
Data entered below will be used throughout the workbook:

| | |
|-----------------------|--|
| Trust name | Avon & Wiltshire Mental Health Partnership NHS Trust |
| This year | 2014-15 |
| Last year | 2013-14 |
| This year ended | 31 March 2015 |
| Last year ended | 31 March 2014 |
| This year commencing: | 1 April 2014 |
| Last year commencing: | 1 April 2013 |

Accounts 2014-15

**Statement of Comprehensive Income for year ended
31 March 2015**

| | NOTE | 2014-15 £000s | 2013-14 £000s |
|---|------|------------------|------------------|
| Gross employee benefits | 8.1 | (142,074) | (144,408) |
| Other operating costs | 6 | (45,925) | (43,023) |
| Revenue from patient care activities | 4 | 189,832 | 187,972 |
| Other operating revenue | 5 | 8,698 | 9,465 |
| Operating surplus/(deficit) | | 10,531 | 10,006 |
| Investment revenue | 10 | 38 | 40 |
| Other gains and (losses) | 11 | (53) | 102 |
| Finance costs | 12 | (6,051) | (5,913) |
| Surplus/(deficit) for the financial year | | 4,465 | 4,235 |
| Public dividend capital dividends payable | | (3,715) | (3,635) |
| Retained surplus/(deficit) for the year | | 750 | 600 |
| Other Comprehensive Income | | | |
| | | 2014-15 £000s | 2013-14 £000s |
| Impairments and reversals taken to the revaluation reserve | | 0 | (595) |
| Total other comprehensive income | | 0 | (595) |
| Total comprehensive income for the year | | 750 | 5 |
| Financial performance for the year | | | |
| Retained surplus/(deficit) for the year | | 750 | 600 |
| IFRIC 12 adjustment (including IFRIC 12 impairments) ¹ | | 1,171 | 477 |
| Impairments (excluding IFRIC 12 impairments) ² | | 889 | 1,707 |
| Adjusted retained surplus/(deficit) | | 2,810 | 2,784 |

¹The incremental change resulting from the application of IFRS to the PFI is reported above as a technical IFRIC12 adjustment. This is a notional figure which has no cash impact and is not chargeable for overall budgeting purposes and as such is not considered as part of the organisation's reported operating position.

²Impairments to Fixed Assets in 2014/15 are due to a modern equivalent asset (MEA) and added value assessment of the capital works carried out through the year. The impairment charge is not considered part of the organisation's normal operating position and therefore only affects the retained surplus.

The notes on pages 5 to 36 form part of this account.

**Statement of Financial Position as at
31 March 2015**

| | | 31 March 2015 | 31 March 2014 |
|--|------|-----------------|-----------------|
| | NOTE | £000s | £000s |
| Non-current assets: | | | |
| Property, plant and equipment | 13 | 153,353 | 155,102 |
| Intangible assets | 14 | 598 | 688 |
| Total non-current assets | | 153,951 | 155,790 |
| Current assets: | | | |
| Inventories | 18 | 262 | 573 |
| Trade and other receivables | 19 | 10,856 | 10,916 |
| Cash and cash equivalents | 20 | 10,501 | 7,445 |
| Sub-total current assets | | 21,619 | 18,934 |
| Non-current assets held for sale | 21 | 299 | 414 |
| Total current assets | | 21,918 | 19,348 |
| Total assets | | 175,869 | 175,138 |
| Current liabilities | | | |
| Trade and other payables | 22 | (13,507) | (12,142) |
| Provisions | 26 | (228) | (679) |
| Borrowings | 23 | (1,021) | (874) |
| Total current liabilities | | (14,756) | (13,695) |
| Net current assets/(liabilities) | | 7,162 | 5,653 |
| Total assets less current liabilities | | 161,113 | 161,443 |
| Non-current liabilities | | | |
| Provisions | 26 | (1,396) | (1,455) |
| Borrowings | 23 | (44,875) | (45,896) |
| Total non-current liabilities | | (46,271) | (47,351) |
| Total assets employed: | | 114,842 | 114,092 |
| FINANCED BY: | | | |
| Public Dividend Capital | | 99,621 | 99,621 |
| Retained earnings | | (8,811) | (10,071) |
| Revaluation reserve | | 24,032 | 24,542 |
| Total Taxpayers' Equity: | | 114,842 | 114,092 |

The notes on pages 5 to 36 form part of this account.

