Data entered below will be used throughout the workbook:

Trust name:	Avon & Wiltshire Mental Health Partnership NHS Trust
This year	2010-11
Last year	2009-10
This year ended	31 March 2011
Last year ended	31 March 2010
This year commencing:	1 April 2010

Audited Annual Accounts 2010-11

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011

	NOTE	**2010-11 £000**	2009-10 £000
Revenue			
Revenue from patient care activities	4	**188,712**	192,188
Other operating revenue	5	**7,243**	6,564
Operating expenses	7	**(185,708)**	(212,496)
Operating surplus/(deficit)		**10,247**	(13,744)
Finance costs:			
Investment revenue	12	**32**	43
Other gains and losses	13	**0**	611
Finance costs	14	**(5,221)**	(5,101)
Surplus/(deficit) for the financial year		**5,058**	(18,191)
Public dividend capital dividends payable		**(3,439)**	(3,987)
Retained surplus/(deficit) for the year		**1,619**	(22,178)
Other comprehensive income			
Impairments and reversals		**(673)**	(12,699)
Gains on revaluations		**3,015**	1,292
Movements in other reserves e.g Non NHS Pension Scheme[1]		**34**	0
Reclassification adjustments:			
- Transfers from donated and government grant reserves		**(13)**	(16)
Total comprehensive income for the year		**3,982**	(33,601)

[1] The movement in other reserves relates to the amount held in the accounts for Local Government Pension Scheme cessation liability

The notes on pages 5 to 35 form part of these accounts.

Reported NHS financial performance position [Adjusted retained surplus/(deficit)]

Retained surplus/(deficit) for the year	**1,619**
IFRIC 12 adjustment (Note b)	**404**
Impairments (Note a)	**1,196**
Reported NHS financial performance position [Adjusted retained surplus/(deficit)]	**3,219**

A Trust's Reported NHS financial performance position is derived from its Retained surplus/(Deficit), but adjusted for the following:-

a) Impairments to Fixed Assets 2009/10 was the final year for organisations to revalue their assets to a Modern Equivalent Asset (MEA) basis of valuation. An impairment charge is not considered part of the organisation’s operating position.

b) The revenue cost of bringing PFI assets onto the balance sheet (due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009/10) - NHS Trusts’ financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to PFI, which has no cash impact and is not chargeable for overall budgeting purposes, should be reported as a technical IFRIC12 adjustment as above. This additional cost is not considered part of the organisation’s operating position.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

	NOTE	**31 March 2011 £000**	31 March 2010 £000	IFRS Restated 1 April 2009 £000
Non-current assets				
Property, plant and equipment	15	**161,441**	160,784	195,047
Intangible assets	16	**211**	0	0
Total non-current assets		**161,652**	160,784	195,047
Current assets				
Inventories	19	**189**	94	96
Trade and other receivables	20	**9,395**	7,803	10,437
Cash and cash equivalents	21	**5,259**	6,095	2,675
Total current assets		**14,843**	13,992	13,208
Total assets		**176,495**	174,776	208,255
Current liabilities				
Trade and other payables	23	**(19,504)**	(18,550)	(17,074)
Borrowings	24	**(797)**	(2,811)	(1,917)
Provisions	27	**(757)**	(1,023)	(944)
Net current assets/(liabilities)		**(6,215)**	(8,392)	(6,727)
Total assets less current liabilities		**155,437**	152,392	188,320
Non-current liabilities				
Borrowings	24	**(48,148)**	(48,946)	(51,757)
Provisions	27	**(1,289)**	(1,428)	(1,599)
Total assets employed		**106,000**	102,018	134,964
Financed by taxpayers' equity:				
Public dividend capital		**99,552**	99,552	98,897
Retained earnings		**(18,198)**	(20,907)	33
Revaluation reserve		**24,383**	23,131	35,776
Donated asset reserve		**229**	242	258
Other reserves		**34**	0	0
Total taxpayers' equity		**106,000**	102,018	134,964

The financial statements on pages 1 to 4 were approved by the Board on 6th June 2011 and signed on its behalf by:

Signed: Iain McMurtie (Chief Executive)   Date: 6.6.11

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE TRUST

The Chief Executive of the NHS has designated that the Chief Executive should be the Accountable Officer to the trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Department of Health. These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;

- value for money is achieved from the resources available to the trust;

- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;

- effective and sound financial management systems are in place; and

- annual statutory accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Signed..Chief Executive

Date: 6 June 2011

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2011

	Public dividend capital (PDC)	Retained earnings	Revaluation reserve	Donated asset reserve	Other reserves	Total
	£000	£000	£000	£000	£000	£000
Changes in taxpayers' equity for 2010-11						
Balance at 1 April 2010	99,552	(20,907)	23,131	242	0	102,018
Total comprehensive income for the year						
Retained surplus/(deficit) for the year		1,619				1,619
Transfers between reserves		1,090	(1,090)			0
Impairments and reversals			(673)			(673)
Net gain on revaluation of property, plant, equipment			3,015			3,015
Movements in other reserves					34	34
Reclassification adjustments:						
- transfers from donated asset/government grant reserve				(13)		(13)
Balance at 31 March 2011	99,552	(18,198)	24,383	229	34	106,000

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2010

	Public dividend capital (PDC)	Retained earnings	Revaluation reserve	Donated asset reserve	Other reserves	Total
	£000	£000	£000	£000	£000	£000
Balance at 31 March 2009						
As previously stated	98,897	33	35,776	258	0	134,964
Prior period adjustment						0
Restated balance	98,897	33	35,776	258	0	134,964
Changes in taxpayers' equity for 2009-10						
Total comprehensive income for the year:						
Retained surplus/(deficit) for the year		(22,178)				(22,178)
Transfers between reserves		1,238	(1,238)			0
Impairments and reversals			(12,699)			(12,699)
Net gain on revaluation of property, plant, equipment			1,292			1,292
Reclassification adjustments:						
- transfers from donated asset/government grant reserve				(16)		(16)
New PDC received	655					655
Balance at 31 March 2010	99,552	(20,907)	23,131	242	0	102,018

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011

	NOTE	2010-11 £000	2009-10 £000
Cash flows from operating activities			
Operating surplus/(deficit)		**10,247**	(13,744)
Depreciation and amortisation		**5,174**	5,376
Impairments and reversals		**1,196**	22,808
Transfer from donated asset reserve		**(13)**	(16)
Interest paid		**(5,214)**	(4,611)
Dividends paid		**(3,211)**	(4,123)
(Increase)/decrease in inventories		**(95)**	2
(Increase)/decrease in trade and other receivables		**(1,592)**	2,634
Increase/(decrease) in trade and other payables		**680**	1,626
Increase/(decrease) in provisions		**(413)**	(99)
Net cash inflow/(outflow) from operating activities		**6,759**	9,853
Cash flows from investing activities			
Interest received		**32**	43
(Payments) for property, plant and equipment		**(4,478)**	(7,041)
Proceeds from disposal of plant, property and equipment		**0**	2,075
(Payments) for intangible assets		**(215)**	0
Net cash inflow/(outflow) from investing activities		**(4,661)**	(4,923)
Net cash inflow/(outflow) before financing		**2,098**	4,930
Cash flows from financing activities			
Public dividend capital received		**0**	655
Loans repaid to the DH		**(2,000)**	(1,000)
Capital element of finance leases and PFI		**(934)**	(1,165)
Net cash inflow/(outflow) from financing		**(2,934)**	(1,510)
Net increase/(decrease) in cash and cash equivalents		**(836)**	3,420
Cash and cash equivalents at the beginning of the financial year		**6,095**	2,675
Cash and cash equivalents at the end of the financial year	21	**5,259**	6,095

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS Trusts shall meet the accounting requirements of the NHS Trusts IFRS compliant Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2010/11 NHS Trusts Manual for Accounts issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts and extra information has been included where necessary to give a true and fair view.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention where appropriate, modified to account for the revaluation of property and plant, inventories and certain financial assets and financial liabilities. Non Property Assets (Equipment) have been prepared either on a Depreciated Replacement Cost basis if not materially different to fair value or by applying a standard GDP deflator.

