Data entered below will be used throughout the workbook:

Trust name	Avon & Wiltshire Mental Health Partnership NHS Trust
This year	2012-13
Last year	2011-12
This year ended	31 March 2013
Last year ended	31 March 2012
This year commencing:	1 April 2012
Last year commencing:	1 April 2011

AUDITED ANNUAL ACCOUNTS 2012-13

Submitted: 10th June 2013 Midday

Statement of Comprehensive Income for year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Gross employee benefits	9.1	**(141,245)**	(138,846)
Other operating costs	7	**(43,655)**	(42,354)
Revenue from patient care activities	4	**186,877**	184,188
Other Operating revenue	5	**7,732**	8,002
Operating surplus/(deficit)		**9,709**	10,990
Investment revenue	11	**40**	27
Other gains and (losses)	12	**256**	277
Finance costs	13	**(5,725)**	(5,453)
Surplus/(deficit) for the financial year		**4,280**	5,841
Public dividend capital dividends payable		**(3,632)**	(3,571)
Retained surplus/(deficit) for the year		**648**	2,270

Other Comprehensive Income	2012-13 £000	2011-12 £000
Impairments and reversals	**(1,880)**	(493)
Net gain/(loss) on revaluation of property, plant & equipment	**4,775**	2,683
Movements in Other Reserves eg. Non NHS Pensions Scheme	**0**	(34)
Net Gain / (loss) on Assets Held for Sale	**49**	0
Total comprehensive income for the year*	**3,592**	4,426

* This sums the rows above and the surplus / (deficit) for the year before the adjustment for PDC dividend payable shown below

Financial performance for the year

Retained surplus/(deficit) for the year	**648**	2,270
IFRIC 12 adjustment	**1,387**	1,140
Impairments	**901**	115
Adjustments to donated asset reserve elimination	**0**	(16)
Adjusted retained surplus/(deficit)	**2,936**	3,541

The Trust's reported NHS financial performance position is derived from its Retained Surplus/(Deficit), but adjusted for the following:

The revenue cost of bringing PFI assets onto the Statement of Financial Position from the introduction of International Financial Reporting Standards (IFRS) accounting - 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 PFI, which has no cash impact and is not chargeable for overall budgeting purposes, is reported as a technical IFRIC12 adjustment as above. This additional cost is not considered as part of the organisation's reported operating position.

Impairments to Fixed Assets 2012/13 is due to a Modern Equivalent Asset (MEA) basis of valuation completed at 1st October 2012. An impairment charge is not considered part of the organisations operating position.

PDC dividend: balance receivable/(payable) at 31 March 2013	**(28)**	
PDC dividend: balance receivable/(payable) at 1 April 2012		**(33)**

The PDC payable relates to the underpayment of PDC Dividend to the Department of Health during the year that will be collected during 2013/14.

The notes on pages 5 to 37 form part of this account.

Statement of Financial Position as at 31 March 2013

	NOTE	31 March 2013 £000	31 March 2012 £000
Non-current assets:			
Property, plant and equipment	14	**158,168**	158,544
Intangible assets	15	**718**	311
Total non-current assets		**158,886**	158,855
Current assets:			
Inventories	19	**282**	233
Trade and other receivables	20.1	**7,575**	6,974
Cash and cash equivalents	21	**10,000**	7,150
Total current assets		**17,857**	14,357
Non-current assets held for sale	22	**325**	920
Total current assets		**18,182**	15,277
Total assets		**177,068**	174,132
Current liabilities			
Trade and other payables	23	**(13,286)**	(13,740)
Provisions	27	**(1,037)**	(618)
Borrowings	24	**(597)**	(781)
Total current liabilities		**(14,920)**	(15,139)
Non-current assets plus/less net current assets/liabilities		**162,148**	158,993
Non-current liabilities			
Provisions	27	**(1,360)**	(1,200)
Borrowings	24	**(46,770)**	(47,367)
Total non-current liabilities		**(48,130)**	(48,567)
Total Assets Employed:		**114,018**	110,426
FINANCED BY:			
TAXPAYERS' EQUITY			
Public Dividend Capital		**99,552**	99,552
Retained earnings		**(11,152)**	(13,402)
Revaluation reserve		**25,618**	24,276
Total Taxpayers' Equity:		**114,018**	110,426

The notes on pages 5 to 37 form part of this account.

The financial statements on pages 1-4 were approved by the Board on 3rd June 2013 and signed on its behalf by

Chief Executive………………………………………. Date:

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2013

	Public Dividend capital	Retained earnings	Revaluation reserve	Other reserves	Total reserves
	£000	£000	£000	£000	£000
Balance at 1 April 2012	**99,552**	**(13,402)**	**24,276**	**0**	**110,426**
Changes in taxpayers' equity for 2012-13					
Retained surplus/(deficit) for the year		648			**648**
Net gain / (loss) on revaluation of property, plant, equipment			4,775		**4,775**
Net gain / (loss) on revaluation of assets held for sale			49		**49**
Impairments and reversals			(1,880)		**(1,880)**
Transfers between reserves		1,602	(1,602)	0	**0**
Reclassification Adjustments					
Net recognised revenue/(expense) for the year	**0**	**2,250**	**1,342**	**0**	**3,592**
Balance at 31 March 2013	**99,552**	**(11,152)**	**25,618**	**0**	**114,018**
Balance at 1 April 2011	**99,552**	**(17,969)**	**24,383**	**34**	**106,000**
Changes in taxpayers' equity for year ended 31 March 2012					
Retained surplus/(deficit) for the year		2,270			**2,270**
Net gain / (loss) on revaluation of property, plant, equipment			2,683		**2,683**
Net gain / (loss) on revaluation of assets held for sale			0		**0**
Impairments and reversals			(493)		**(493)**
Movements in other reserves				(34)	**(34)**
Transfers between reserves		2,297	(2,297)	0	**0**
Reclassification Adjustments					
Net recognised revenue/(expense) for the year	**0**	**4,567**	**(107)**	**(34)**	**4,426**
Balance at 31 March 2012	**99,552**	**(13,402)**	**24,276**	**0**	**110,426**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities			
Operating Surplus/Deficit		**9,709**	10,990
Depreciation and Amortisation		**5,761**	5,654
Impairments and Reversals		**1,828**	891
Interest Paid		**(5,690)**	(5,410)
Dividend (Paid) / Refunded		**(3,637)**	(3,630)
(Increase)/Decrease in Inventories		**(49)**	(44)
(Increase)/Decrease in Trade and Other Receivables		**(601)**	2,421
Increase/(Decrease) in Trade and Other Payables		**(777)**	(5,552)
Provisions Utilised		**(285)**	(442)
Increase/(Decrease) in Provisions		**782**	180
Net Cash Inflow/(Outflow) from Operating Activities		**7,041**	5,058
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received		**40**	27
(Payments) for Property, Plant and Equipment		**(4,982)**	(4,843)
(Payments) for Intangible Assets		**(441)**	(127)
Proceeds of disposal of assets held for sale (PPE)		**1,973**	2,557
Net Cash Inflow/(Outflow) from Investing Activities		**(3,410)**	(2,386)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		**3,631**	2,672
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(781)**	(781)
Net Cash Inflow/(Outflow) from Financing Activities		**(781)**	(781)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,850**	1,891
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**7,150**	5,259
Cash and Cash Equivalents (and Bank Overdraft) at year end	21	**10,000**	7,150