The financial statements on pages 1 to 4 were approved by the Board on 27th May 2015 and signed on its behalf by

Chief Executive:



Date: 27th May 2015

**Statement of Changes in Taxpayers' Equity
For the year ending 31 March 2015**

| | Public Dividend capital £000s | Retained earnings £000s | Revaluation reserve £000s | Total reserves £000s |
|--|--|--|--|-------------------------------------|
| Balance at 1 April 2014 | 99,621 | (10,071) | 24,542 | 114,092 |
| Changes in taxpayers' equity for 2014-15 | | | | |
| Retained surplus/(deficit) for the year | | 750 | | 750 |
| Impairments and reversals | | | 0 | 0 |
| Transfers between reserves | | 510 | (510) | 0 |
| Net recognised revenue/(expense) for the year | 0 | 1,260 | (510) | 750 |
| Balance at 31 March 2015 | 99,621 | (8,811) | 24,032 | 114,842 |
| | | | | |
| Balance at 1 April 2013 | 99,552 | (11,152) | 25,618 | 114,018 |
| Changes in taxpayers' equity for the year ended 31 March 2014 | | | | |
| Retained surplus/(deficit) for the year | | 600 | | 600 |
| Impairments and reversals | | | (595) | (595) |
| Transfers between reserves | | 481 | (481) | 0 |
| New temporary and permanent PDC received - cash | 69 | | | 69 |
| Net recognised revenue/(expense) for the year | 69 | 1,081 | (1,076) | 74 |
| Balance at 31 March 2014 | 99,621 | (10,071) | 24,542 | 114,092 |

Statement of Cash Flows for the Year ended 31 March 2015

| | 2014-15 | 2013-14 |
|---|----------------|---------|
| | £000s | £000s |
| Cash Flows from Operating Activities | | |
| Operating surplus/(deficit) | 10,531 | 10,006 |
| Depreciation and amortisation | 6,135 | 6,084 |
| Impairments and reversals | 1,776 | 1,776 |
| Interest paid | (6,050) | (5,907) |
| Dividend (paid)/refunded | (3,715) | (3,663) |
| (Increase)/Decrease in Inventories | 311 | (291) |
| (Increase)/Decrease in Trade and Other Receivables | 408 | (3,341) |
| Increase/(Decrease) in Trade and Other Payables | (1,921) | (1,296) |
| Provisions utilised | (405) | (870) |
| Increase/(Decrease) in movement in non cash provisions | (160) | 538 |
| Net Cash Inflow/(Outflow) from Operating Activities | 6,910 | 3,036 |
| Cash Flows from Investing Activities | | |
| Interest Received | 38 | 41 |
| (Payments) for Property, Plant and Equipment | (3,523) | (5,549) |
| (Payments) for Intangible Assets | (90) | (144) |
| Proceeds of disposal of assets held for sale (PPE) | 595 | 589 |
| Net Cash Inflow/(Outflow) from Investing Activities | (2,980) | (5,063) |
| Net Cash Inform / (outflow) before Financing | 3,930 | (2,027) |
| Cash Flows from Financing Activities | | |
| Gross Temporary and Permanent PDC Received | 0 | 69 |
| Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT | (874) | (597) |
| Net Cash Inflow/(Outflow) from Financing Activities | (874) | (528) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 3,056 | (2,555) |
| Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period | 7,445 | 10,000 |
| Cash and Cash Equivalents (and Bank Overdraft) at year end | 10,501 | 7,445 |

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 Department of Health (DoH) Group Manual for Accounts, which is agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2014-15 requirements. 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 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.

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 such as Equipment have been prepared on a Depreciated Replacement Cost (DRC) basis if not materially different to fair value.

1.2 Charitable Funds

Under the provisions of IFRS10 *Consolidated Financial Statements*, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. The Trust has a Charitable Fund, the Avon & Wiltshire Mental Health Partnership Charitable Trust however it does not have material funds and has therefore not consolidated within its financial statements.

1.3 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 NHS Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. 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.

1.3.1 Private Finance Initiative (PFI)

The Trust applies judgement to the impact on future years of its PFI scheme i.e inflationary uplifts.

