chief operating decision maker therefore only considers one segment of healthcare in its decision making process.

The single segment of 'healthcare' has therefore been identified consistent with the core principle of IFRS 8 which is to enable users of the financial statements to evaluate the nature and financial effects of business activities in which the Trust engages and economic environments in which it operates.

**4 Operating income**

	<b>2014/15</b>	2013/14
	<b>£000</b>	£000
Income from activities	<b>239,627</b>	242,012
Other operating income	<b>48,709</b>	44,057
	<b><u>288,336</u></b>	<u>286,069</u>

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

	<b>2014/15</b>	2013/14
	<b>£000</b>	£000
<b>Mental health</b>		
Block contract income	<b>129,716</b>	123,299
Cost and volume contract income	<b>4,668</b>	10,226
Clinical income for the secondary commissioning of mandatory services	<b>2,803</b>	2,857
Other clinical income from mandatory services	<b>1,084</b>	1,049
<b>Community services</b>	<b>101,316</b>	104,547
Private patient income	<b>40</b>	34
	<b><u>239,627</u></b>	<u>242,012</u>

All income from activities arises from mandatory services.

**5.2 Income from activities (by source)**

	<b>2014/15</b>	2013/14
	<b>£000</b>	£000
<b>Commissioner Requested Services</b>		
Clinical Commissioning Groups and NHS England	<b>213,419</b>	214,087
<b>Non-Commissioner Requested Services</b>		
Local authorities	<b>21,730</b>	22,497
NHS trusts	<b>2,944</b>	2,634
Other Central Government bodies	-	1,018
Foundation trusts	<b>106</b>	260
Health Education England	-	142
Bodies external to government	<b>1,388</b>	1,340
Private patients	<b>40</b>	34
	<b><u>239,627</u></b>	<u>242,012</u>

**6 Other operating income**

	2014/15	2013/14
	£000	£000
Pharmacy sales	17,283	15,641
Education and training	12,493	11,969
Research and development	6,769	6,857
Non-patient care services to other bodies	4,375	3,088
Other income	2,263	3,623
Profit on disposal of assets held for sale	-	46
Reversal of impairments of property, plant and equipment	5,263	2,037
Charitable and other contributions to expenditure	205	236
Receipt of donations for capital acquisitions	58	560
	<b>48,709</b>	<b>44,057</b>

The 2013/14 total remains the same but some figures have been presented in new categories for comparative purposes.

**7 Operating expenses**

	2014/15	2013/14
	£000	£000
Services from Foundation Trusts	1,571	2,797
Services from NHS Trusts	809	851
Services from CCGs and NHS England	2	-
Purchase of healthcare from non NHS bodies	3,091	2,361
Employee Expenses - Executive directors	909	875
Employee Expenses - Non-executive directors	152	127
Employee Expenses - Staff	205,015	200,831
Supplies and services - clinical (excluding drug costs)	9,061	9,155
Supplies and services - general	2,888	2,902
Establishment	3,005	2,621
Transport	4,272	5,330
Premises	8,599	7,949
Decrease in provision for impairment of receivables	(34)	(90)
Increase / (Decrease) in other provisions	25	(15)
Change in provisions discount rate	92	100
Inventories written down/(back) (net, including inventory drugs)	42	(14)
Drug costs (non inventory drugs only)	2,055	1,692
Inventories consumed (excluding drugs)	1,499	1,475
Drug Inventories consumed	17,815	16,251
Rentals under operating leases	5,331	5,904
Depreciation of property plant and equipment	6,296	4,927
Amortisation of intangible assets	171	95
Loss on disposal of property, plant and equipment	246	491
Impairment of property, plant and equipment	16,377	10,299
Audit services - statutory audit	68	68
Other auditor remuneration - non-audit services	79	-
Clinical negligence	300	327
Professional fees and associated costs	264	1,017
Consultancy costs	1,091	563
Training, courses and conferences	1,675	1,607
Patient travel	288	204
Car parking and security	82	104
Redundancy (Included in Employee Expenses)	626	459
Insurance	364	323
Other services, e.g. External payroll	1,527	1,517
Losses, ex gratia & special payments	54	80
Other	1,356	3,190
	<b>297,063</b>	<b>286,373</b>

The Trust has adopted the above operating expenses table in line with Monitor FTC guidance. The 2013/14 total remains the same but some figures have been presented in new categories for comparative purposes.