1.2 Acquisitions and discontinued operations

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

1.3 Critical accounting judgements and key sources of estimation uncertainty

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.

1.4 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.

1.4.1 Private Finance Initiative (PFI)

The Trust has been required to move its PFI assets onto the Statement of Financial Position (SOFP) and has been required to apply some judgement to the impact on years following completion of the construction of the assets.

1.5 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

1.5.1 Modern Equivalent Asset (MEA) Valuation

The Trust has estimated the use of an appropriate indice, in the absence of current market prices being available, for the end of the reporting period in applying the reduction in value of its property and plant on the Statement of Financial Position.

The Trust has applied a recommended index of 215 for Land and Buildings from its District Valuation Office in determining this impact at the end of the 2010/11 financial reporting period.

The carrying amount of Trust assets at 31st March is £161,652k and of this £3,015k relates to indexation change for the financial year

Notes to the Accounts - 1. Accounting Policies (Continued)

1.5.2 Economic Lives of Non-Current Assets

The Trust has applied economic useful lives to its assets and depreciated on that basis as provided by the District Valuer. The standard economic lives applied are Buildings 35 years, Equipment, Furniture & Fittings 10 years and Information Technology 5 years.

1.5.3 Inventory

Inventories are valued at lower of cost and net realisable value and the different methods would not lead to material differences for the Trust. The Inventory counts were not all completed as at 31st March but the results would be reflective of the inventory values at the balance sheet date. The value at cost is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.6 Revenue

Revenue 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 revenue for the trust is from commissioners for healthcare services. Revenue for interest received is accrued on a time basis, by reference to the amount deposited and interest rate applicable.

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

1.7 Employee Benefits

1.7.1 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 leave 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.

1.7.2 Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. 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.

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 expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

Some employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme. The scheme assets and liabilities attributable to those employees can be identified and are recognised in the trust's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs. Actuarial gains and losses during the year are recognised in a separate reserve and reported as an item of other comprehensive income.

The use of the corridor approach where a portion of the actuarial gains and losses are recognised as an income or expense is not allowed.

Voluntary terminations with agreed terms under the Pension Scheme are treated as past employment benefits and so discounted using the rate applicable to the scheme. Involuntary and voluntary terminations whose terms are available for a short time only should be treated as termination benefits and so discounted using the rate for provisions (currently 2.9%).

Notes to the Accounts - 1. Accounting Policies (Continued)

1.8 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.9 Property, plant and equipment

1.9.1 Recognition

Property, plant and equipment is capitalised if:

● 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 will be supplied to, the trust;
● it is expected to be used for more than one financial year;
● the cost of the item can be measured reliably; and
● the item has cost of at least £5,000; or
● Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
● Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

1.9.2 Valuation

All property, plant and equipment are measured initially at cost, representing the cost 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.

Land and buildings used for the trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. The Trust also applies Interim Indexation in the absence of material indications of impairment. Fair values are determined as follows:

● Land and buildings – market value for existing use

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The Trust has moved to the Modern Equivalent Asset approach at 1st October 2009 and has accounted for fair value since this date in its accounts.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Until 31 March 2008, equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and equipment are carried etiher at depreciated historic cost as this is not considered to be materially different from fair value or by applying a standard deflator.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. This is a change in accounting policy from previous years where all impairments were taken to the revaluation reserve to the extent that a balance was held for that asset and thereafter to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.9.3 Subsequent expenditure
Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.10 Intangible assets

1.10.1 Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

● the technical feasibility of completing the intangible asset so that it will be available for use
● the intention to complete the intangible asset and use it
● the ability to sell or use the intangible asset
● how the intangible asset will generate probable future economic benefits or service potential
● the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
● the ability to measure reliably the expenditure attributable to the intangible asset during its development

1.10.2 Measurement
The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.11 Depreciation, amortisation and impairments

Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

At each reporting period end, the trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. This is a change in accounting policy from previous years where all impairments were taken to the revaluation reserve to the extent that a balance was held for that asset and thereafter to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.12 Donated assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to the donated asset reserve. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to offset the expenditure. On sale of donated assets, the net book value is transferred from the donated asset reserve to retained earnings.

1.13 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings. For donated and government-granted assets, a transfer is made to or from the relevant reserve to the profit/loss on disposal account so that no profit or loss is recognised in income or expenses. The remaining surplus or deficit in the donated asset or government grant reserve is then transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.14 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

1.14.1 The trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the trust's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases. This is a change in accounting policy from previous years where leased land was always treated as an operating lease.

1.14.2 The trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the Accounts - 1. Accounting Policies (Continued)

Sale and Leaseback arrangements are formally treated as such in line with IAS 17 unless SIC 27 applies. SIC 27 treats Sale and Leaseback transactions as the raising of finance rather than as a formal sale and leaseback.

1.15 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The charges for services under the PFI arrangements are estimated from information provided within the Operator Financial Model derived at financial close. The balance of the PFI charges are recognised as for a finance lease, with the PFI asset carried at fair value. The interest rate implicit in the lease has been used to apportion the cost between finance charges and reduction of the PFI obligation. Service and finance charges are charged to the Statement of Comprehensive Income.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

1.15.1 Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

1.15.2 PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

1.15.3 PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.15.4 Lifecycle replacement

Components of the asset replaced by the operator during the contract (‘lifecycle replacement’) are capitalised where they meet the Trust’s criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator’s planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a ‘free’ asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

1.16 Inventories

Inventories are valued at the lower of cost and net realisable value using the weighted average cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.17 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of any bank overdrafts that are repayable on demand and that form an integral part of the Trust’s cash management.

1.18 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury’s discount rate of 2.9% in real terms.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities.

1.19 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. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at note 27.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.2 Non-clinical risk pooling

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

1.21 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.22 Financial assets

Financial assets are recognised when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value which is determined by advice from the District Valuation Office.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1.22.1 Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. Currently the Trust has no embedded derivatives but if this were to change they would be held at fair value, with any resultant gain or loss recognised in calculating the trust's surplus or deficit for the year. The net gain or loss would incorporate any interest earned on the financial asset.