1.3.2 Gross and Net Accounting Treatment

The Trust has recorded revenue and expenditure as gross and not netted them off e.g. the Trust second staff to another body, the Trust has included staff costs as expenditure and the reimbursement from the other body as revenue.

1.3.3 Review of Lease arrangements

The Trust has applied the rules of IAS17 and IFRIC4 in determining the accounting of its lease arrangements. An assessment of these leases has been undertaken in 2014/15 and all were ascertained to be operating leases under IAS17.

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

1.4 Key sources of estimation uncertainty

1.4.1 Modern Equivalent Assets (MEA) valuation

The Trust has considered the appropriate valuations in assessing a true and fair value of its property and equipment, and its intangible assets at the Statement of Financial Position date. It has received a valuation from the District Valuer which, as no physical inspection was carried out, may be subject to a variance factor of +/- 5%. The Trust has chosen to take a prudent approach and has not increased the value of its assets in line with this valuation. The change in value, had it been made, would have had no effect on the Statement of Comprehensive Income.

The carrying amount of the Trust property and plant assets at 31st March is £153,353k and the carrying amount of the intangible assets is £598k.

1.4.2 Economic Lives of Non-Current Assets

The Trust has applied useful economic lives to its assets as provided by the District Valuer and has depreciated on that basis.

1.4.3 Inventory

Inventories are valued at lower of cost and net realisable value. The Inventory counts were not undertaken as at 31st March 2015 on the basis of materiality but the results are estimated to be reflective of the inventory values at the balance sheet date. The main element of inventory is drugs and because of the high turnover of these the cost is considered to be a reasonable approximation to fair value. The carrying amount of the Inventory is £262k at 31st March 2015.

1.4.4 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 net book value (NBV) of all non property assets (equipment) is £9.661m at 31st March 2015.

1.4.5 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 2015 is £1.624m.

1.5 Revenue

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

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

1.6 Employee Benefits

1.6.1 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 only to the extent that employees are permitted to carry forward leave into the following period.

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

1.6.2 Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the Trust 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.

There are no members of the Local Government Superannuation Scheme.

1.7 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.

1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- items form part of the initial equipping and setting-up cost of a new building, ward or unit or refurbishment of that building 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.

1.8.1 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 fair value amounts.

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

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. The Trust has determined that "sufficient regularity" be every three years. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets (MEA) and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

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.

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 (SOC).

1.8.2 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.

1.9 Intangible assets

1.9.1 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
- 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.

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

1.9.2 Measurement

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.

1.10 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. So, the recoverable amount of the asset is estimated to determine whether there has been a loss and 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.

1.11 Donated assets

The Trust does not hold any Donated Assets as at 31st March 2015.

1.12 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.

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

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 (SOC1). On disposal, the balance for the asset on the revaluation reserve is 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.

1.13 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.

1.13.1 The Trust as lessee

The Trust holds only its PFI asset as a finance lease, which was initially valued, at the inception of the lease, at fair value, with a matching liability for the lease obligation. Finance charges of the PFI obligation are recognised in calculating the Trust's surplus.

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.

1.13.2 The Trust as lessor

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.

1.14 Private Finance Initiative (PFI) transactions

HM Treasury has determined that Government Bodies shall account for infrastructure PFI schemes where that 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 IFRIC12. 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'.

1.14.1 Services received

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

1.14.2 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.

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

1.14.3 PFI liability

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

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

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 SOCl.

1.14.4 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. The Trust has held a prepayment of £2.9m in its accounts as at 31st March 2015 to reflect lifecycle works forecasted to be delivered over future years by its PFI provider.

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

1.15 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

1.16 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 1.3% in real terms.

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

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.

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.

1.17 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 NHS trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is £1,554k.

1.18 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 NHS 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.

1.19 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.

1.20 Financial assets

Financial assets are recognised when the NHS 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 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.

The Trust does not hold any financial assets at fair value through profit and loss, held to maturity investments, available for sale financial assets or loans.

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 cost.

1.21 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. The Trust holds no loans and all other financial liabilities are initially recognised at fair value.

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

1.22 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.

1.23 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 34 to the accounts.

1.24 Public Dividend Capital (PDC) and 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 Government Banking Service). The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

1.25 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 the Trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). Note 32 to the accounts on losses and special payments is compiled directly from losses and compensation register which is prepared on a cash basis.