## 8 Staff costs and numbers

### 8.1 Employee expenses

(excluding non-executive directors)

	Total	2014/15 Permanently Employed	Other	2013/14 Total
	£000	£000	£000	£000
Salaries and wages	163,886	160,566	3,320	163,629
Social Security costs	11,914	11,914	-	12,051
Employer contributions to NHS pension scheme	19,735	19,412	323	19,517
Other pension costs	-	-	-	62
Termination benefits	626	626	-	459
Bank and agency staff	10,522	-	10,522	6,531
Capitalised employee costs	(133)	(133)	-	(74)
	<b>206,550</b>	<b>192,385</b>	<b>14,165</b>	<b>202,175</b>

### 8.2 Staff numbers

(excluding non-executive directors)

	Total	2014/15 Permanently employed	Other	2013/14 Total
	WTE	WTE	WTE	WTE
Medical and dental	242	242	-	237
Administration and estates	959	959	-	983
Healthcare assistants and other support staff	1,022	1,022	-	1,068
Nursing, midwifery and health visiting staff	1,553	1,553	-	1,582
Nursing, midwifery and health visiting learners	77	77	-	89
Scientific, therapeutic and technical staff	898	898	-	894
Social care staff	71	71	-	47
Bank and Agency Staff	179	-	179	133
	<b>5,001</b>	<b>4,822</b>	<b>179</b>	<b>5,033</b>

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

### 8.3 Directors' remuneration and other benefits

	2014/15	2013/14
	£000	£000
Executive and non-executive directors' salaries	888	856
Employers' contribution to executive directors' pensions*	99	100
	<b>987</b>	<b>956</b>

\*relates to 5 directors (5 in 2013/14) accruing benefits under the NHS Pension Scheme, a defined benefit scheme

**8.4 Staff exit packages**

	2014/15 Number of compulsory redundancies	2014/15 Number of other departures agreed	2014/15 Total number of exit packages	2013/14 Total number of exit packages
Exit package cost band				
< £10,000	-	4	4	5
£10,000 - £25,000	4	3	7	1
£25,001 - £50,000	4	2	6	1
£50,001 - £100,000	-	3	3	0
£100,001 - £150,000	-	-	-	0
Total number of exit packages	8	12	20	7
Total resource cost £'000	203	407	610	71

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**

	2014/15 Number of agreements	2014/15 Total value of agreements £000	2013/14 Number of agreements	2013/14 Total value of agreements £000
Voluntary redundancies including early retirement contractual costs	-	-	1	38
Mutually agreed resignations (MARS) contractual costs	10	332	4	29
Non-contractual payments requiring HM Treasury approval	2	75	2	4
Total	12	407	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.

One non-contractual payment requiring HM Treasury approval was made in 2014/15, for £66k. Two non-contractual payments requiring HM Treasury approval were made in 2013/14, one for £1k and one for £3k.

**9 Employee benefits**

The Trust's employees received no material benefits in 2014/15 (none in 2013/14).

**10 Retirements due to ill-health**

During 2014/15 there were 6 early retirements (2013/14, 13) from the NHS Foundation Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £158,340 (2013/14, £630,195). 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](http://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 2015, is based on valuation data as 31 March 2014, updated to 31 March 2015 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 2012.

The Scheme Regulations 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.

#### 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.

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 new provision is known as “pension commutation”.

#### **11.1 *NHS Pension Scheme continued***

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 42.

## 12 Leases

### 12.1 Operating lease payments recognised as an expense

	2014/15	2013/14
	£000	£000
Minimum lease payments	5,331	5,904
	<u>5,331</u>	<u>5,904</u>

The 2013/14 figure has been restated for comparative purposes as identified in note 7.

### 12.2 Total future minimum operating lease payments

	Land & Buildings		Other Leases		Employee Car Leases*	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
	£000	£000	£000	£000	£000	£000
Payable:						
Not later than one year	3,814	4,630	369	754	756	755
Between one and five years	2,896	5,148	346	187	563	645
After 5 years	9,385	11,494	-	-	-	-
Total	<u>16,095</u>	<u>21,272</u>	<u>715</u>	<u>941</u>	<u>1,319</u>	<u>1,400</u>

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 Fees paid to external auditor

	2014/15	2013/14
	£000	£000
Audit services - statutory audit	68	68
Other auditor remuneration - non-audit services	79	-
	<u>147</u>	<u>68</u>

### 13.2 Limitation on auditor's liability

	2014/15	2013/14
	£000	£000
Limitation on auditor's liability	-	-
	<u>-</u>	<u>-</u>



**14 Better payment practice code**

	<b>2014/15</b>		<b>2013/14</b>	
	<b>Number</b>	<b>£000</b>	<b>Number</b>	<b>£000</b>
<b>Measure of Compliance:</b>				
Total Non-NHS trade invoices paid in the year	<b>72,922</b>	<b>87,028</b>	71,142	88,217
Total Non NHS trade invoices paid within target*	<b>68,695</b>	<b>82,039</b>	67,452	83,868
Percentage of Non-NHS trade invoices paid within target	<b>94.2%</b>	<b>94.3%</b>	94.8%	95.1%
 Total NHS trade invoices paid in the year	 <b>2,693</b>	 <b>17,358</b>	 2,669	 21,763
Total NHS trade invoices paid within target*	<b>2,381</b>	<b>16,416</b>	2,448	20,946
Percentage of NHS trade invoices paid within target	<b>88.4%</b>	<b>94.6%</b>	91.7%	96.2%

\* 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**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
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>
	<u>-</u>	<u>-</u>

**16 Finance income**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Bank account interest	<b>61</b>	78
Other interest	<b>15</b>	-
	<u><b>76</b></u>	<u>78</u>

**17 Finance expense**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Interest on loans	<b>1,034</b>	1,048
Financing obligations under PFI contracts:		
- main finance cost *	<b>717</b>	723
- contingent finance cost**	<b>316</b>	288
Change in discount rate on provisions	-	-
Unwinding of discount on provisions	<b>36</b>	50
Net finance expense on Local Government Pension Scheme	<b>22</b>	16
	<u><b>2,125</b></u>	<u>2,125</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.