1.22.2 Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

1.22.3 Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to surplus/deficit on de-recognition.

The valuation prior to sale of any available for sale financial assets are recognised at fair value which is determined by advice from the District Valuation Office.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.22.4 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by appropriate valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, the trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised 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 expenditure and the carrying amount of the asset is reduced directly through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.23 Financial liabilities

Financial liabilities are recognised on the statement of financial position when the trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value. Financial Liabilities are classified as either financial liabilities "at fair value through profit and loss" or other financial liabilities.

1.23.1 Financial liabilities at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the trust's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

1.23.2 Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.24 Value Added Tax

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

1.25 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. Details of third party assets are given in Note 32 to the accounts.

1.26 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital represents taxpayers' equity in the NHS trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for donated assets and cash balances with the Office of the Paymaster General. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets. Prior to 2009/10 the PDC dividend was determined using forecast average relevant net assets and a note to the accounts discloses the rate that the dividend represents as a percentage of the actual average carrying amount of assets less liabilities in the year. From 1 April 2009, the dividend payable is based on the actual average relevant net assets for the year instead of forecast amounts.

1.27 Losses and Special Payments

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

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). Note 34 to the accounts on losses and special payments is compiled directly from the losses and compensations register which is prepared on a cash basis.

1.28 Related Party Transactions

Related Party Transactions are disclosed in the Trusts financial statements. In considering each possible related party relationship, the Trust is directed to the substance of the relationship and not merely the legal form. The transactions are disclosed in the financial statements if material to the individual and/or the Trust.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.29 Subsidiaries

Material entities over which the Trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust's or where the subsidiary's accounting date is before 1 January or after 30 June.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'

For 2009-10 and 2010-11 in accordance with the directed accounting policy from the Secretary of State, the Trust does not consolidate the NHS charitable funds for which it is the corporate trustee.

1.30 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Statement of Comprehensive Income on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

2. Operating Segments

The Trust has classed its operations as one total segment in providing NHS healthcare and has therefore not segmented any of its operations.

3. Income generation activities

The trust undertakes minimal income generation activities with an aim of achieving profit, which is then used in patient care. None of these activities arise in fees and charges raised over £1m or activities that are over £1m and therefore are not disclosed separately.

4. Revenue from patient care activities

	2010-11	2009-10
	£000	£000
Strategic health authorities[1]	**60**	135
NHS trusts	**355**	300
Primary care trusts	**156,255**	157,515
Foundation trusts	**749**	1,075
Local authorities[2]	**27,183**	24,500
Non-NHS:		
Other[3]	**4,110**	8,663
	188,712	192,188

[1] SHA Income is the amount received from SHAs for patient care services and does not include Workforce Development Confederation Income.

[2] Revenue from Primary Care Trusts does not include the revenue from Swindon PCT as this is paid through joint arrangements with Swindon Borough Council and so is shown under Local authority.

[3] The revenue received from Drug Action Teams has been recategorised as it constitutes Local Authority income under joint arrangements. The 2009-10 year comparatives have not been restated.

[4] Non-NHS Other Revenue includes funds received from bodies such as HM Prisons. The 2009-10 comparatives have been restated to reflect the recategorisation of the Drug Action Teams formally shown under Non-NHS Other.

5. Other operating revenue

	2010-11	2009-10
	£000	£000
Education, training and research	**6,266**	6,233
Transfers from donated asset reserve	**13**	16
Non-patient care services to other bodies	**65**	0
Income generation	**32**	28
Rental revenue from operating leases [1]	**293**	0
Other revenue [2]	**574**	287
	7,243	6,564

[1] Rental Revenue is included in Non NHS Other Income for the prior year.
[2] Other Revenue is revenue that is not derived from patient care activities.

6. Revenue

	2010-11	2009-10
	£000	£000
From rendering of services	**195,955**	198,752

7. Operating expenses	2010-11 £000	2009-10 £000
Services from other NHS trusts	**2,250**	2,201
Services from PCTs [1]	**2,414**	567
Services from foundation trusts	**877**	989
Purchase of healthcare from non NHS bodies [2]	**1,295**	2,563
Trust chair and non executive directors [3]	**59**	60
Employee benefits [3]	**141,775**	146,091
Supplies and services - clinical	**6,411**	6,311
Supplies and services - general	**2,800**	2,888
Consultancy services	**1,486**	1,434
Establishment	**4,758**	4,235
Transport	**1,936**	1,821
Premises	**8,021**	9,241
Provision for impairment of receivables	**(2)**	(14)
Depreciation	**5,170**	5,376
Amortisation	**4**	0
Impairments and reversals of property, plant and equipment[4]	**1,196**	22,808
Audit fees [5]	**130**	108
Clinical negligence	**430**	339
Research and development	**1,605**	1,271
Education and Training	**988**	1,286
Other	**2,105**	2,921
	185,708	212,496

[1] Services from PCT's includes contracted penalties of £1,830k which relate to performance against NHS contracts.

[2] The Purchase of healthcare from non NHS bodies includes contracted penalties of £292k paid to Swindon Borough Council, under joint arrangements with Swindon PCT, which relate to performance against NHS contracts. Expenditure has fallen by £1.5m as a result of improved management of the out of area spend in year.

[3] The comparatives for 2009-10 have been adjusted to reflect the fact that executive directors are now shown within employee benefits.

[4] Impairment expenses shows the net result of £1,991k impairments, and a £795k reversal of previously impaired assets.

[5] The Audit Fee of £130.3k includes the statutory audit fee (£97.5k), additional work on improving the acute care pathway (£7.5k), review of community care arrangements (£10.3k) and accrued Quality Accounts Work for the financial year (£15k).

8. Operating leases

8.1 As lessee

The lease terms for the operating leases for buildings are varied. The payments are disclosed in terms of time when payments fall due.
The standard lease term for the other category (Lease car commitments) is a three year term with full maintenance and the option to extend.

Payments recognised as an expense	2010-11 £000	2009-10 £000
Minimum lease payments	**328**	334
	328	334

Total future minimum lease payments[1]	2010-11 Buildings £000	2010-11 Land £000	2010-11 Other[2] £000	2010-11 Total £000	2009-10 Total £000
Payable:					
Not later than one year	**1,111**	**0**	**173**	**1,284**	125
Between one and five years	**4,094**	**0**	**219**	**4,313**	256
After 5 years	**6,294**	**0**	**0**	**6,294**	0
Total	**11,499**	**0**	**392**	**11,891**	381

[1]The total future minimum lease payments of operating leases above is the annual charge on the lease for the following years analysed in the year that payment fall due

[2]The other category all relates to Lease Car Commitments.

8.2 As lessor

The table below shows the arrangements where the Trust owns or leases property but leases or subleases all or part of that property in the capacity of lessor.