1.26 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 SOCNE/SOCI 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.

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

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2014-15. The application of the Standards as revised would not have a material impact on the accounts for 2014-15, were they applied in that year:

IFRS 9 Financial Instruments
IFRS 13 Fair Value Measurement
IFRS 15 Revenue from Contracts with Customers

1.28 Related Party Transactions

Related Party Transactions are disclosed in the Trust's financial statements. In considering each possible related party transaction shown in note 31, 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 from external customers is £198.5m.

The total income from CCGs under common control amounts to 10% or more of total income and is £134.1m. This includes direct income from NHS England.

The total income from Local Authorities amounts to 10% or more of total income and is £24.4m. The balances for Local Authorities are as follows:

| | |
|--|--------|
| Bath & North East Somerset Council | £1.7m |
| Bristol City Council | £4.5m |
| North Somerset Council | £0.1m |
| South Gloucestershire Council | £1.7m |
| Swindon Unitary Authority ¹ | £15.4m |
| Wiltshire County Council | £0.2m |

¹ The income from Swindon Council of £15.4m includes £14.2m of Swindon CCG 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 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

| | 2014-15 | 2013-14 |
|---|----------------|----------------|
| | £000s | £000s |
| NHS Trusts | 725 | 555 |
| NHS England ¹ | 29,061 | 28,406 |
| Clinical Commissioning Groups ² | 133,915 | 130,361 |
| Foundation Trusts | 548 | 389 |
| Non-NHS: | | |
| Local Authorities | 24,443 | 25,902 |
| Other ³ | 1,140 | 2,359 |
| Total Revenue from patient care activities | 189,832 | 187,972 |

¹NHS England revenue is from patient care services and does not include Workforce Development Confederation income. This income is instead shown under Education, Training and Research.

²Revenue from Clinical Commissioning Groups does not include the revenue from Swindon CCG as this is paid through joint arrangements with Swindon Council and so is shown as Local Authority revenue.

³Non NHS Other revenue includes funds received from bodies such as prisons and the probation service, universities, partnerships and private organisations.

| 5. Other operating revenue | 2014-15 | 2013-14 |
|--|----------------|----------------|
| | £000s | £000s |
| Recoveries in respect of staff recharges and staff secondment ¹ | 1,241 | 521 |
| Patient transport services | 6 | 19 |
| Education, training and research ² | 6,414 | 7,237 |
| Income generation | 271 | 332 |
| Rental revenue from operating leases ³ | 636 | 933 |
| Other revenue | 130 | 423 |
| Total Other Operating Revenue | 8,698 | 9,465 |
| Total operating revenue | 198,530 | 197,437 |

¹ Increase in secondments for acute liaison in NBT and Weston General (£300k).

² The reduction in revenue on the previous year is mainly due to Research and Development contracts (£718k) which ended in 2014-15 and training for LIFT staff (£58k) that ceased.

³ Rental revenue from the sub lease of our head office, Jenner House, ceased part way through the 2013-14 financial year leading to a reduction in revenue.

6. Operating expenses

| | 2014-15 | 2013-14 |
|--|----------------|----------------|
| | £000s | £000s |
| Services from other NHS Trusts ¹ | 859 | 1,379 |
| Services from CCGs/NHS England | 7 | 7 |
| Services from NHS Foundation Trusts | 406 | 303 |
| Total Services from NHS bodies | 1,272 | 1,689 |
| Purchase of healthcare from non-NHS bodies ² | 9,083 | 3,804 |
| Trust Chair and Non-executive Directors | 63 | 62 |
| Supplies and services - clinical | 4,934 | 5,541 |
| Supplies and services - general | 2,893 | 2,897 |
| Consultancy services | 1,059 | 1,053 |
| Establishment | 4,190 | 4,756 |
| Transport | 1,604 | 1,770 |
| Service charges - ON-SOFP PFIs and other service concession arrangements | 1,325 | 1,293 |
| Premises | 9,226 | 9,208 |
| Hospitality | 11 | 0 |
| Insurance ³ | 70 | 247 |
| Legal Fees | 222 | 262 |
| Impairments and reversals of receivables ⁴ | 223 | (15) |
| Depreciation | 5,910 | 5,910 |
| Amortisation | 225 | 174 |
| Impairments and reversals of property, plant and equipments | 1,776 | 1,776 |
| Audit fees ⁶ | 67 | 68 |
| Clinical negligence | 231 | 256 |
| Research and Development (excluding staff costs) ⁷ | 590 | 1,070 |
| Education and Training | 563 | 804 |
| Change in Discount Rate | 53 | 63 |
| Other | 335 | 335 |
| Total Operating expenses (excluding employee benefits) | 45,925 | 43,023 |
| Employee Benefits | | |
| Employee benefits excluding Board members | 141,149 | 143,332 |
| Board members | 925 | 1,076 |
| Total Employee Benefits | 142,074 | 144,408 |
| Total Operating Expenses | 187,999 | 187,431 |