**18 Intangible assets**

	<b>2014/15</b>	2013/14
	<b>£000</b>	£000
<b>Gross cost at 1 April</b>	<b>872</b>	710
Transfers by modified absorption*	-	9
Additions purchased	<b>757</b>	417
Disposals	-	(264)
<b>Gross cost at 31 March</b>	<b>1,629</b>	872
<b>Amortisation at 1 April</b>	<b>242</b>	405
Transfers by modified absorption*	-	6
Charged during the year	<b>171</b>	95
Disposals	-	(264)
<b>Amortisation at 31 March</b>	<b>413</b>	242
<b>Net book value</b>		
<b>Total at 31 March</b>	<b>1,216</b>	<b>630</b>

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

## 19 Property, Plant and Equipment

## 19.1 Property, Plant and Equipment 2014/15

	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
<b>Cost or valuation at 1 April 2014</b>	<b>54,322</b>	<b>119,521</b>	<b>85</b>	<b>6,303</b>	<b>5,443</b>	<b>106</b>	<b>6,511</b>	<b>10,767</b>	<b>203,058</b>
Additions purchased	487	4,224	-	1,335	464	3	1,529	253	8,295
Additions donated	-	96	-	-	-	32	-	-	128
Reclassifications	-	5,684	-	(6,301)	525	-	-	92	-
Reclassified as held for sale	(150)	(315)	(85)	-	-	-	-	-	(550)
Disposals	(195)	(5,790)	-	-	(596)	-	(1,191)	(658)	(8,430)
Revaluation	-	2,484	-	-	-	-	-	-	2,484
Impairments charged to the revaluation reserve	(9,074)	(2,433)	-	-	-	-	-	-	(11,507)
<b>Cost or valuation at 31 March 2015</b>	<b>45,390</b>	<b>123,471</b>	<b>-</b>	<b>1,337</b>	<b>5,836</b>	<b>141</b>	<b>6,849</b>	<b>10,454</b>	<b>193,478</b>
<b>Depreciation at 1 April 2014</b>	<b>5,695</b>	<b>8,748</b>	<b>(2)</b>	<b>3,417</b>	<b>1,090</b>	<b>60</b>	<b>2,797</b>	<b>5,039</b>	<b>26,844</b>
Reclassifications	-	3,417	-	(3,417)	-	-	-	-	-
Reclassified as held for sale	-	-	2	-	-	-	-	-	2
Disposals	-	(4,553)	-	-	(491)	-	(1,191)	(651)	(6,886)
Revaluation	-	(2,872)	(2)	-	-	-	-	-	(2,874)
Impairments charged to operating expenses	12,387	3,912	-	-	39	-	-	39	16,377
Reversal of impairments to operating income	-	(5,263)	-	-	-	-	-	-	(5,263)
Charged during the year	-	3,429	2	-	689	8	1,100	1,068	6,296
<b>Depreciation at 31 March 2015</b>	<b>18,082</b>	<b>6,818</b>	<b>-</b>	<b>-</b>	<b>1,327</b>	<b>68</b>	<b>2,706</b>	<b>5,495</b>	<b>34,496</b>
<b>Net Book Value</b>									
Purchased at 31 March 2015	27,309	106,035	-	1,337	4,507	20	4,142	4,962	148,312
Private finance initiatives at 31 March 2015	-	8,813	-	-	-	-	-	-	8,813
Donated and Government Granted at 31 March 2015	-	1,808	-	-	-	53	-	-	1,861
<b>Total at 31 March 2015</b>	<b>27,309</b>	<b>116,656</b>	<b>-</b>	<b>1,337</b>	<b>4,507</b>	<b>73</b>	<b>4,142</b>	<b>4,962</b>	<b>158,986</b>
Purchased at 1 April 2014	48,627	101,458	87	2,457	4,352	21	3,714	5,730	166,446
Private finance initiatives at 1 April 2014	-	7,689	-	-	-	-	-	-	7,689
Donated and Government Granted at 01 April 2014	-	1,625	-	429	-	25	-	-	2,079
<b>Total at 1 April 2014</b>	<b>48,627</b>	<b>110,772</b>	<b>87</b>	<b>2,886</b>	<b>4,352</b>	<b>46</b>	<b>3,714</b>	<b>5,730</b>	<b>176,214</b>