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 Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2012-13 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 support the reader of the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities. Non Property Assets (Equipment) values have been prepared on a Depreciated Replacement Cost (DRC) basis if not materially different to fair value.

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 was required to bring its PFI assets onto the Statement of Financial Position (SOFP) under IFRS in 2008-09 and has been required to apply some judgement to the impact on years following completion of the construction of assets.

1.4.2 Gross and Net Accounting Treatment

The Trust has recorded Income and Expenditure as gross and not netted them off. For example, where the Trust seconds staff to another body, the Trust has included staff costs as expenditure and any reimbursement from the other body as income.

1.4.3 Review of lease arrangements

The Trust has applied the rules of IAS 17 and IFRIC4 in determining the accounting of its lease arrangements. In carrying out a quantitiative assessment, some areas of judgement may have been used in assessing the primary and secondary criteria. An assessment of these leases has been undertaken in 2012/13 and all were ascertained to be operating leases under IAS 17.

1.4.4 Onerous Contract arrangements

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 obligation under the contract exceed the economic benefits to be recieved under it. A review undertaken during 2012/13 has highlighted no such contracts and no provision has been included.

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

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 Assets (MEA) valuation

The Trust has completed a full revaluation at 1st October 2012 under NHS MEA methodology and has considered the available indices for the end of the reporting period in assessing a true and fair value of its property and plant at the Statement of Financial Position date.

The carrying amount of the Trust assets at 31st March is £158,886k and of this £2,891k relates to the MEA increase that was accounted for in the 2012/13 financial year.

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
- Information Technology 5 years

1.5.3 Inventory

Inventories are valued at lower of cost and net realisable value and the difference in using the different methods would not lead to material differences for the Trust. The Inventory counts were not all undertaken as at 31st March but the results are estimated to 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 high turnover of inventory. The carrying amount of the Inventory is £282k at 31st March 2013.

1.5.4 Non Property Assets

The Trust has applied the depreciated historic cost method in valuing its non property assets so that the valuation is not materially different from fair value. The carrying amount of all non property assets (equipment) is £9,515k at 31st March 2013.

1.5.5 Provisions

The Trust has used estimation techniques in calculating provisions in its accounts. No key assumptions concerning future provisions are considered to be a significant risk that would cause a material adjustment. The carrying amount of the provisions at 31st March 2013 is £2,397k.

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 received from commissioners for healthcare services.

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.

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

1.8 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.

1.9 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.

1.10 Property, plant and equipment

1.10.1 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 a 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.

1.10.2 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. Fair values are determined as follows:

● Land and non-specialised buildings – market value for existing use

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

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. 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 previously moved to the MEA approach at 1st October 2009 and has accounted for fair value since this date in its accounts. It carried out its latest full MEA revaluation at 1st October 2012.

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, fixtures and 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 new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income (SOCI).

1.10.3 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.

1.11 Intangible assets

1.11.1 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 £5000.

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

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

- 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

1.11.2 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.

1.12 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. 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.

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) from 2011-12. This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set. AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

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

1.13 Donated assets

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

This accounting policy change has been applied retrospectively and consequently the 2010-11 financial year results were restated. The Trust did not however have any Donated Assets in place during 2012/13 so no adjustment has been made for this in the accounts.

1.14 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.

1.15 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.

1.15.1 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.

1.15.2 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)

1.16 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 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'.

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

1.16.2 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.

1.16.3 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 SOCI.

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 SOCI.

1.16.4 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.

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

1.17 Inventories

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

1.18 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 bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management.

1.19 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 2.2% in real terms for liabilities beyond ten years (2.35% for employee early departure obligations).

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 expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.20 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.

1.21 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.

1.22 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

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

1.23 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.

1.24 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.

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.

1.24.1 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. They are 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 incorporates any interest earned on the financial asset. The valuation of any financial assets recognised at fair value is determined by advice from the District Valuation Office.

1.24.2 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.

1.24.3 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.

1.24.4 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 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.

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

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.

1.25 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.

1.26 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.

1.27 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 35 to the accounts.

1.28 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.

1.29 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 33 to the accounts on losses and special payments is compiled directly from losses and compensation register which is prepared on a cash basis.

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

1.30 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 2011-12 and 2012-13 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.

1.31 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 Operating Cost Statement 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.

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

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2012-13. The application of the Standards as revised would not have a material impact on the accounts for 2012-13, were they applied in that year:

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

1.33 Related Party Transactions

Related Party Transactions are disclosed in the Trust's financial statements. In considering each possible related party transaction (Note 32), the Trust is directed to the substance of the relationship and not merely the legal form. The transactions are disclosed if material to the Trust or individual.

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.

The total income in the Trust surplus/deficit from external customers is £194,609k.

The total income from PCTs under common control amounts to 10% or more of total income and is £159,112k.