¹ Termination of an SLA with an acute Trust to provide catering and portering to our inpatient wards (£484k).

² The increase is due to a rise in placing patients in private hospitals.

³ The reduction in expenditure is due to a large one-off insurance rebate received in 2014-15.

⁴ This relates to an individual CCG debt relating to 2013/14 revenue which has been agreed to be written off.

⁵ Impairment expenses show the net result of assessing valuations of capital works carried out through the 2014/15 financial year under the Modern Equivalent Asset (MEA) methodology.

⁶ Audit Fee relates to the cost of external audit services. The internal audit costs are shown under other.

⁷ Reduction due to 2013/14 contracts ending in year.

7. Operating Leases

7.1 Trust as lessee

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

| | Land £000s | Buildings £000s | Other ² £000s | 2014-15 £000s | 2013-14 ³ £000s |
|---|---------------|--------------------|-----------------------------|------------------|-------------------------------|
| Payments recognised as an expense | | | | | |
| Minimum lease payments ¹ | | | | 1,777 | 1,394 |
| Total | | | | 1,777 | 1,394 |
| Payable: | | | | | |
| No later than one year | 0 | 1,305 | 311 | 1,616 | 1,678 |
| Between one and five years | 0 | 4,499 | 282 | 4,781 | 5,032 |
| After five years | 0 | 21,195 | 18 | 21,213 | 21,299 |
| Total | 0 | 26,999 | 611 | 27,610 | 28,009 |
| 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 payments fall due.

² The other category all relates to Lease Car Commitments.

³ The prior year 2013-14 figures have been restated for leases now classed as operating leases in this note.

7.2 Trust as lessor

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

| | 2014-15 £000 | 2013-14 £000s |
|------------------------------|-----------------|------------------|
| Recognised as revenue | | |
| Rental revenue | 636 | 933 |
| Total | 636 | 933 |
| Receivable: | | |
| No later than one year | 518 | 259 |
| Between one and five years | 1,869 | 863 |
| After five years | 4,120 | 1,126 |
| Total | 6,507 | 2,248 |

8 Employee benefits and staff numbers

8.1 Employee benefits

| | Total £000s | Permanently employed £000s | Other £000s |
|--|----------------|----------------------------------|----------------|
| Employee Benefits - Gross Expenditure 2014-15 | | | |
| Salaries and wages | 120,347 | 103,650 | 16,697 |
| Social security costs | 7,906 | 7,906 | 0 |
| Employer Contributions to NHS BSA - Pensions Division | 14,072 | 14,072 | 0 |
| Other pension costs ¹ | 96 | 0 | 96 |
| Termination benefits | 313 | 313 | 0 |
| TOTAL - including capitalised costs | 142,734 | 125,941 | 16,793 |
| Employee costs capitalised | 660 | 131 | 529 |
| Gross Employee Benefits excluding capitalised costs | 142,074 | 125,810 | 16,264 |

¹ Other Pension costs consist of early retirement costs.

| | Total £000s | Permanently employed £000s | Other £000s |
|--|----------------|----------------------------------|----------------|
| Employee Benefits - Gross Expenditure 2013-14 | | | |
| Salaries and wages | 120,302 | 105,573 | 14,729 |
| Social security costs | 8,272 | 8,184 | 88 |
| Employer Contributions to NHS BSA - Pensions Division | 14,887 | 14,402 | 485 |
| Other pension costs | 96 | 0 | 96 |
| Termination benefits | 1,027 | 1,027 | 0 |
| TOTAL - including capitalised costs | 144,584 | 129,186 | 15,398 |
| Employee costs capitalised | 176 | 176 | 0 |
| Gross Employee Benefits excluding capitalised costs | 144,408 | 129,010 | 15,398 |