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19.2 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
<b>Cost or valuation at 1 April 2013</b>	<b>42,510</b>	<b>74,958</b>	<b>765</b>	<b>25,774</b>	<b>2,801</b>	<b>91</b>	<b>10,866</b>	<b>5,241</b>	<b>163,006</b>
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)
<b>Cost or valuation at 31 March 2014</b>	<b>54,322</b>	<b>119,521</b>	<b>85</b>	<b>6,303</b>	<b>5,443</b>	<b>106</b>	<b>6,511</b>	<b>10,767</b>	<b>203,058</b>
<b>Depreciation at 1 April 2013</b>	<b>3,018</b>	<b>6,645</b>	<b>15</b>	<b>3,417</b>	<b>1,561</b>	<b>91</b>	<b>8,482</b>	<b>2,887</b>	<b>26,116</b>
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
<b>Depreciation at 31 March 2014</b>	<b>5,695</b>	<b>8,748</b>	<b>(2)</b>	<b>3,417</b>	<b>1,090</b>	<b>60</b>	<b>2,797</b>	<b>5,039</b>	<b>26,844</b>
<b>Net Book Value</b>									
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
<b>Total at 31 March 2014</b>	<b>48,627</b>	<b>110,772</b>	<b>87</b>	<b>2,886</b>	<b>4,352</b>	<b>46</b>	<b>3,714</b>	<b>5,730</b>	<b>176,214</b>
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
<b>Total at 1 April 2013</b>	<b>39,492</b>	<b>68,312</b>	<b>751</b>	<b>22,357</b>	<b>1,240</b>	<b>-</b>	<b>2,384</b>	<b>2,355</b>	<b>136,891</b>

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

**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	3	5	5
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 2014 and as at 31 January 2015.

Plant and equipment is valued using depreciated replacement cost.

**19.5 Loss on disposal of property, plant and equipment**

Loss on the disposal of property, plant and equipment is made up as follows:

	2014/15 £000	2013/14 £000
Loss on disposal of land and buildings	(131)	(459)
Loss on disposal of plant and equipment	(115)	(32)
	<u>(246)</u>	<u>(491)</u>

£470k of the loss on disposal in 2013/14 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**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
<b>Property, plant and equipment impairments and reversals taken to SoCI</b>		
<b>Recognised in operating income</b>		
Reversal of Impairments due to changes in market price	<b>(5,263)</b>	<b>(2,037)</b>
<b>Recognised in operating expenses</b>		
Impairments due to changes in market price	<b>16,377</b>	10,299
<b>Charge to revaluation reserve</b>		
Impairments charged to the revaluation reserve	<b>11,507</b>	6,200
<b>Total</b>	<b>22,621</b>	<b>14,462</b>

In 2014/15 the £22,621k (2013/14: £14,462k) impairment due to changes in market price was offset by a £5,358k (2013/14: £1,991k) upward revaluation due to changes in market price, resulting in a net impairment of £17,263k (2013/14: £12,471k).

The impairment loss included within other comprehensive income of £6,149k (2013/14: £4,209k) is calculated as the net of the £11,507k (2013/14: £6,200k) impairment loss to revaluation reserve and the £5,358k (2013/14: £1,991k) upward revaluation credited to revaluation reserve.

**21 Inventories****21.1 Inventories by type**

	<b>31 March 2015</b>	<b>31 March 2014</b>
	<b>£000</b>	<b>£000</b>
Drugs	<b>1,765</b>	1,219
Consumables	<b>0</b>	10
Energy	<b>10</b>	25
Other	<b>29</b>	31
	<b>1,804</b>	<b>1,285</b>

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

**21.2 Inventories recognised in expenses**

	<b>31 March 2015</b>	<b>31 March 2014</b>
	<b>£000</b>	<b>£000</b>
Inventories recognised as an expense in the period	<b>19,314</b>	17,726
Write-down of inventories (including losses)	<b>339</b>	210
Reversal of write-downs that reduced the expense	<b>(297)</b>	<b>(224)</b>
	<b>19,356</b>	<b>17,712</b>

**22 Trade and other receivables****22.1 Trade and other receivables**

	<b>Current</b>		<b>Non-current</b>	
	<b>31 March 2015</b>	31 March 2014	<b>31 March 2015</b>	31 March 2014
	<b>£000</b>	£000	<b>£000</b>	£000
NHS receivables	3,403	3,156	-	-
Receivables due from NHS charities - revenue	86	57	-	-
Other receivables with related parties	969	2,248	-	-
Other receivables	1,244	1,006	30	30
VAT	473	318	-	-
Accrued income	1,869	2,550	-	-
PDC dividend receivable	20	130	-	-
Provision for the impairment of receivables	(141)	(190)	-	-
Prepayments other	1,648	1,478	-	-
	<b>9,571</b>	<b>10,753</b>	<b>30</b>	<b>30</b>

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**

	<b>Ageing of impaired receivables</b>		<b>Receivables past their due date but not impaired</b>	
	<b>31 March 2015</b>	31 March 2014	<b>31 March 2015</b>	31 March 2014
	<b>£000</b>	£000	<b>£000</b>	£000
Not due	23	19		
By up to three months	26	16	1,402	2,226
By three to six months	24	48	204	204
By more than six months	123	203	4	27
	<b>196</b>	<b>286</b>	<b>1,610</b>	<b>2,457</b>