Rental revenue	2010-11 £000	2009-10 £000
Contingent rent	**0**	0
Other	**293**	0
Total rental revenue	**293**	0

Total future minimum lease payments	2010-11 £000	2009-10 £000
Receivable:		
Not later than one year	**244**	0
Between one and five years	**164**	0
After 5 years	**156**	0
Total	**564**	0

9. Employee costs and numbers

9.1 Employee costs

	2010-11 Total	2010-11 Permanently employed	2010-11 Other	2009-10 Total	2009-10 Permanently employed	2009-10 Other
	£000	£000	£000	£000	£000	£000
Salaries and wages	**118,831**	**105,628**	**13,203**	122,955	108,851	14,104
Social security costs	**9,177**	**9,177**	**0**	9,062	9,062	0
Employer contributions to NHS Pension scheme	**13,579**	**13,579**	**0**	13,488	13,488	0
Other pension costs[1]	**91**	**91**	**0**	143	143	0
Other employment benefits	**97**	**97**	**0**	2,150	2,150	0
Termination benefits	**0**	**0**	**0**	62	62	0
Employee benefits expense	**141,775**	**128,572**	**13,203**	147,860	133,756	14,104
Of the total above:						
Charged to capital	**0**			0		
Employee benefits charged to revenue[2]	**141,775**			147,860		
	141,775			147,860		

[1]Other pension costs include early retirement costs charged in year of £90k and costs associated with admitted body status of Local Government Pension Scheme (LGPS) of £1k

[2]This relates to employee benefits that have not been capitalised

9.2 Average number of people employed

	2010-11 Total	2010-11 Permanently employed	2010-11 Other	2009-10 Total	2009-10 Permanently employed	2009-10 Other
	Number	Number	Number	Number	Number	Number
Medical and dental	**261**	**235**	**26**	330	238	92
Administration and estates	**756**	**704**	**52**	785	722	63
Healthcare assistants and other support staff	**1,037**	**804**	**233**	1,111	854	257
Nursing, midwifery and health visiting staff	**1,133**	**1,067**	**66**	1,203	1,102	101
Scientific, therapeutic and technical staff	**530**	**522**	**8**	502	477	25
Other	**0**	**0**	**0**	12	12	0
Total	**3,717**	**3,332**	**385**	3,943	3,406	538
Of the above:						
Number of whole time equivalent staff engaged on capital projects that have been capitalised in year	**0**			0		

9.3 Staff sickness absence

	2010-11	2009-10
	Number	Number
Total days lost[1]	**37,088**	41,825
Total staff years[2]	**3,299**	3,360
Average working days lost	**11**	12

[1]The days lost refer to calendar days

[2]There is a difference between the staff years (3,299) and permanently employed number (3,332) because the latter is the average staff employed over the year whilst the former is the number of staff in post at 31st March. The years relates to calendar years.

9.4 Management Costs

	2010-11	2009-10
	£000	£000
Management costs	**11,785**	11,986
Income	**195,955**	198,752
expressed as a percentage of income	6.01%	6.03%

9.5 Exit Packages for staff leaving in 2010-11

The Trust has not paid out any exit packages or other compensations schemes to any of it's Directors or employees in the financial year

10. Pension costs
The following paragraph and sections a) to c) are a national note included in all NHS bodies accounts, section d) is specific to the Trust's accounts.

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

The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year An outline of these follows:

a) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004.

In order to defray the costs of benefits, employers pay contributions at 14% of pensionable pay and most employees had up to April 2008 paid 6%, with manual staff paying 5%.

Following the full actuarial review by the Government Actuary undertaken as at 31 March 2004, and after consideration of changes to the NHS Pension Scheme taking effect from 1 April 2008, his Valuation report recommended that employer contributions could continue at the existing rate of 14% of pensionable pay, from 1 April 2008, following the introduction of employee contributions on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities.

b) Accounting valuation
A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

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

The valuation of the scheme liability as at 31 March 2011, is based on detailed membership data as at 31 March 2008 (the latest midpoint) updated to 31 March 2011 with summary global member and accounting data.

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

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".

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.

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 statement of comprehensive income at the time the trust commits itself to the retirement, regardless of the method of payment.

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.

d) Local Government Pension Scheme
During 2010-11 the Trust had one employee who is a member of the LGPS Pension scheme under admitted body status. This employee left the Trust during the year and the Trust has provided for a cost of £34k in relation to the cessation from this pension fund. This cost is based on a normal cessation basis.

This liability is held in an "other" reserve which has been created to match the liability in respect of this staff member in the non-NHS defined benefit pension scheme. The comparative for 2009-10 does not show this other reserve as the cessation value liability was not quantifiable at that time and so was disclosed as a memo only in the notes to the accounts.

11. Better Payment Practice Code

11.1 Better Payment Practice Code - measure of compliance	2010-11 Number	2010-11 £000	2009-10 Number	2009-10 £000
Total Non-NHS trade invoices paid in the year	**17,531**	**32,754**	20,708	39,123
Total Non NHS trade invoices paid within target	**16,782**	**31,886**	19,678	37,944
Percentage of Non-NHS trade invoices paid within target	**96%**	**97%**	95%	97%
Total NHS trade invoices paid in the year	**991**	**13,297**	1,185	20,244
Total NHS trade invoices paid within target	**956**	**13,109**	1,164	20,120
Percentage of NHS trade invoices paid within target	**96%**	**99%**	98%	99%

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

This is enhanced further by registration on the Prompt Payment Code website which endeavours to encourage businesses to support the local economy by paying all suppliers within 10 days of receipt of invoice.

12. Investment revenue	2010-11 £000	2009-10 £000
Interest revenue: Bank accounts	32	43
Total	32	43

13. Other gains and losses	2010-11 £000	2009-10 £000
Gain/(loss) on disposal of property, plant and equipment	**0**	611
Total	**0**	611

14. Finance costs	2010-11 £000	2009-10 £000
Interest on loans and overdrafts	**55**	150
Interest on obligations under PFI contracts:		
- main finance cost	**3,894**	3,961
- contingent finance cost	**1,265**	983
Total interest expense	**5,214**	5,094
Other finance costs	**7**	7
Total	**5,221**	5,101

15. Property, plant and equipment

2010-11

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2010	36,330	110,595	4,092	551	1,006	89	6,232	11,639	170,534
Additions purchased	0	0	0	4,681	0	0	0	0	4,681
Reclassifications	0	2,647	0	(4,838)	0	257	1,811	123	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Revaluation/indexation gains	250	2,739	26	0	0	0	0	0	3,015
Impairments	0	(663)	(10)	0	0	0	0	0	(673)
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2011	36,580	115,318	4,108	394	1,006	346	8,043	11,762	177,557
Depreciation at 1 April 2010	0	0	0	0	526	76	4,328	4,820	9,750
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Revaluation/indexation gains	0	0	0	0	0	0	0	0	0
Impairments	0	2,831	12	104	1	0	0	0	2,948
Reversal of impairments	0	(1,720)	(32)	0	0	0	0	0	(1,752)
Charged during the year	0	3,414	70	0	23	6	940	717	5,170
Depreciation at 31 March 2011	0	4,525	50	104	550	82	5,268	5,537	16,116
Net book value									
Purchased	36,580	110,793	3,832	290	456	261	2,775	6,225	161,212
Donated	0	0	226	0	0	3	0	0	229
Government granted	0	0	0	0	0	0	0	0	0
Total at 31 March 2011	36,580	110,793	4,058	290	456	264	2,775	6,225	161,441
Asset financing									
Owned	36,580	61,848	4,058	290	456	264	2,775	6,225	112,496
Finance leased	0	0	0	0	0	0	0	0	0
Private finance initiative	0	48,945	0	0	0	0	0	0	48,945
Total 31 March 2011	36,580	110,793	4,058	290	456	264	2,775	6,225	161,441