8.2 Staff Numbers

| | Total Number | 2014-15 Permanently employed Number | Other Number | 2013-14 Total Number |
|---|-----------------|--|-----------------|----------------------------|
| Average Staff Numbers | | | | |
| Medical and dental | 210 | 196 | 14 | 238 |
| Administration and estates | 727 | 671 | 56 | 776 |
| Healthcare assistants and other support staff | 548 | 140 | 408 | 327 |
| Nursing, midwifery and health visiting staff | 1,108 | 1,016 | 92 | 1,110 |
| Nursing, midwifery and health visiting learners | 638 | 638 | 0 | 510 |
| Scientific, therapeutic and technical staff | 656 | 644 | 12 | 821 |
| TOTAL | 3,887 | 3,305 | 582 | 3,782 |
| Of the above - staff engaged on capital projects (on FTE basis) | 29 | 7 | 22 | 5 |

8.3 Staff Sickness absence and ill health retirements

| | 2014-15 Number | 2013-14 Number |
|----------------------------------|-------------------|-------------------|
| Total Days Lost ¹ | 33,566 | 35,991 |
| Total Staff Years | 3,354 | 3,356 |
| Average working Days Lost | 10.01 | 10.72 |

¹ The days lost refer to calendar days.

² There is a difference between the staff years and permanently employed number (3,305) 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 2015. The years relate to calendar years.

| | 2014-15 Number | 2013-14 Number |
|---|-------------------|-------------------|
| Number of persons retired early on ill health grounds | 3 | 6 |
| Total additional pensions liabilities accrued in the year | £000s 272 | £000s 478 |

8.4 Exit Packages agreed in 2014-15

The Trust has not paid any exit packages to its directors in the financial year. Details of exit packages paid to employees are shown below:

| Exit package cost band (including any special payment element) | 2014-15 | | | 2013-14 | | |
|--|-----------------------------------|------------------------------------|--|------------------------------------|------------------------------------|--|
| | 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 | 1 | 0 | 1 | 4 | 4 | 8 |
| £10,000-£25,000 | 0 | 0 | 0 | 5 | 3 | 8 |
| £25,001-£50,000 | 3 | 0 | 3 | 3 | 2 | 5 |
| £50,001-£100,000 | 0 | 1 | 1 | 3 | 0 | 3 |
| £100,001 - £150,000 | 0 | 0 | 0 | 1 | 0 | 1 |
| £150,001 - £200,000 | 1 | 0 | 1 | 0 | 0 | 0 |
| Total number of exit packages by type (total cost) | 5 | 1 | 6 | 16 | 9 | 25 |
| Total resource cost (£'s) | £253,885 | £59,449 | £313,334 | £510,054 | £164,483 | £674,537 |

Redundancy and other departure costs have been paid in accordance with the provisions of the 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.

This disclosure reports the number and value of exit packages agreed in the year.

8.5 Exit packages* - Other Departures analysis

There was only one departure which was not a compulsory redundancy in year. This relates to a contractual payment in lieu of notice. In the previous year there were 9 departures as a result of mutually agreed resignation (MARS) contractual costs. There were no non-contractual payments made to individuals where the payment value was more than 12 months of their annual salary in either year.

8.6 Pension costs

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

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

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes.

The valuation of the scheme liability as at 31 March 2015, is based on valuation data as at 31 March 2014, updated to 31 March 2015 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS19, 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) Resource Account, 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 valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

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

c) Scheme provisions

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

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

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

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

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

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

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

9 Better Payment Practice Code

9.1 Measure of compliance

| | 2014-15 Number | 2014-15 £000s | 2013-14 Number | 2013-14 £000s |
|---|-------------------|------------------|-------------------|------------------|
| Non-NHS Payables | | | | |
| Total Non-NHS Trade Invoices Paid in the Year | 35,630 | 84,239 | 33,027 | 80,361 |
| Total Non-NHS Trade Invoices Paid Within Target | 30,164 | 74,679 | 30,216 | 76,861 |
| Percentage of NHS Trade Invoices Paid Within Target | 84.66% | 88.65% | 91.49% | 95.64% |
| NHS Payables | | | | |
| Total NHS Trade Invoices Paid in the Year | 931 | 6,253 | 1,287 | 8,513 |
| Total NHS Trade Invoices Paid Within Target | 709 | 4,354 | 964 | 6,243 |
| Percentage of NHS Trade Invoices Paid Within Target | 76.15% | 69.63% | 74.90% | 73.33% |

The Better Payment Practice Code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of 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.