**22.3 Provision for impairment of receivables**

	<b>2014/15</b>	2013/14
	<b>£000</b>	£000
<b>Balance at 1 April</b>	<b>190</b>	280
Amount recovered during the year	(99)	(179)
Amounts utilised	(15)	0
Increase in receivables impaired	65	89
<b>Balance at 31 March</b>	<b>141</b>	<b>190</b>

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 2014/15**

	Intangible assets £000	Property, Plant and Equipment £000	Financial investments £000	Other £000	Total £000
<b>NBV of non-current assets for sale and assets in disposal groups at 1 April 2014</b>	-	2,525	-	-	2,525
Plus assets classified as available for sale in the year	-	552	-	-	552
Less assets sold in year	-	-	-	-	-
<b>NBV of non-current assets for sale and assets in disposal groups at 31 March 2015</b>	-	3,077	-	-	3,077

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
<b>Balance brought forward at 1 April 2014</b>	1,555	250	720	-	-	-	2,525
Plus assets classified as held for sale in the year	150	315	87	-	-	-	552
Less assets sold in the year	-	-	-	-	-	-	-
<b>Balance brought forward at 31 March 2015</b>	1,705	565	807	-	-	-	3,077

The non-current assets held for sale at 1 April 2014 relate to land and buildings at the Tindal Centre and part of the remaining Manor hospital site. The loss recognised on becoming classified as held for sale was £5,988k.

The non-current assets held for sale at 31 March 2015 relate to land and buildings at the Tindal Centre and part of the remaining Manor hospital site together with Charter House. The Trust expects the sales to complete in 2015/16.



**24 Trade Payables**

	<b>Current</b>		<b>Non-current</b>	
	<b>31 March 2015</b>	31 March 2014	<b>31 March 2015</b>	31 March 2014
	<b>£000</b>	£000	<b>£000</b>	£000
NHS payables - revenue	1,331	1,315	-	-
Related Parties payables - revenue	3,667	2,826	-	-
Other trade payables - revenue	4,492	2,928	-	-
Other trade payables - capital	416	1,857	-	-
Tax and social security costs	3,484	3,644	-	-
Accruals	11,180	14,071	-	-
Other Payables	79	199	-	-
	<u>24,649</u>	<u>26,840</u>	<u>-</u>	<u>-</u>

**25 Borrowings**

	<b>Current</b>		<b>Non-current</b>	
	<b>31 March 2015</b>	31 March 2014	<b>31 March 2015</b>	31 March 2014
	<b>£000</b>	£000	<b>£000</b>	£000
Loans from:				
Department of Health	1,338	1,338	24,087	25,425
Other entities	-	15	-	-
PFI liabilities:				
Main liability	133	77	4,487	4,620
	<u>1,471</u>	<u>1,430</u>	<u>28,574</u>	<u>30,045</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 was repaid in full during 2014/15. The Trust received Salix Finance Ltd Energy Efficiency Loans totalling £86k which were repaid in full during 2014/15.

**26 Other financial liabilities**

	<b>Current</b>		<b>Non-current</b>	
	<b>31 March 2015</b>	31 March 2014	<b>31 March 2015</b>	31 March 2014
	<b>£000</b>	£000	<b>£000</b>	£000
Holiday pay accrual	<u>357</u>	<u>768</u>	<u>-</u>	<u>-</u>
	<b><u>357</u></b>	<b><u>768</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

**27 Other liabilities**

	<b>Current</b>		<b>Non-current</b>	
	<b>31 March 2015</b>	31 March 2014	<b>31 March 2015</b>	31 March 2014
	<b>£000</b>	£000	<b>£000</b>	£000
Deferred Income	1,838	3,820	-	-
Local Government Pension Scheme	<u>-</u>	<u>-</u>	<u>629</u>	<u>241</u>
	<b><u>1,838</u></b>	<b><u>3,820</u></b>	<b><u>629</u></b>	<b><u>241</u></b>

**28 Provisions****28.1 Provisions by category**

	<b>Current</b>		<b>Non-current</b>	
	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Pensions relating to other staff	93	99	976	1,029
Legal claims	103	126	-	-
Other - redundancy	495	350	-	-
Other - pensions to death	16	16	190	185
Other - injury benefit	45	44	842	793
Other - employment	127	178	-	-
Other - dilapidations	721	227	612	555
Other - onerous lease	-	110	-	-
	<b>1,600</b>	<b>1,150</b>	<b>2,620</b>	<b>2,562</b>

**28.2 Analysis of provisions**

	<b>Pensions relating to other staff</b>	<b>Legal claims</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Provision at 1 April 2014</b>	<b>1,128</b>	<b>126</b>	<b>2,458</b>	<b>3,712</b>
Arising during the year	38	70	1,440	1,548
Used during the year	(95)	(47)	(674)	(816)
Change in discount	35	-	57	92
Reversed unused	(52)	(46)	(254)	(352)
Unwinding of discount	15	-	21	36
<b>Provision at 31 March 2015</b>	<b>1,069</b>	<b>103</b>	<b>3,048</b>	<b>4,220</b>
<b>Expected timing of cash flows:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
no later than one year	93	103	1,404	1,600
later than one year and no later than five years	361	-	658	1,019
later than five years	615	-	986	1,601

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 cash flows. £542k is included in the provisions of the NHS Litigation Authority at 31 March 2015 in respect of clinical negligence liabilities of the Trust (31 March 2014: £503k).