Revaluation reserve balance for property, plant & equipment

	Land	Buildings excluding dwellings	Dwellings	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2010	15,025	7,353	85	39	2	26	601	23,131
Movements (specify)	250	944	56	1	0	0	1	1,252
At 31 March 2011	15,275	8,297	141	40	2	26	602	24,383

15. Property, plant and equipment continued

2009-10

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2009	41,992	130,477	4,274	9,601	1,006	89	6,232	7,858	201,529
Additions purchased	0	0	0	6,754	0	0	0	0	6,754
Additions donated	0	0	0	0	0	0	0	0	0
Additions government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	12,054	0	(15,868)	0	0	0	3,814	0
Reclassified as held for sale	(617)	(808)	0	0	0	0	0	(1)	(1,426)
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Revaluation/indexation gains	0	1,084	0	208	0	0	0	0	1,292
Impairments	(3,163)	(9,463)	(41)	0	0	0	0	(32)	(12,699)
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2010	38,212	133,344	4,233	695	1,006	89	6,232	11,639	195,450
Depreciation at 1 April 2009	0	0	0	0	467	68	3,562	2,385	6,482
Reclassifications		0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Revaluation/indexation gains	0	0	0	0	0	0	0	0	0
Impairments	1,882	19,064	53	144	0	0	0	1,665	22,808
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	3,685	88		59	8	766	770	5,376
Depreciation at 31 March 2010	1,882	22,749	141	144	526	76	4,328	4,820	34,666
Net book value									
Purchased	36,330	110,595	3,856	551	480	8	1,903	6,819	160,542
Donated	0	0	236	0	0	5	1	0	242
Government granted	0	0	0	0	0	0	0	0	0
Total at 31 March 2010	36,330	110,595	4,092	551	480	13	1,904	6,819	160,784
Asset financing									
Owned	36,330	60,838	4,092	551	480	13	1,904	6,819	111,027
Finance leased	0	0	0	0	0	0	0	0	0
Private finance initiative	0	49,757	0	0	0	0	0	0	49,757
Total 31 March 2010	36,330	110,595	4,092	551	480	13	1,904	6,819	160,784

15. Property, plant and equipment (cont.)

The estimated useful lives applied are as follows:

Buildings – 35 years (excluding PFI)

Classes of Equipment:
Furniture - 10 years
Office and IT - 5 years
Soft furnishings - 7 years
Mainframe-type IT installations - 8 years
Plant and equipment short life - 5 years
Plant and equipment medium life - 10 years
Plant and equipment long life - 15 years

The Trust has now adopted component accounting for its assets whereby assets with the same useful life are grouped together and those assets with different asset lives are seperated and depreciated as assets in their own right. The useful lives applied to the components have been advised by the District Valuation Office which is an independent valuer.

The Valuation Office has taken into account the market conditions to recalculate the asset values under MEA. In doing this the Trust has applied a BCIS indice of 215 recommended by the District Valuer as being representative of market values at 31st March 2011, these are more reflective of local market conditions. The indexation valuation technique is referred to in Note 1.5 and Note 1.9 to the accounts.

The Market Value used in arriving at fair value for the operational assets is therefore subject to the assumption that the property is sold as part of the continuing enterprise in occupation.

The Trust is the lessor of five assets on an operating lease basis. The following information relates to those assets as they effect the 2010-11 accounts.

Buildings:

The gross carrying amount is £3,562k
Accumulated depreciation of £148k
Accumulated impairment loss of £349k
Depreciation charge for the period is £97k
Impairment losses recognised for the period are £39k
Impairment losses reversed for the period are £103k

The Trust also sub leases part of the head office Jenner House to another NHS body.

16. Intangible assets

2010-11	Computer software - purchased	Total
	£000	£000
Gross cost at 1 April 2010	0	0
Additions purchased	215	215
Additions internally generated	0	0
Disposals other than by sale	0	0
Revaluation/indexation	0	0
Impairments	0	0
Reversals of impairments	0	0
Gross cost at 31 March 2011	215	215
Amortisation at 1 April 2010	0	0
Disposals other than by sale	0	0
Revaluation	0	0
Impairments	0	0
Reversal of impairments	0	0
Charged during the year	4	4
Amortisation at 31 March 2011	4	4
Net book value		
Purchased	211	211
Donated	0	0
Government granted	0	0
Total at 31 March 2011	211	211

There were no Intangible assets held for the prior year ended 31st March 2010

Computer software - purchased

The carrying amount as at 31st March 2011 is £211k and this is held at depreciated cost.
The carrying amount at cost would have been £211k.

The useful lives applied are finite and a useful live of 5 years has been applied for all Intangible classes.

There are no revaluation reserve balances held for intangible assets.

17. Impairments

The net impact of impairments charged to the Statement of Comprehensive Income is £1,196k.

This figure is made up of:

Accounting at Fair Value for the 2010/11 Capital Programme at 31st March 2011 and;	£1,991k
Reversal of impairments previously impaired under MEA driven by an increase in indexation from 210 to 215	£ 795k

The recoverable amount, in relation to the reversals of MEA and the Indexation has been determined by the District Valuation Office and constitutes fair value less costs to sell.

18. Commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2011	31 March 2010
	£000	£000
Property, plant and equipment [1]	**33**	35
Intangible assets	**0**	0
Total	**33**	35

[1] This relates to retentions on payments

19. Inventories

	31 March 2011	31 March 2010
	£000	£000
Drugs	**165**	94
Consumables	**8**	0
Other	**16**	0
Total	**189**	94
Of which held at net realisable value:	**189**	94

20. Trade and other receivables

20.1 Trade and other receivables[1]	**Current**	**Non-current**	Current	Non-current
	31 March 2011	**31 March 2011**	31 March 2010	31 March 2010
	£000	**£000**	£000	£000
NHS receivables-revenue	**4,888**	**0**	3,948	0
NHS receivables-capital	**0**	**0**	0	0
Non-NHS receivables-revenue	**12**	**0**	34	0
Non-NHS receivables-capital	**0**	**0**	0	0
Provision for the impairment of receivables	**(10)**	**0**	(17)	0
Prepayments and accrued income	**2,306**	**0**	1,775	0
VAT[2]	**558**	**0**	1,043	0
Other receivables[3]	**1,641**	**0**	1,020	0
Total	**9,395**	**0**	7,803	0

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

[2]The VAT Receivable has been split out from other receivables for the previous year (31 March 2010) to show a comparative view

[3]The other recievables of £1,641k include £1,151k of local authority receivables where the credit quality is good. The remaining £490k consists mainly of prison, private company and salary overpayment receivables where the credit quality has also been good during the financial year.