The total income from Local Authorities amounts to 10% or more of total income and is £26,669k. The balances for Local Authorities are as follows:

Bath & North East Somerset Council £1,634k
Bristol City Council £4,815k
North Somerset Council £68k
Gloucestershire Council £1,640k
Swindon Borough Council £16,097k[1]
Wiltshire County Council £2,425k

[1] The income from Swindon Borough Council of £16,097k includes £15,263k of Swindon PCT block contract income that is received via the Local Authority.

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

4. Revenue from patient care activities	**2012-13**	2011-12
	£000	£000
Strategic Health Authorities[1]	**36**	4
NHS Trusts	**259**	120
Primary Care Trusts - non-tariff[2]	**159,112**	155,385
NHS Foundation Trusts	**311**	626
Local Authorities	**26,669**	25,680
NHS other[3]	**298**	0
Non-NHS other[4]	**192**	2,373
Total Revenue from patient care activities	**186,877**	184,188

[1] SHA income is the amount received from SHAs for patient care services and does not include Workforce Development Confederation Income. This income is instead shown below as Education, training and research.

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

[3] NHS other income includes £190k of Specialist Drug and Alcohol service income received through NHS bodies and NHS Commissioning Board Income. This was shown within other categories in 2011-12 prior year.

[4] Non NHS Other revenue includes funds received from bodies such as Universities and Welsh health authorities.

5. Other operating revenue	**2012-13**	2011-12
	£000	£000
Recoveries in respect of employee benefits[1]	**584**	1,513
Patient transport services	**6**	0
Education, training and research	**6,160**	5,900
Income generation	**127**	37
Rental revenue from operating leases	**704**	312
Other revenue[2]	**151**	240
Total Other Operating Revenue	**7,732**	8,002
Total operating revenue	**194,609**	192,190

[1] The Trust has applied gross accounting during the 2012/13 year to the treatment of staff recharges where the Trust has incurred expense and then recovered this shown as income.

[2] Other Revenue is revenue that is not derived from patient care activities.

6. Revenue

	2012-13	2011-12
	£000	£000
From rendering of services	**194,609**	192,190

Revenue is almost totally from the supply of services. There is no revenue from the sale of goods.

7. Operating expenses (excluding employee benefits)

	2012-13	2011-12
	£000	£000
Services from other NHS trusts	**1,680**	1,765
Services from PCTs	**330**	385
Services from foundation trusts	**363**	568
Purchase of healthcare from non NHS bodies	**287**	287
Trust Chair and Non-executive Directors	**56**	61
Supplies and services - clinical	**8,413**	8,483
Supplies and services - general	**2,635**	2,931
Consultancy services	**1,392**	1,216
Establishment	**5,087**	4,724
Transport	**1,861**	2,055
Premises	**10,280**	8,493
Impairments and Reversals of Receivables	**15**	(10)
Depreciation	**5,683**	5,609
Amortisation	**78**	45
Impairments and reversals of property, plant and equipment[1]	**1,828**	891
Audit fees[2]	**113**	97
Clinical negligence	**333**	387
Research and development (excluding staff costs)	**1,002**	1,063
Education and Training	**1,010**	925
Change in Discount Rate	**47**	6
Other	**1,162**	2,373
Total Operating expenses (excluding employee benefits)	**43,655**	42,354

[1] Impairment expenses shows the net result of £3,770k and a £1,942k reversal of previously impaired assets. The increase from 2011-12 reflects a full revaluation MEA exercise being completed at 1st October 2012.

[2] The audit fee of £113k includes the statutory audit fees (£80k), accrued Quality Accounts work for the financial year (£12k). The Trust received a £5k rebate from its former auditors (Audit Commission) and the Trust was under the audit services of Grant Thornton from 1st October 2012.

Employee benefits		
Employee benefits excluding Board members	**140,179**	137,921
Board members	**1,066**	925
Total employee benefits	**141,245**	138,846
Total operating expenses	**184,900**	181,200

8 Operating Leases

8.1 Trust as lessee

The lease terms for the operating leases for buildings are varied. The payments are disclosed in terms of 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.

	2012-13	2011-12
	Total	Total
	£000	£000
Payments recognised as an expense		
Minimum lease payments	**1,553**	1,592
Total	**1,553**	1,592

			2012-13	2011-12
Total future minimum lease payments[1]				
	Buildings	**Other**[2]	**Total**	Total
	£000	**£000**	**£000**	£000
Payable:				
No later than one year	914	387	**1,301**	1,263
Between one and five years	3,425	383	**3,808**	4,188
After five years	4,065	0	**4,065**	5,748
Total	**8,404**	**770**	**9,174**	11,199
Total future sublease payments expected to be received:			0	0

[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 falls due.

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

8.2 Trust 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.

	2012-13	2011-12
	£000	£000
Recognised as income		
Rental revenue	704	312
Total	**704**	312
Receivable:		
No later than one year	406	266
Between one and five years	379	218
After five years	369	194
Total	**1,154**	678

9 Employee benefits and staff numbers and other staff notes

9.1 Employee benefits

	Total £000	Permanently employed £000	Other £000
Employee Benefits - 2012-13 Gross Expenditure			
Salaries and wages	**117,639**	101,727	15,912
Social security costs	**9,474**	9,361	113
Employer Contributions to NHS BSA - Pensions Division	**13,574**	13,413	161
Other pension costs[1]	**95**	0	95
Termination benefits	**463**	463	0
Total employee benefits	**141,245**	**124,964**	**16,281**
Less recoveries in respect of employee benefits (table below)	**(584)**	(584)	0
Total - Net Employee Benefits including capitalised costs	**140,661**	**124,380**	**16,281**
Employee costs capitalised	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**141,245**	**124,964**	**16,281**

[1] Other pension costs are early retirement costs

Employee Benefits 2012-13 - income			
Salaries and wages	**478**	478	0
Social Security costs	**44**	44	0
Employer Contributions to NHS BSA - Pensions Division	**62**	62	0
TOTAL excluding capitalised costs	**584**	**584**	**0**