**29 Revaluation reserve**

	2014/15			2013/14		
	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
<b>Revaluation reserve at 1 April</b>	<b>27,851</b>	-	<b>27,851</b>	15,040	-	15,040
Transfers by modified absorption	-	-	-	14,160	-	14,160
Revaluation (losses) and impairment losses property, plant and equipment	(6,149)	-	(6,149)	(4,209)	-	(4,209)
Transfers to the income and expenditure account in respect of asset disposals	(459)	-	(459)	(1,994)	-	(1,994)
Transfer of the excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve	(551)	-	(551)	(519)	-	(519)
Other transfers on reserves	10	-	10	5,373	-	5,373
<b>Revaluation reserve at 31 March</b>	<b>20,702</b>	-	<b>20,702</b>	<b>27,851</b>	-	<b>27,851</b>

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**

	<b>31 March 2015</b>	31 March 2014
	<b>£000</b>	£000
<b>Balance at 1 April</b>	<b>24,213</b>	30,944
Net change in year	<b>(8,925)</b>	<b>(6,731)</b>
<b>Balance at 31 March</b>	<b>15,288</b>	24,213
Consists of:		
Cash with Government Banking Service	<b>15,029</b>	23,953
Commercial banks and cash in hand	<b>259</b>	260
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<b>15,288</b>	24,213

Of the balance classified as cash with commercial banks and cash in hand, £203k (31 March 2014: £203k) is restricted by the requirement for a representative from Buckinghamshire County Council to approve withdrawals.

## 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 2014/15

	Plan	Actual	Adjustment to Contribution
	£000	£000	£000
Oxford Health NHS FT	8,613	8,345	(268)
OCC	2,280	2,205	(75)
OCC contribution to Trust overheads	111	111	-
<b>Total Pooled Budget</b>	<b>11,004</b>	<b>10,661</b>	<b>(343)</b>

#### Analysis of Income and Expenditure within the Pooled Budget

	Total	Trust Contribution	OCC Contribution
	£000	£000	£000
Pay Expenditure	9,834	7,757	2,077
Non-Pay Expenditure	716	588	128
Contribution to Overheads	111	-	111
	<b>10,661</b>	<b>8,345</b>	<b>2,316</b>

**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 2014/15**

	Plan	Actual	Adjustment to Contribution
	£000	£000	£000
Oxford Health NHS FT	5,651	5,701	50
BCC	2,229	2,238	9
Total Delegated Budget	7,880	7,939	59
BCC contribution to Trust overheads	99	99	-
<b>Total Pooled Budget</b>	<b>7,979</b>	<b>8,038</b>	<b>59</b>

**Analysis of Income and Expenditure within the Pooled Budget**

	Total	Trust Contribution	BCC Contribution
	£000	£000	£000
Pay Expenditure	6,987	5,012	1,975
Non-Pay Expenditure	959	693	266
Income	(7)	(4)	(3)
Contribution to Overheads	99	-	99
	<b>8,038</b>	<b>5,701</b>	<b>2,337</b>

**Buckinghamshire Older Adults Pooled Budget Performance 2014/15**

	Plan	Actual	Adjustment to Contribution
	£000	£000	£000
Oxford Health NHS FT	2,269	2,111	(158)
BCC	852	793	(59)
Total Delegated Budget	3,121	2,904	(217)
BCC contribution to Trust overheads	41	41	-
<b>Total Pooled Budget</b>	<b>3,162</b>	<b>2,945</b>	<b>(217)</b>

**Analysis of Income and Expenditure within the Pooled Budget**

	Total	Trust Contribution	BCC Contribution
	£000	£000	£000
Pay Expenditure	2,748	2,024	724
Non-Pay Expenditure	156	87	69
Income	-	-	-
Contribution to Overheads	41	-	41
	<b>2,945</b>	<b>2,111</b>	<b>834</b>

## 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 2014/15 value) is recorded within the Trust's total land value.

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

	<b>31 March 2015</b>	<b>31 March 2014</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	<b>839</b>	794
Later than one year, not later than five years	<b>3,743</b>	3,568
Later than five years	<b>4,994</b>	6,016
<b>Subtotal</b>	<b>9,576</b>	10,378
Less: interest element	<b>(4,956)</b>	<b>(5,681)</b>
<b>Total</b>	<b>4,620</b>	4,697

\*\* 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 £521k (prior year £508k).

The Trust is committed to the following charges:

	<b>31 March 2015</b>	<b>31 March 2014</b>
	<b>£000</b>	<b>£000</b>
<b>PFI scheme expiry date:</b>		
Not later than one year	<b>534</b>	521
Later than one year, not later than five years	<b>2,271</b>	2,217
Later than five years	<b>3,174</b>	3,764
<b>Total</b>	<b>5,979</b>	6,502



**33 Contractual Capital Commitments**

Commitments under capital expenditure contracts at 31 March 2015 were £2,288k (31 March 2014: £4,505k).