20.2 Receivables past their due date but not impaired	**31 March 2011**	31 March 2010
	£000	£000
By up to three months	**75**	5
By three to six months [1]	**121**	35
By more than six months [2]	**17**	0
Total	**213**	40

[1] Of the 121k "by three to six months", £1k relates to salary overpayments that are being collected in line with the Trust Debt Recovery Procedure. The majority (£97k) relates to one contract and is due to be settled at the start of the next financial year and therefore no provision for receivables impaired has been made.

[2] Of the £17k "by more than six months" which relates entirely to salary overpayments only one aged receivable has not made arrangements to repay the debt.

20.3 Provision for impairment of receivables	**31 March 2011**	31 March 2010
	£000	£000
Balance at 1 April	**(17)**	(31)
Amount written off during the year	**5**	0
Amount recovered during the year	**32**	0
(Increase)/decrease in receivables impaired	**(30)**	14
Balance at 31 March	**(10)**	(17)

The receivables impaired relate entirely to salary overpayments and have been impaired for former employees who are untraceable.

21. Cash and cash equivalents	**31 March 2011**	31 March 2010
	£000	£000
Balance at 1 April 2010	**6,095**	2,675
Net change in year	**(836)**	3,420
Balance at 31 March 2011	**5,259**	6,095
Made up of		
Cash with Government banking services	**5,176**	6,015
Commercial banks and cash in hand	**83**	80
Cash and cash equivalents as in statement of financial position	**5,259**	6,095
Cash and cash equivalents as in statement of cash flows	**5,259**	6,095

22. Non-current assets held for sale	**Land**	**Buildings, excl dwelling**	**Dwellings**	**Other property, plant and equipment**	**Intangible assets**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 April 2010	**0**	**0**	**0**	**0**	**0**	**0**
Plus assets classified as held for sale in the year	**0**	**0**	**0**	**0**	**0**	**0**
Less assets sold in the year	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 31 March 2011	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 1 April 2009	0	0	0	0	0	0
Plus assets classified as held for sale in the year	617	808	0	1	0	1,426
Less assets sold in the year	(617)	(808)	0	(1)	0	(1,426)
Balance at 31 March 2010	0	0	0	0	0	0

There have been no disposals or assets classified as held for sale during the 2010/11 year.

23. Trade and other payables	**Current 31 March 2011 £000**	**Non-current 31 March 2011 £000**	Current 31 March 2010 £000	Non-current 31 March 2010 £000
NHS payables-revenue [1]	**4,186**	**0**	1,672	0
Non NHS trade payables - revenue	**2,451**	**0**	1,855	0
Non NHS trade payables - capital	**463**	**0**	164	0
Accruals and deferred income [2]	**7,898**	**0**	10,332	0
Social security costs	**1,286**	**0**	1,313	0
VAT	**22**	**0**	0	0
Tax	**1,396**	**0**	1,458	0
Other [3]	**1,802**	**0**	1,756	0
Total	**19,504**	**0**	18,550	0

[1] NHS payables - revenue includes contracted penalties of £1,830k which relate to performance against NHS contracts

[2] Accruals & deferred income includes an accrual for annual leave not taken and therefore carried forward at the 31st March of £97k (2009/10 £2,150k). This explains the significant decrease from 2009/10 as £2.053m of the previous year annual leave accrual has been released in the financial year

[3] Other payables include:
£1,656k of outstanding pensions contributions at 31 March 2011 (31 March 2010 £1,694k).

The Trust is signed up to the Better Payment Practice Code which provides assurance to suppliers that their invoices will be paid within 30 days. This is enhanced further by registration on the Prompt Payment Code website which endeavours to encourage businesses to support the local economy by paying all suppliers within 10 days of receipt of invoice.

24. Borrowings	**Current 31 March 2011 £000**	**Non-current 31 March 2011 £000**	**Total 31 March 2011 £000**	Current 31 March 2010 £000	Non-current 31 March 2010 £000	Total 31 March 2010 £000
Loans from:						
Department of Health[1]	**0**	**0**	**0**	2,000	0	2,000
PFI liabilities[2]	**797**	**48,148**	**48,945**	811	48,946	49,757
Total	**797**	**48,148**	**48,945**	2,811	48,946	51,757

[1]The comparative Loan Borrowing related to a fixed rate Working Capital Loan from the Department of Health received in 2006/07. This loan was fully settled during the 2010/11 financial year.

[2]The PFI liabilities are repaid on a reducing liability mortgage type arrangement that will be repaid in full by 2036/37.

25. Finance lease commitments

The trust has not entered into any finance lease agreements whereby the assets will be made available for use and rental payments commence in 2011-12 since 31st March 2011.

26. Private Finance Initiative (PFI) contracts

26.1 PFI schemes on-Statement of Financial Position

The Trust wished to redevelop its facilities on its sites and to consolidate onto the sites services currently provided at other locations in order to improve the quality and efficiency of the services provided by the Trust.

Accordingly, the Trust invited tenders from interested persons for the financing, design, and construction of and the provision of fully serviced community and secure mental healthcare facilities at the sites and such other healthcare services (which may include without limitation research and/or teaching) as the Trust may consider fit from time to time.

Proposals were originally submitted on behalf of Ryhurst in response to the Trust's invitation. Following negotiations it appeared to the Trust to be expedient for the purpose of, or in connection with, the discharge of its functions to enter into the Agreement, which set out the terms and conditions upon which Ryhurst (and now Semperion) would carry out the Project.

The Project has been approved by the Department of Health on behalf of the Secretary of State.

The Agreement is entered into under the Government's Private Finance Initiative (the "PFI")

Under IFRIC12, the asset is treated as an asset of the trust; the substance of the contract is that the trust has a finance lease and payments comprise of two elements - imputed finance lease charges and service charges and can provide details of the imputed finance lease charges in the table below.

Financial Close was achieved for the PFI scheme in March 2004 to modernise Mental Health Services in Avon and expand Secure Services. Construction was completed for all units by 2006/07 financial year.

The Project will expire its term in November 2036 at which time the asset will revert to being owned by the Trust.

Total obligations for on-statement of financial position PFI contracts due:

	31 March 2011 £000	31 March 2010 £000
Not later than one year	**4,623**	4,701
Later than one year, not later than five years	**17,983**	17,997
Later than five years	**91,417**	96,026
Sub total	**114,023**	118,724
Less: interest element	**(65,078)**	(68,967)
Total	**48,945**	49,757

The comparative year amounts have been restated for the time categories for 31st March 2010 as there has been a change in the requirement arising from the Treasury's amendments to the 2010-11 FReM so the prior year balance has been restated over the time categories to give a comparative view.

26.2 Charges to expenditure

The total charged in the year to expenditure for the service element of the on-statement of financial position PFI contracts was £1,206k (prior year £1,201k).

The trust is committed to the following charges:

	31 March 2011	31 March 2010
	£000	£000
Not later than one year	**1,219**	1,209
Later than one year, not later than five	**4,969**	4,919
Later than five years	**28,218**	28,137
Total	**34,406**	34,265

The comparative year time categories have been restated for 31st March 2010 as there has been a change in the requirement arising from the Treasury's amendments to the 2010-11 FReM so the prior year balance has been split over the time categories to give a comparative view.