	Total £000	Permanently employed £000	Other £000
Gross Employee Benefits & Net expenditure 2011-12			
Salaries and wages	**116,001**	102,810	13,191
Social security costs	**9,140**	9,029	111
Employer Contributions to NHS BSA - Pensions Division	**13,446**	13,283	163
Other pension costs	**91**	91	0
Termination benefits	**168**	168	0
TOTAL - including capitalised costs	**138,846**	**125,381**	**13,465**
Less recoveries in respect of employee benefits	**(1,513)**	(1,513)	0
Total - Net Employee Benefits including capitalised costs	**137,333**	**123,868**	**13,465**
Recognised as			
Employee costs capitalised	**0**		
Net Employee Benefits excluding capitalised costs	**138,846**		

9.2 Staff Numbers

	2012-13			2011-12
	Total Number	Permanently employed Number	Other Number	Total Number
Average Staff Numbers				
Medical and dental	**248**	225	23	251
Administration and estates	**765**	661	104	741
Healthcare assistants and other support staff[1]	**842**	633	209	966
Nursing, midwifery and health visiting staff	**1,075**	1,004	71	1,086
Scientific, therapeutic and technical staff	**709**	692	17	522
TOTAL	**3,639**	**3,215**	**424**	3,567

[1]The reduction in staff number on healthcare assistants is due to non qualified nurses (521) being recatagorised to Nursing, midwifery and health visiting staff in 2012-13. The equivalent figure in 2011-12 was 568.

9.3 Staff Sickness absence and ill health retirements

	2012-13	2011-12
	Number	Number
Total Days Lost[1]	35,156	37,096
Total Staff Years[2]	3,193	3,250
Average working Days Lost	11.01	11.41

[1] The days lost refer to calendar days

[2] There is a difference between the staff years and permanently employed number (3,639) due to the latter being the average staff employed over the year whilst the former is the number of staff in post at 31st March 2013. The years relate to calendar years.

	2012-13	2011-12
	Number	Number
Number of persons retired early on ill health grounds	**8**	9
	£000	£000
Total additional pensions liabilities accrued in the year	**362**	833

9.4 Exit Packages agreed in 2012-13

The Trust has paid one exit package to its Directors in the financial year. Details of exit packages also paid to employees are shown below.

	2012-13			2011-12		
Exit package cost band (including any special payment element)	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	Number	**Number**	**Number**	Number	Number	Number
Less than £10,000	2	2	4	2	0	2
£10,001-£25,000	5	3	8	2	0	2
£25,001-£50,000	2	0	2	1	0	1
£50,001-£100,000	0	5	5	1	0	1
Total number of exit packages by type (total cost	**9**	**10**	**19**	6	0	6
Total resource cost (£000s)	**166,835**	**364,390**	**531,225**	168,000	0	168,000

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

Redundancy and other departure costs have been paid in accordance with the provisions of NHS Terms and conditions. Exit costs in this note are accounted for in full in the year of departure. Where the Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

9.5 Pension costs

The following paragraph and sections a) to c) are a national note included in all NHS bodies 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.

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

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2013, is based on the valuation data as 31 March 2012, updated to 31 March 2013 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

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

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

c) Scheme provisions

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

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

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. From 2011-12 the Consumer Price Index (CPI) will be used to replace the Retail Prices Index (RPI).

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

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

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

10 Better Payment Practice Code

10.1 Measure of compliance

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**24,502**	**44,020**	15,823	36,079
Total Non-NHS Trade Invoices Paid Within Target	**23,665**	**42,859**	15,104	35,191
Percentage of NHS Trade Invoices Paid Within Target	**96.58%**	**97.36%**	95.46%	97.54%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**779**	**6,790**	878	13,185
Total NHS Trade Invoices Paid Within Target	**765**	**6,742**	849	13,044
Percentage of NHS Trade Invoices Paid Within Target	**98.20%**	**99.29%**	96.70%	98.93%

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

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

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

	2012-13 £000	2011-12 £000
Amounts included in finance costs from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	0

11 Investment Revenue

	2012-13 £000	2011-12 £000
Interest Income		
Bank interest	**40**	27
Total investment income	**40**	27

12 Other Gains and Losses

	2012-13 £000	2011-12 £000
Gain/(Loss) on disposal of assets other than by sale (PPE)	**0**	277
Gain/(Loss) on disposal of assets held for sale	**256**	0
Total	**256**	277

13 Finance Costs

	2012-13 £000	2011-12 £000
Interest		
Interest on obligations under PFI contracts:		
- main finance cost	**3,761**	3,826
- contingent finance cost	**1,929**	1,603
Total interest expense	**5,690**	5,429
Provisions - unwinding of discount	**35**	24
Total	**5,725**	5,453

14.1 Property, plant and equipment

2012-13	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2012	**35,261**	**119,454**	**3,299**	**585**	**1,006**	**346**	**9,388**	**11,821**	**181,160**
Additions of Assets Under Construction				**5,201**					**5,201**
Additions Purchased	0	112	0		0	0	0	0	**112**
Reclassifications	35	5,121	(2,564)	(5,074)	(40)	0	2,301	221	**0**
Reclassifications as Held for Sale and reversals	(657)	(286)	(133)	0	0	0	0	0	**(1,076)**
Accumulated depreciation netted off costs following revaluation	0	(10,681)	(192)	0	0	0	0	0	**(10,873)**
Upward revaluation/positive indexation	565	4,073	137	0	0	0	0	0	**4,775**
Impairments/negative indexation	(1,362)	(481)	(37)	0	0	0	0	0	**(1,880)**
At 31 March 2013	**33,842**	**117,312**	**510**	**712**	**966**	**346**	**11,689**	**12,042**	**177,419**
Depreciation									
At 1 April 2012	**0**	**8,865**	**178**	**151**	**666**	**125**	**6,000**	**6,631**	**22,616**
Reclassifications as Held for Sale and Reversals	0	(15)	12		0	0	0	0	**(3)**
Accumulated depreciation netted off costs following revaluation	0	(10,681)	(192)	0	0	0	0	0	**(10,873)**
Impairments	340	3,114	288	28	0	0	0	0	**3,770**
Reversal of Impairments	(60)	(1,871)	(11)	0	0	0	0	0	**(1,942)**
Charged During the Year	0	3,547	30		69	38	941	1,058	**5,683**
At 31 March 2013	**280**	**2,959**	**305**	**179**	**735**	**163**	**6,941**	**7,689**	**19,251**
Net Book Value at 31 March 2013	**33,562**	**114,353**	**205**	**533**	**231**	**183**	**4,748**	**4,353**	**158,168**
Purchased	33,562	114,353	205	533	231	183	4,748	4,353	**158,168**
Total at 31 March 2013	**33,562**	**114,353**	**205**	**533**	**231**	**183**	**4,748**	**4,353**	**158,168**
Asset financing:									
Owned	33,562	63,005	205	533	231	183	4,748	4,353	**106,820**
On-SOFP PFI contracts	0	51,348	0	0	0	0	0	0	**51,348**
Total at 31 March 2013	**33,562**	**114,353**	**205**	**533**	**231**	**183**	**4,748**	**4,353**	**158,168**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2012	14,495	9,136	61	0	13	0	0	473	**24,178**
Movements (specify)	(1,278)	2,797	(5)	0	(11)	0	0	(87)	**1,416**
At 31 March 2013	**13,217**	**11,933**	**56**	**0**	**2**	**0**	**0**	**386**	**25,594**