**34 Events After the Reporting Period**

No significant events after the reporting period

**35 Contingencies****35.1 Contingent Liabilities**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Equal Pay cases	-	-
Other	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>

**35.2 Contingent Assets**

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
Contingent Assets	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>

### 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 87% 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  
Department of Health  
NHS Wiltshire CCG  
NHS Bath and North East Somerset CCG  
South Central Ambulance Service NHS Foundation Trust  
Calderdale And Huddersfield NHS Foundation Trust  
NHS Nene CCG  
Great Western Hospitals NHS Foundation Trust  
Buckinghamshire Healthcare NHS Trust  
Frimley Health NHS Foundation Trust  
University Hospitals of Leicester NHS Trust  
Burton Hospitals NHS Foundation Trust  
University Hospital Southampton NHS Foundation Trust  
NHS Litigation Authority  
Southern Healthcare NHS Foundation Trust

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

NHS Pension Scheme  
HM Revenue & Customs  
Oxfordshire County Council  
Buckinghamshire County Council  
NHS Professionals  
Swindon Unitary Authority  
NHS Property Services  
Community Health Partnerships  
Cwm Taf Local Health Board  
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 2014/15 was £17,251k (2013/14: £15,466k).

Stuart Bell, who is the chief executive, is Chair of the Picker Institute Ltd. 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. Mike Bellamy, who is a non-executive director, is a non-executive board member of the University of West London.

**36 Related Party Transactions (continued)**

The transactions with bodies outside of Government and the Department of Health, which are considered related parties by virtue of shared director relationships are disclosed below:

	<b>Income</b>	<b>Expenditure</b>	<b>Receivables</b>	<b>Payables</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
University of Oxford	<b>314</b>	<b>4,361</b>	<b>79</b>	<b>683</b>
Oxford Brookes University	<b>42</b>	<b>47</b>	<b>4</b>	-
University of West London	-	<b>1</b>	-	-
Picker Institute Ltd	-	<b>2</b>	-	-

**37 Public dividend capital rate**

For Oxford Health NHS Foundation Trust this dividend is calculated as follows:

	<b>2014/15</b>	2013/14
	<b>£000</b>	£000
Average Relevant Net Assets	<b>116,302</b>	86,584
Rate of Dividend (%)	<b>3.50%</b>	3.50%
PDC dividend	<b>4,071</b>	3,030

**38 Financial instruments****38.1 Financial assets**

	At fair value through Income and Expenditure	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Receivables	-	7,450	-	7,450
Cash at bank and in hand	-	15,288	-	15,288
Other financial assets	-	-	-	-
<b>Total at 31 March 2015</b>	<b>-</b>	<b>22,738</b>	<b>-</b>	<b>22,738</b>
Receivables	-	8,827	-	8,827
Cash at bank and in hand	-	24,213	-	24,213
Other financial assets	-	-	-	-
<b>Total at 31 March 2014</b>	<b>-</b>	<b>33,040</b>	<b>-</b>	<b>33,040</b>

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

**38.2 Financial liabilities**

	At fair value through Income and Expenditure	Other	Total
	£000	£000	£000
Payables	-	18,452	18,452
PFI and finance lease obligations	-	4,620	4,620
Other borrowings	-	25,425	25,425
Provisions	-	-	-
Other financial liabilities	-	357	357
<b>Total at 31 March 2015</b>	<b>-</b>	<b>48,854</b>	<b>48,854</b>
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
<b>Total at 31 March 2014</b>	<b>-</b>	<b>52,779</b>	<b>52,779</b>

All financial assets and liabilities are held at fair value.

**38.3 Maturity of financial liabilities**

	2014/15	2013/14
	£000	£000
In one year or less	20,280	22,734
In more than one year but not more than two years	1,533	1,471
In more than two years but not more than five years	5,003	4,765
In more than five years	22,038	23,809
<b>Total</b>	<b>48,854</b>	<b>52,779</b>

## **38.4 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 2015 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.

**39 Third party assets**

The Trust held £305k cash at bank and in hand at 31 March 2015 (31 March 2014: £307k) 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.

**40 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	725	-	6,968	-
Balances with Local Authorities	687	-	471	-
Balances with other NHS Bodies	4,955	-	2,719	-
Balances with Public Corporations and Trading Funds	-	-	-	-
Balances with bodies external to government	3,204	30	14,491	-
<b>Total at 31 March 2015</b>	<b>9,571</b>	<b>30</b>	<b>24,649</b>	<b>-</b>
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	-
<b>Total at 31 March 2014</b>	<b>10,753</b>	<b>30</b>	<b>30,660</b>	<b>-</b>

**41 Losses and special payments**

	2014/15		2013/14	
	Total Value of Cases £	Total Number of Cases	Total Value of Cases £	Total Number of Cases
Losses				
Cash losses	56	3	131	10
Stores losses	-	-	610	1
Special payments				
Extra-contractual payments	-	-	11,190	2
Special severance payments	75,300	2	4,000	2
Ex gratia payments	53,736	33	64,126	34
<b>Total losses and special payments</b>	<b>129,092</b>	<b>38</b>	<b>80,057</b>	<b>49</b>

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

**42 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 2015 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, £629k at 31 March 2015 (31 March 2014: £241k).