27. Provisions	**Current 31 March 2011**	**Non-current 31 March 2011**	**Total 31 March 2011**	Current 31 March 2010	Non-current 31 March 2010	Total 31 March 2010
	£000	**£000**	**£000**	£000	£000	£000
Pensions relating to other staff	**87**	**856**	**943**	91	1,120	1,211
Legal claims	**255**	**162**	**417**	721	0	721
Restructurings	**228**	**0**	**228**	0	0	0
Redundancy	**172**	**0**	**172**	-	-	0
Other (specify)	**15**	**271**	**286**	211	308	519
Total	**757**	**1,289**	**2,046**	1,023	1,428	2,451

	Pensions relating [1] to staff other than directors	**Legal claims [2]**	**Restructuring [3]**	**Redundancy [4]**	**Other [5]**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2010	**1,211**	**721**	**0**	**0**	**519**	**2,451**
Arising during the year	**0**	**296**	**228**	**213**	**0**	**737**
Used during the year	**(90)**	**(163)**	**0**	**(28)**	**(16)**	**(297)**
Reversed unused	**(108)**	**(437)**	**0**	**(13)**	**(197)**	**(755)**
Unwinding of discount	**0**	**0**	**0**	**0**	**8**	**8**
Change in Discount Rate [6]	**(70)**	**0**	**0**	**0**	**(28)**	**(98)**
At 31 March 2011	**943**	**417**	**228**	**172**	**286**	**2,046**
Expected timing of cash flows:						
Within one year	**87**	**255**	**228**	**172**	**15**	**757**
Between one and five years	**401**	**162**	**0**	**0**	**71**	**634**
After five years	**455**	**0**	**0**	**0**	**200**	**655**
	856	**162**	**0**	**0**	**271**	**1,289**

[1] Pensions relating to staff (other than directors):

Pensions relating to staff (other than directors) all relates to pre 1995 early retirements. Assumptions about the timing and certainty of the liability are calculated using Actuarial Tables which have been reviewed in the year.

[2] Legal Claims:

This provision includes employment tribunals where the Trust has made a provision for the costs of legal fees and /or settlement costs, and employers and public liability claims paid by the NHS Litigation Authority which are limited to an excess. The majority of provision (60%) was reversed as unused within the year.

Restructuring [3]

The restructuring provision relates to a paper which was put to the Remuneration Committee during 2010-11 concerning the proposed cost of restructuring.

Redundancy [4]

This provision includes only those named individuals who as at the 31st March 2011 had been informed that they were at risk of redundancy.

Other Provisions [5]

The balance is made up exclusively of Injury Benefits payable through the NHS Pensions Agency. Assumptions about timing and certainty are based on advice from the NHS Pensions Agency.

Change in Discount Rate [6]

The discount rate used has been changed within the year from 2.2% to 2.9% in line with Treasury guidance. The resultant reduction in the provision (£98k) has been charged to the Statement of Comprehensive Income.

£384k is included in the provisions of the NHS Litigation Authority at 31/3/2011 in respect of clinical negligence liabilities of the trust (31/03/10 £390k). This amount is not included in the above figures as it is paid by the NHS Litigation Authority and no liability falls to the Trust.

28. Contingencies

28.1 Contingent liabilities

The Trust does not have any contingent liabilities as at 31st March 2011 (prior year £0k)

29. Financial instruments

29.1 Financial assets

	At fair value through profit and loss £000	Loans and receivables £000	Total
Receivables[1]		**8,832**	**8,832**
Cash at bank and in hand		**5,259**	**5,259**
Total at 31 March 2011	**-**	**14,091**	**14,091**
Receivables		7,803	7,803
Cash at bank and in hand		6,095	6,095
Total at 31 March 2010	-	13,898	13,898

29.2 Financial liabilities

	At fair value through profit and loss £000	Other £000	Total £000
Payables[2]	**-**	**12,440**	**12,440**
PFI and finance lease obligations	**-**	**48,945**	**48,945**
Other borrowings		**-**	**-**
Other financial liabilities[3]	**-**	**817**	**817**
Total at 31 March 2011	**-**	**62,202**	**62,202**
Payables		18,550	18,550
PFI and finance lease obligations		49,757	49,757
Other borrowings [4]		2,000	2,000
Other financial liabilities	-	1,239	1,239
Total at 31 March 2010	-	71,546	71,546

[1] The Receivables have the VAT Recievable excluded as these are not classed as financial assets.

[2] The Payables have the VAT, Pensions, Tax/NI, Payments in Advance and Deferred Income excluded as these are not classed as financial liabilities.

[3] The Other Financial Liabilities consist of £817k (prior year £1,239k) for provisions and liabilities excluding pre-95 early retirement provisions (£943k) and injury benefits (£286k) that are not under contract.

[4] The other borrowings in the prior year relate to the Trust's working capital loan with the DoH that has now been fully repaid.

29.3 Embedded Derivatives

As part of the compliance with IFRS the Trust needs to review contracts to identify any embedded derivatives. These are elements within contracts which are related to an external factor e.g value of contract payments linked to Retail Price Index (RPI) that can affect the value of a contract and is outside the control of the organisation. In some cases separate accounting treatment will be required to identify the effects of any embedded derivatives in contracts.

Positive confirmation has been provided that all material contracts, including any PFI schemes and lease arrangements have been reviewed to ascertain whether they include embedded derivatives that require separate accounting treatment and disclosure but no items of this nature have been identified.
The PFI uplift (RPI) applied to the unitary charge is closely related to the host contract and is therefore not classed as an embedded derivative.

The requirement under IFRS to account separately for any embedded derivatives within contracts will remain relevant going forward and the Trust will ensure that this is considered for all new assets.

29.4 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 NHS Trust has with primary care Trusts and the way those primary care Trusts are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

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 has no outstanding loan repayments on its working capital loan as this was fully repaid in September 2010. The Trust recieves interest on funds deposited where the interest rate is preferential to holding the cash in its commercial bank account. 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 2011 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 primary care Trusts, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

30. Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

30.1 Breakeven performance	**bfwd 97-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Turnover		163,745	183,168	188,426	195,574	198,752	195,955
Retained surplus/(deficit) for the year		(2,790)	3,176	1,009	1,827	(22,178)	1,619
Adjustment for:							
Adjustments for Impairments						22,808	1,196
Consolidated Budgetary Guidance - Adjustment for Dual Accounting under IFRIC12 [1]						483	404
Break-even in-year position		(2,790)	3,176	1,009	1,827	1,113	3,219
Break-even cumulative position	(3,136)	(5,926)	(2,750)	(1,741)	86	1,199	4,418
Cash movement in year position				2,115	332	3,420	(836) [2]
Cash closing balance cumulative position	228	228	228	2,343	2,675	6,095	5,259

[1] Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance

[2] The decrease in cash in year is partly due to the repayment of the £2,000k working capital loan that was repaid early.