Additions to Assets Under Construction in 2012-13

	£000
Land	35
Buildings excl Dwellings	3,006
Plant & Machinery	2,160
Balance as at YTD	**5,201**

14.2 Property, plant and equipment prior-year

2011-12	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2011	36,580	115,318	4,108	394	1,006	346	8,043	11,762	177,557
Additions - purchased	0	0	0	4,613	0	0	0	0	4,613
Reclassifications	0	3,018	0	(4,422)	0	0	1,345	59	0
Reclassifications as Held for Sale and reversals	(1,023)	(1,343)	(834)	0	0	0	0	0	(3,200)
Revaluation & indexation gains	0	2,634	49	0	0	0	0	0	2,683
Impairments	(296)	(242)	(24)	0	0	0	0	0	(562)
Reversals of impairments	0	69	0	0	0	0	0	0	69
At 31 March 2012	35,261	119,454	3,299	585	1,006	346	9,388	11,821	181,160
Depreciation									
At 1 April 2011	0	4,525	50		550	82	5,268	5,537	16,012
Impairments	0	2,213	74	47	0	0	0	0	2,334
Reversal of Impairments	0	(1,443)	0	0	0	0	0	0	(1,443)
Charged During the Year	0	3,570	54	0	116	43	732	1,094	5,609
At 31 March 2012	0	8,865	178	47	666	125	6,000	6,631	22,512
Net book value at 31 March 2012	35,261	110,589	3,121	538	340	221	3,388	5,190	158,648
Purchased	35,261	110,589	3,121	434	340	221	3,388	5,190	158,544
Total at 31 March 2012	35,261	110,589	3,121	434	340	221	3,388	5,190	158,544
Asset financing:									
Owned	35,261	60,236	3,121	434	340	221	3,388	5,190	108,191
On-SOFP PFI contracts	0	50,353	0	0	0	0	0	0	50,353
Total at 31 March 2012	35,261	110,589	3,121	434	340	221	3,388	5,190	158,544

14.3 (cont). Property, plant and equipment

The estimated useful lives applied are as follows:

Buildings - 35 years (excluding PFI)

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

The Trust has adopted component accounting for its assets whereby assets with the same useful life are grouped together and those assets with different lives are separated 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 District Valuation Office has taken into account the market conditions to recalculate the asset values under MEA. In doing this the Trust has recieved the formal advice of the District Valuer to reflect the values of assets that are reflective of local market conditions. The valuation technique is referred to in Note 1.5 and Note 1.10 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 six assets on an operating lease basis including a sub lease of part of its Headquarters office to another NHS body. The following information relates to those assets as they effect the 2012-13 accounts including any sub lease arrangements:

Buildings:
The gross carrying amount is £4,006k
Accumulated depreciation (since 1st October 2012) is £890k
Accumulated impairment loss of £129k
Depreciation charge for the period is £279k
There were no impairment losses recognised in the period.
Impairment losses reversed for the period are £201k

Land:
The gross carrying amount is £83k
Accumulated depreciation is £0k
Accumulated impairment loss is £0k
Depreciation charge for the period is £0k
There were no impairment losses recognised in the period.
Impairment losses reversed for the period is £0k

15.1 Intangible non-current assets

2012-13	Software internally generated £000	Software purchased £000	Total £000
At 1 April 2012	91	269	360
Additions - purchased	0	339	339
Additions - internally generated	146	0	146
At 31 March 2013	**237**	**608**	**845**
Amortisation			
At 1 April 2012	2	47	49
Charged during the year	18	60	78
At 31 March 2013	**20**	**107**	**127**
Net Book Value at 31 March 2013	217	501	718
Net book value at 31 March 2013 comprises:			
Purchased	217	501	718
Total at 31 March 2013	**217**	**501**	**718**

The carrying amount as at 31st March 2013 is £718k and this is held at depreciated cost.
The carrying amount at cost would have been £718k.

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

There are no revaluation reserve balances held for intangible assets.

15.2 Intangible non-current assets prior year

2011-12	Software internally generated £000	Software purchased £000	Total £000
Cost or valuation:			
At 1 April 2011	0	215	215
Additions - purchased	91	54	145
At 31 March 2012	91	269	360
Amortisation			
At 1 April 2011	0	4	4
Charged during the year	2	43	45
At 31 March 2012	2	47	49
Net book value at 31 March 2012	89	222	311
Net book value at 31 March 2012 comprises:			
Purchased	89	222	311
Total at 31 March 2012	89	222	311

16 Analysis of impairments and reversals recognised in 2012-13

	2012-13 Total £000
Property, Plant and Equipment impairments and reversals taken to SoCI	
Changes in market price	1,828
Total charged to Annually Managed Expenditure	**1,828**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve	
Changes in market price	1,880
Total impairments for PPE charged to reserves	**1,880**
Total Impairments of Property, Plant and Equipment	**3,708**
Total Impairments charged to Revaluation Reserve	**1,880**
Total Impairments charged to SoCI - AME	**1,828**
Overall Total Impairments	**3,708**
Of which:	
Impairment on revaluation to "modern equivalent asset" basis	3,708

The net impact of impairments charged to the Statement of Comprehensive Income is £1,828k.