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. The 2013/14 figures have been restated to reflect the revised actuarial report under IAS19.

**42.1 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 2015	31 March 2014
RPI Increases	3.4%	3.7%
CPI Increases	2.6%	2.9%
Salary Increases	4.4%	4.7%
Pension Increases	2.6%	2.9%
Discount rate	3.4%	4.6%

**42.2 The estimated Fund asset allocation as at 31 March 2015 is as follows:**

	31 March 2015		31 March 2014	
	£000		£000	
Equities	1,088	55%	1,220	72%
Gilts	249	12%	85	5%
Other bonds	258	13%	169	10%
Property	171	9%	136	8%
Cash	39	2%	17	1%
Alternative Assets	29	1%	68	4%
Hedge Funds	75	4%	-	-
Absolute Return Portfolio	84	4%	-	-
<b>Total</b>	<b>1,993</b>	<b>100%</b>	<b>1,695</b>	<b>100%</b>

At 31 March 2014 Hedge Funds were included under Equities and the Absolute Return Portfolio was included under Alternative Assets so the split above at 31 March 2015 provides more detail.

**42.3 Amounts recognised in the Statement of Comprehensive Income**

	2014/15	2013/14
	£000	£000
Service cost	(79)	(101)
Net interest on the defined liability	(22)	(16)
Administration expenses	(6)	-
<b>Total loss</b>	<b>(107)</b>	<b>(117)</b>

**42.4 Amounts recognised in the Statement of Financial Position**

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	2014/15	2013/14
	£000	£000
<b>Oxford Health NHS Foundation Trust liability</b>	<b>(629)</b>	<b>(241)</b>

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	(2,884)	(2,197)
Less fair value of scheme assets (bid value)	1,993	1,694
<b>Deficit in the scheme</b>	<b>(891)</b>	<b>(503)</b>

**42.5 Reconciliation of opening and closing Statement of Financial Position balances for Oxford Health NHS Foundation Trust**

	2014/15	2013/14
	£000	£000
<b>Deficit in the scheme at 1 April</b>	<b>(241)</b>	<b>(435)</b>
Expenses recognised in the SoCI	(107)	(117)
Contributions paid (Employer)	62	62
Actuarial (losses)/gains in the current year	(343)	249
<b>Deficit in the scheme at 31 March</b>	<b>(629)</b>	<b>(241)</b>

**42.6 Change in benefit obligation during the year to 31 March**

	2014/15	2013/14
	£000	£000
<b>Opening defined benefit obligation</b>	<b>2,197</b>	<b>2,142</b>
Current service cost	79	101
Interest cost	101	103
Change in financial assumptions	518	-
Change in demographic assumptions	-	-
Experience gain on defined benefit obligation	-	-
Total actuarial gains	-	(164)
Estimated benefits paid net of transfers in	(38)	(12)
Contributions by Scheme participants	27	27
<b>Closing benefit obligation</b>	<b>2,884</b>	<b>2,197</b>

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

	2014/15	2013/14
	£000	£000
<b>Opening fair value of plan assets</b>	<b>1,694</b>	<b>1,445</b>
Expected return on Fund assets	-	87
Interest on assets	79	-
Return on assets less interest	175	-
Total actuarial gains	-	85
Administration expenses	(6)	-
Contributions by employer including unfunded	62	62
Contributions by fund participants	27	27
Estimated benefits paid plus unfunded net of transfers in	(38)	(12)
<b>Closing fair value of assets</b>	<b>1,993</b>	<b>1,694</b>



**43 NHS Charitable Fund**

Oxford Health Charitable Funds changed its name to Oxford Health Charity on 30 July 2014.

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

**Statement of Financial Activities**

	2014/15	2013/14
	£000	£000
Total Incoming Resources	318	311
Resources Expended with Oxford Health NHS Foundation Trust	(443)	(213)
Other Resources Expended	(74)	(185)
Total Resources Expended	(517)	(398)
<b>Net (outgoing) resources</b>	<b>(199)</b>	<b>(87)</b>
Gains on revaluation and disposal	84	33
<b>Net movement in funds</b>	<b>(115)</b>	<b>(54)</b>

**Balance Sheet**

	31 March 2015	31 March 2014
	£000	£000
Investments	1,269	1,238
Cash	41	100
Other Current Assets	378	374
Current Liabilities	(177)	(86)
<b>Net assets</b>	<b>1,511</b>	<b>1,626</b>
Restricted / Endowment funds	430	407
Unrestricted funds	1,081	1,219
<b>Total Charitable Funds</b>	<b>1,511</b>	<b>1,626</b>

The 2014/15 Statement of Financial Activities and Balance Sheet are based on unaudited accounts of the Charity.