The Trust's recovery plan, approved by the SHA was successfully achieved in 2008/09 with the repayment of all historical deficits.

	bfwd 97-05	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**
	%	**%**	**%**	**%**	**%**	**%**	**%**
Materiality test (I.e. is it equal to or less than 0.5%):							
Break-even in-year position as a percentage of turnover		-1.70%	1.73%	0.54%	0.93%	0.56%	1.64%
Break-even cumulative position as a percentage of turnover	-2.03%	-3.62%	-1.50%	-0.92%	0.04%	0.60%	2.25%

The amounts in the above tables in respect of financial years 2005/06 to 2008/09 inclusive have **not** been restated to IFRS and remain on a UK GAAP basis.

30.2 Capital cost absorption rate

Until 2008/09 the trust was required to absorb the cost of capital at a rate of 3.5% of forecast average relevant net assets. The rate is calculated as the percentage that dividends paid on public dividend capital bears to the actual average relevant net assets.

From 2009/10 the dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets and therefore the actual capital cost absorption rate is automatically 3.5%.

	2010/11
Dividends on Public Dividend Capital	3,439
Average Relevant Net Assets	98,292
Capital cost absorption rate (%)	**3.5%**

30.3 External financing

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

	2010-11	2009-10
	£000	£000
External financing limit	**(2,085)**	(3,307)
Cash flow financing	**(2,098)**	(4,930)
External financing requirement	**(2,098)**	(4,930)
Undershoot/(overshoot)	**13**	1,623

30.4 Capital resource limit

The trust is given a capital resource limit which it is not permitted to exceed but is permitted to undershoot.

	2010-11	2009-10
	£000	£000
Gross capital expenditure	**4,896**	6,754
Less: book value of assets disposed of	**0**	(1,426)
Charge against the capital resource limit	**4,896**	5,328
Capital resource limit	**5,150**	6,150
(Over)/underspend against the capital resource limit	**254**	822

31. Related party transactions

During the year none of the Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Avon & Wiltshire Mental Health NHS Partnership Trust that are material to the Trust or to the individual.

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:

	Payables £000	Receivables £000	Revenue £000	Expenditure £000
NHS South West (Strategic Health Authority)	3	3	3,609	0
North Bristol NHS Trust	1,198	3	0	2,846
University Hospitals Bristol NHS Foundation Trust	209	40	547	809
Great Western Hospitals NHS Foundation Trust	120	28	131	110
Salisbury Healthcare NHS Foundation Trust	44	0	0	566
Weston Area Health NHS Trust	9	44	343	468
Bath and North East Somerset PCT	396	93	14,596	794
Swindon PCT	0	144	79	76
Wiltshire PCT	21	6	33,781	532
NHS South Gloucestershire	272	233	18,532	315
Hampshire PCT	0	21	249	29
Great Western Ambulance NHS Trust	11	4	212	24
North Somerset PCT	312	56	17,255	311
NHS Bristol	755	3,702	71,228	808
NHS Litigation Authority	41	0	0	430
NHS Supplies Authority	244	0	0	856

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with local councils and include:

	Payables £000	Receivables £000	Revenue £000	Expenditure £000
Wiltshire County Council	0	134	2,469	336
Swindon Borough Council	292	254	16,440	449
Bristol City Council	538	523	5,026	1,194
South Gloucestershire Council	0	49	816	16

The Trust has also paid material expenditure to it's PFI operator Semperion during the year.

The Trust has also received revenue payments from a charitable fund, the Trustees of which are also members of the NHS Trust board. The summary unaudited accounts of the Funds held on Trust are shown on Page 36 to the accounts.

32. Third party assets

The Trust held £89k cash and cash equivalents at 31 March 2011 (£63k at 31 March 2010) which relates to monies held by the NHS Trust on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

33. Intra-Government and other balances	**Current receivables**	**Non-current receivables**	**Current payables**	**Non-current payables**
	£000	**£000**	**£000**	**£000**
Balances with other central government bodies	**5,259**	**0**	**6,910**	**0**
Balances with local authorities	**1,165**	**0**	**849**	**0**
Balances with NHS trusts and foundation trusts	**187**	**0**	**1,785**	**0**
Balances with public corporations and trading funds	**0**	**0**	**0**	**0**
Intra government balances	**6,611**	**0**	**9,544**	**0**
Balances with bodies external to government	**2,784**	**0**	**9,960**	**0**
At 31 March 2011	**9,395**	**0**	**19,504**	**0**
Balances with other central government bodies	3,578	0	806	0
Balances with local authorities	374	0	0	0
Balances with NHS trusts and foundation trusts	370	0	525	0
Balances with public corporations and trading funds	18	0	271	0
Intra government balances	4,340	0	1,602	0
Balances with bodies external to government	3,463	0	16,948	0
At 31 March 2010	7,803	0	18,550	0

Reclassifications have taken place in 2010-11 that have moved payable balances shown for the prior year into other central government bodies in 2010-11.

34. Losses and special payments

There were 54 cases of losses and special payments (2009-10: 55 cases) totalling £15,523 (2009-10: £15,528) accrued during 2010-11.

SUMMARY FINANCIAL STATEMENTS

CHARITABLE FUNDS 2010-11 (UNAUDITED)

Charitable funds arise from donations,subscriptions and bequests and must be accounted for independently of monies received from purchasers for the provision of health care. Charitable funds are very important to the Trust and provide additional benefits to patients and staff which could not otherwise be provided. The Avon and Wiltshire Mental Health Partnership NHS Trust is the Trustee for the charitable fund, registered charity number 1056576. The Trust Board is therefore fully accountable for the funds but has delegated some responsibilities to the Charitable Funds Committee. The Charitable Funds Committee is supported by the Audit Committee and a finance department representative. The main duties of the Charitable Funds Committee are to ensure that the funds are collected, spent and managed legally, ethically and in accordance with all relevant legislation. The Committee also recommends policy and procedural changes to the Trust Board in relation to Charitable Funds to ensure compliance with statutory changes. This includes fundraising, investment, expenditure and operational policies.

The Trust wishes to thank all those who have generously donated funds during the year. The Charitable Funds account summaries for the year ended 31st March 2011 shown here are subject to independent review.

Statement of Financial Activities for the year ended 31 March 2011

	2010/11 £000	2009/10 £000
Incoming resources		
Donations	**18**	**86**
Other Incoming Resources	**3**	**3**
Investment income	**0**	**0**
Total incoming resources	**21**	**89**
Resources expended		
Patients welfare and amenities	**42**	**32**
Staff welfare and amenities	**9**	**1**
Research	**1**	**1**
Miscellaneous	**10**	**10**
Governance Costs	**8**	**7**
Total resources expended	**70**	**51**
Fund balances brought forward	**365**	**327**
Fund balances carried forward	**316**	**365**

Balance Sheet as at 31 March 2011

	2010/11 £000	2009/10 £000
Current Assets	**322**	**352**
Debtors	**0**	**23**
Total Net Assets	**322**	**375**
Creditors	**(6)**	**(10)**
Total Net Assets Less Liabilities	**316**	**365**
Funds of the Charity		
Restricted income funds	**187**	**211**
Unrestricted income funds	**129**	**154**
Total Funds	**316**	**365**