This figure is made up of:

Accounting for fair value for the 2012/13 Capital programme at 31st March 2013	3,770
Reversal of impairments previously impaired under MEA driven by increase in asset values	(1,942)

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

There were no impairments or reversals associated with Intangible Assets during the year.

17 Commitments

17.1 Capital commitments

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

	31 March 2013	31 March 2012
	£000	£000
Property, plant and equipment	**34**	49
Total	**34**	49

18 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	3,243	0	4,268	0
Balances with Local Authorities	456	0	103	0
Balances with NHS Trusts and Foundation Trusts	229	0	532	0
Balances with bodies external to government	3,647	0	8,383	0
At 31 March 2013	**7,575**	**0**	**13,286**	**0**
prior period:				
Balances with other Central Government Bodies	3,694	0	4,696	0
Balances with Local Authorities	388	0	0	0
Balances with NHS Trusts and Foundation Trusts	131	0	1,498	0
Balances with bodies external to government	2,761	0	7,546	0
At 31 March 2012	**6,974**	**0**	**13,740**	**0**

19 Inventories

	Drugs	**Consumables**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**
Balance at 1 April 2012	165	8	60	**233**
Additions	65	0	0	**65**
Inventories recognised as an expense in the period	(16)	0	0	**(16)**
Balance at 31 March 2013	214	8	60	**282**

20.1 Trade and other receivables[1]

	Current	
	31 March 2013	31 March 2012
	£000	£000
NHS receivables - revenue	**2,247**	2,586
NHS prepayments and accrued income[2]	**152**	0
Non-NHS receivables - revenue[3]	**452**	14
Non-NHS prepayments and accrued income[4]	**1,525**	944
Provision for the impairment of receivables	**(15)**	0
VAT	**1,019**	1,217
Current part of PFI and other PPP arrangements prepayments and accrued income	**2,038**	1,563
Operating Lease Receivables	**54**	0
Other receivables[5]	**103**	650
Total	**7,575**	6,974
Total current	**7,575**	6,974

[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] NHS prepayments and accrued income includes income from various NHS bodies for patient care activity. For 2011-12 prior year this income was shown within NHS Receivables.

[3] The Non NHS receivables include trade receivables that relates to patient care. For 2011-12 prior year this was shown within Other Receivables.

[4] The Non NHS prepayments and accrued income includes such items as Buildings Rent, IT licenses and phone line rental.

[5] The Other Receivables include items not shown in other lines and consists mainly of private company/individuals and other recievables where the credit quality has also been good during the financial year.

20.2 Receivables past their due date but not impaired

	31 March 2013	31 March 2012
	£000	£000
By up to three months	**3**	199
By three to six months	**15**	9
By more than six months[1]	**23**	16
Total	**41**	224

[1] Of the £23k by more than six months that relate entirely to salary overpayments, there are arrangements in place for repayment of the debts.

20.3 Provision for impairment of receivables

	31 March 2013	31 March 2012
	£000	£000
Balance at 1st April	**0**	(10)
(Increase)/decrease in receivables impaired	**(15)**	10
Balance at 31st March	**(15)**	0

21 Cash and Cash Equivalents

	31 March 2013	31 March 2012
	£000	£000
Opening balance	**7,150**	5,259
Net change in year	**2,850**	1,891
Closing balance	**10,000**	7,150
Made up of		
Cash with Government Banking Service	**9,909**	7,065
Commercial banks	**44**	85
Cash in hand	**47**	0
Cash and cash equivalents as in statement of financial position	**10,000**	7,150
Cash and cash equivalents as in statement of cash flows	**10,000**	7,150
Patients' money held by the Trust, not included above	**97**	100

22 Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Total
	£000	£000	£000	£000
Balance at 1 April 2012	215	239	466	**920**
Plus assets classified as held for sale in the year	657	433	(17)	**1,073**
Less assets sold in the year	(721)	(547)	(449)	**(1,717)**
Revaluation	(26)	75	0	**49**
Balance at 31 March 2013	**125**	**200**	**0**	**325**
Balance at 1 April 2011	0	0	0	**0**
Plus assets classified as held for sale in the year	1,023	1,343	834	**3,200**
Less assets sold in the year	(808)	(1,104)	(368)	**(2,280)**
Balance at 31 March 2012	**215**	**239**	**466**	**920**

The Trust has one asset classfied as held for sale at 31st March 2013 and this is a freehold building. The Trust has taken the decision to hold this asset for sale as it is surplus to requirements and the decision supports the Trust plans for service redesign.

Description of Assets
The property is community based, built in the late 19th century and is a detached property with parking and is in good saleable condition.

Description of the facts of the sale and disposal timing
The property is being sold due to service redesign plans. The property is expected to be sold within the next twelve months.

Gain/Loss recognised on becoming classified as held for sale
A loss of £286k was recognised through classifying this asset as held for sale following the District Valuer's assessment of the fair value of the asset and in accordance with IFRS5.accounting treatment. This consisted of a movement downwards to a net book value of £325k at the point of holding the asset for sale.

Revaluation Reserve Balances
The balance of revaluation reserves held for non current assets held for sale at 31st March 2013 was £24k. This relates to the one asset held for sale with details given above.
There were five non-current assets held for sale in the prior year 2011-12 at a total £920k carrying value.

23 Trade and other payables

	Current	
	31 March 2013	31 March 2012
	£000	£000
NHS payables - revenue	**522**	1,985
NHS accruals and deferred income[1]	**66**	0
Non-NHS payables - revenue	**197**	468
Non-NHS payables - capital	**574**	251
Non-NHS accruals and deferred income[2]	**7,663**	6,676
Social security costs	**1,311**	1,246
VAT	**0**	8
Tax	**1,092**	1,381
Other[3]	**1,861**	1,725
Total	**13,286**	13,740
Total payables (current and non-current)	**13,286**	13,740
Included above:		
to Buy Out the Liability for Early Retirements Over 5 Years	0	0
number of Cases Involved (number)	0	0
outstanding Pension Contributions at the year end	1,753	1,554

[1] NHS accruals and deferred income for 2011-12 prior year was shown within NHS Payables - revenue.

[2] Non NHS Accruals & Deferred Income includes an accrual for annual leave not taken and therefore carried forward at the 31st March 2013 of £43k (2011/12 £58k). There is also Deferred Income of £1,208k included in this figure.

[3] Other payables include:
£1,753k of outstanding pension contributions at 31st March 2013 (31st March 2012 £1,554k)

The Trust is signed up to the Better Payment Practice Code (BPPC) 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		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
PFI liabilities[1]:				
Main liability	**597**	781	**46,770**	47,367
Total	**597**	**781**	**46,770**	**47,367**
Total other liabilities (current and non-current)	**47,367**	**48,148**		

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

25 Deferred income

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	**£000**	**£000**	**£000**
Opening balance at 1 April 2012	262	562	0	0
Deferred income addition	946	(300)	0	0
Current deferred Income at 31 March 2013	**1,208**	262	**0**	0
Total deferred income (current and non-current)	**1,208**	**262**		

26 Finance lease obligations as lessee

The Trust has carried out a full review of its potential leasing arrangements and any commitments as at 31st March 2013 and has concluded that it has not entered into any new finance lease arrangements. There are also no lease commitments currently known that will be made available for use or where rental payments will commence in 2013-14 financial year.

27 Provisions

		Comprising:				
	Total	**Pensions Relating to Other Staff[1]**	**Legal Claims[2]**	**Restructuring[3]**	**Other[4]**	**Redundancy [5]**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 April 2012	**1,818**	936	222	305	327	28
Arising During the Year	**852**	81	219	210	92	250
Utilised During the Year	**(285)**	(95)	(103)	0	(65)	(22)
Reversed Unused	**(70)**	0	(64)	0	0	(6)
Unwinding of Discount	**35**	27	0	0	8	0
Change in Discount Rate [6]	**47**	26	0	0	21	0
Balance at 31 March 2013	**2,397**	**975**	**274**	**515**	**383**	**250**
Expected Timing of Cash Flows:						
No Later than One Year	**1,037**	93	159	515	20	250
Later than One Year and not later than Five Years	**642**	434	115	0	93	0
Later than Five Years	**718**	448	0	0	270	0

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities: [7]

As at 31 March 2013	469
As at 31 March 2012	562

[1] Pensions relating to other staff:
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. 29% of this provision was reversed as unused within the year.

[3] Restructuring
The Restructuring provision relates to the change in internal management arrangements at a senior level to create locality management teams.

[4] Other Provisions
The majority of the balance is made up of Injury benefits (£362k) payable through the NHS Pensions Agency. Assumptions about the timing and certainty of these liabilities are calculated using actuarial tables which have been reviewed in the year.

[5] Redundancy
This provision includes only those named individuals who as at 31st March 2013 had been informed that they were at risk of redundancy.

[6] Change in Discount Rate
The discount rate used has been changed within the year from 2.8% to 2.35% in line with Treasury guidance.

[7] £469k is included in the provisions of the NHS Litigation Authority at 31st March 2013 in respect of clinical negligence liabilities of the Trust (31/03/12 £562k). This amount is not included in the above provision figures as it is paid by the NHS Litigation Authority and no liability falls to the Trust.

28 Contingencies

The Trust has no quantified contingent liabilities but is disclosing that it has reported to its remuneration committee during the year that staff could potentially be at risk due to closure of one of its units during the next financial year although the amount of this liability is not yet known.

29.1 PFI and LIFT - additional information

The information below is required by the Department of Heath for inclusion in national statutory accounts

	2012-13	2011-12
Charges to operating expenditure and future commitments in respect of ON SOFP PFI	**£000**	£000
Service element of on SOFP PFI charged to operating expenses in year	**1,280**	1,269
Total	**1,280**	1,269
Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI		
No Later than One Year	**1,293**	1,281
Later than One Year, No Later than Five Years	**5,295**	5,246
Later than Five Years	**27,551**	28,893
Total	**34,139**	35,420

Imputed "finance lease" obligations for on SOFP PFI contracts due	**2012-13**	2011-12
	£000	£000
No Later than One Year	**4,300**	4,544
Later than One Year, No Later than Five Years	**18,873**	18,301
Later than Five Years	**81,683**	86,555
Subtotal	**104,856**	109,400
Less: Interest Element	**(57,489)**	(61,252)
Total	**47,367**	48,148

The PFI project of the Trust was 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 above.

The PFI Operator is expected under the Schedule 14 Hard Services Agreement to maintain the assets to a condition at the end of the project term that is consistent with when the assets were first brought into use. The PFI contract is currently with the PFI Operator and there are termination options in place with this provider.

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 the 2006/07 financial year.

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

30 Impact of IFRS treatment - current year

The information below is required by the Department of Heath for budget reconciliation purposes

	Total £000s
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI / LIFT)	
Depreciation charges	1,202
Interest Expense	5,690
Impairment charge - AME	927
Other Expenditure	1,280
Impact on PDC dividend payable	108
Total IFRS Expenditure (IFRIC12)	**9,207**
Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease income)	(7,820)
Net IFRS change (IFRIC12)	**1,387**
Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12	
Capital expenditure 2012-13	0
UK GAAP capital expenditure 2012-13 (Reversionary Interest)	523

31 Financial Instruments

31.1 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 of the control of the organisation. In some cases seperate 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 seperately for any embedded derivatives within contracts will remain relevant going forward and the Trust will ensure that this is considered for all new assets.

31.2 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 (CCG's) and the way those primary care trusts (CCG's) 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 does not have any outstanding loan repayments on any loans. 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 2013 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 (CCG's), 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.

31.3 Financial Assets	**Loans and receivables £000**	**Total £000**
Receivables - NHS	2,399	**2,399**
Receivables - non-NHS	4,157	**4,157**
Cash at bank and in hand	10,000	**10,000**
Total at 31 March 2013	**16,556**	**16,556**
Receivables - NHS	2,586	2,586
Receivables - non-NHS	3,156	3,156
Cash at bank and in hand	7,150	7,150
Total at 31 March 2012	12,892	12,892

31.4 Financial Liabilities	**Other £000**	**Total £000**
NHS payables	588	**588**
Non-NHS payables[1]	3,872	**3,872**
PFI & finance lease obligations	47,367	**47,367**
Other financial liabilities[2]	1,087	**1,087**
Total at 31 March 2013	**52,914**	**52,914**
NHS payables	1,985	1,985
Non-NHS payables	4,891	4,891
PFI & finance lease obligations	48,148	48,148
Other financial liabilities	586	586
Total at 31 March 2012	55,610	55,610

[1] The Non NHS Payables have the VAT, Pensions, Tax/NI, payments in advance and Deferred Income excluded as these are not classed as financial liabilities.

[2] The Other Financial Liabilities consist of £1,087k (prior year £586k) for provisions and liabilities excluding pre-95 early retirement provisions and injury benefits that are not under contract.

32 Related party transactions

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

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

NHS South West (Strategic Health Authority)
NHS Bristol
NHS South Gloucestershire
Wiltshire PCT
Swindon PCT
Bath and North East Somerset PCT
North Somerset PCT
NHS Pension Scheme

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

Swindon Borough Council
Bristol City Council

The Trust has also paid material expenditure to its PFI operator (Semperion) during the financial year.

The Trust has received revenue payments from a Charitable Fund in the sum of £78k (£36k 2011-12), the Trustee for which is the Trust Board. The summary unaudited accounts of the Funds held on Trust are shown on Page 38 of the accounts.

33 Losses and special payments

The total number of losses cases in 2012-13 and their total value was as follows:

	Total Value of Cases £	Total Number of Cases
Losses	22,437	22
Special payments	11,705	34
Total losses and special payments	34,142	56

The total number of losses cases in 2011-12 and their total value was as follows:

	Total Value of Cases £	Total Number of Cases
Losses	13,334	24
Special payments	5,589	23
Total losses and special payments	18,923	47

34. 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.

34.1 Breakeven performance	2005-06 £000	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000	2010-11 £000	2011-12 £000	2012-13 £000
Turnover	163,745	183,168	188,426	195,574	198,752	195,955	192,190	**194,609**
Retained surplus/(deficit) for the year	(2,790)	3,176	1,009	1,827	(22,178)	1,619	2,270	**648**
Adjustment for:								
Adjustments for Impairments				0	22,808	1,196	891	**1,828**
Adjustments for impact of policy change re donated/government grants assets							16	**0**
Consolidated Budgetary Guidance - Adjustment for Dual Accounting under IFRIC12[1]					483	404	364	**460**
Break-even in-year position	**(2,790)**	**3,176**	**1,009**	**1,827**	**1,113**	**3,219**	**3,541**	**2,936**
Break-even cumulative position	**(5,926)**	**(2,750)**	**(1,741)**	**86**	**1,199**	**4,418**	**7,959**	**10,895**
Cash movement in year position - increase/(decrease)[2]			2,115	332	3,420	(836)	1,891	**2,850**
Cash closing balance cumulative position	228	228	2,343	2,675	6,095	5,259	7,150	**10,000**

[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. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

[2] The increase in cash in year in 2012/13 is mostly attributable to land and building disposals being achieved during the year.

	2005-06 %	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %	2011-12 %	2012-13 %
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	1.84	**1.51**
Break-even cumulative position as a percentage of turnover	-3.62	-1.50	-0.92	0.04	0.60	2.25	4.14	**5.60**

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.

34.2 Capital cost absorption rate

Until 2008/09 the Trust was required to absorb the cost of capital at a rate 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.

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%.

	2012-13
	£000
Dividends on Public Dividend Capital	3,632
Average Relevant Net Assets	103,766
Capital Cost absorption rate (%)	**3.5%**

34.3 External financing

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

	2012-13	2011-12
	£000	£000
External financing limit	**(2,215)**	(2,520)
Cash flow financing	**(3,631)**	(2,672)
External financing requirement	**(3,631)**	(2,672)
Undershoot/(overshoot)	**1,416**	152

34.4 Capital resource limit

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

	2012-13	2011-12
	£000	£000
Gross capital expenditure	**5,798**	4,758
Less: book value of assets disposed of	**(1,717)**	(2,280)
Charge against the capital resource limit	**4,081**	2,478
Capital resource limit	**4,218**	5,825
(Over)/underspend against the capital resource limit[1]	**137**	3,347

[1] The underspend on the capital resource limit for 2011/12 is mostly attributable to the book value of assets disposed not being reinvested in the capital envelope during the year but instead retained within the cash balance of the Trust.

35 Third party assets

The Trust held cash and cash equivalents which relate 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.

	31 March 2013	31 March 2012
	£000	£000
Third party assets held by the Trust	**97**	100

CHARITABLE FUNDS (UNAUDITED)

Charitable funds arise from donations,subscriptions and legacies

Statement of Financial Activities for the year ended 31 March 2013

	2012-13	2011-12
	£000	£000
Incoming resources		
Donations	**91**	11
Activities fron generating funds	**2**	1
Investment income	**0**	0
Other Incoming Resources	**0**	2
Total incoming resources	**93**	14
Resources expended		
Patients welfare and amenities	**64**	22
Staff welfare and amenities	**6**	7
Research	**1**	0
Miscellaneous	**0**	0
Governance Costs	**7**	7
Total resources expended	**78**	36
Fund balances brought forward	**283**	305
Fund balances carried forward	**298**	283

Balance Sheet as at 31 March 2013

	2012-13	2011-12
	£000	£000
Current Assets	**320**	291
Debtors	**0**	0
Total Net Assets	**320**	291
Creditors	**(8)**	(4)
Provisions	**(14)**	(4)
Total Net Assets Less Liabilities	**298**	283
Funds of the Charity		
Restricted income funds	**142**	172
Unrestricted income funds	**156**	111
Total Funds	**298**	283

For 2011-12 and 2012-13 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.