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

| | 2014-15 £000s | 2013-14 £000s |
|---|------------------|------------------|
| Amounts included in finance costs from claims made under this legislation | 2 | 0 |
| Total | 2 | 0 |

10 Investment Revenue

| | 2014-15 £000s | 2013-14 £000s |
|---------------------------------|------------------|------------------|
| Interest revenue | | |
| Bank interest | 38 | 40 |
| Subtotal | 38 | 40 |
| Total investment revenue | 38 | 40 |

11 Other Gains and Losses

| | 2014-15 £000s | 2013-14 £000s |
|---|------------------|------------------|
| Gain (Loss) on disposal of assets held for sale | (53) | 102 |
| Total | (53) | 102 |

12 Finance Costs

| | 2014-15 £000s | 2013-14 £000s |
|--|------------------|------------------|
| Interest | | |
| Interest on obligations under PFI contracts: | | |
| - main finance cost | 3,655 | 3,702 |
| - contingent finance cost | 2,392 | 2,198 |
| Interest on late payment of commercial debt | 2 | 0 |
| Total interest expense | 6,049 | 5,900 |
| Other finance costs | 0 | 7 |
| Provisions - unwinding of discount | 2 | 6 |
| Total | 6,051 | 5,913 |

13.1 Property, plant and equipment

| | Land | Buildings excluding dwellings | Dwellings | Assets under construction & payments on account | Plant & machinery | Transport equipment | Information technology | Furniture & fittings | Total |
|--|---------------|-------------------------------|---------------|---|-------------------|---------------------|------------------------|----------------------|----------------|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| 2014-15 | | | | | | | | | |
| Cost or valuation: | | | | | | | | | |
| At 1 April 2014 | 33,612 | 118,909 | 510 | 1,666 | 966 | 412 | 13,364 | 12,457 | 181,896 |
| Additions of Assets Under Construction | | | | 2,754 | | | | | 2,754 |
| Additions Purchased | 0 | 524 | 0 | | 0 | 45 | 3,035 | 112 | 3,716 |
| Reclassifications | 0 | (26) | 0 | 0 | 0 | 144 | 505 | (623) | 0 |
| Reclassifications as Held for Sale and reversals | (125) | (415) | 0 | 0 | 0 | 0 | 0 | 0 | (540) |
| Disposals other than for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Upward revaluation/positive indexation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments/negative indexation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2015 | 33,487 | 118,992 | 510 | 4,420 | 966 | 601 | 16,904 | 11,946 | 187,826 |
| Depreciation | | | | | | | | | |
| At 1 April 2014 | 275 | 7,900 | 327 | 318 | 799 | 205 | 8,347 | 8,623 | 26,794 |
| Reclassifications | 0 | 0 | 0 | | 0 | 0 | 343 | (343) | 0 |
| Reclassifications as Held for Sale and reversals | 0 | (7) | 0 | | 0 | 0 | 0 | 0 | (7) |
| Disposals other than for sale | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Upward revaluation/positive indexation | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 1,603 | 0 | 0 | 0 | 0 | 173 | 0 | 1,776 |
| Reversal of Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Charged During the Year | 0 | 3,301 | 0 | | 60 | 56 | 1,593 | 900 | 5,910 |
| At 31 March 2015 | 275 | 12,797 | 327 | 318 | 859 | 261 | 10,456 | 9,180 | 34,473 |
| Net Book Value at 31 March 2015 | 33,212 | 106,195 | 183 | 4,102 | 107 | 340 | 6,448 | 2,766 | 153,353 |
| Asset financing: | | | | | | | | | |
| Owned - Purchased | 33,212 | 56,484 | 183 | 4,102 | 107 | 340 | 6,448 | 2,766 | 103,642 |
| On-SOFP PFI contracts | 0 | 49,711 | 0 | 0 | 0 | 0 | 0 | 0 | 49,711 |
| Total at 31 March 2015 | 33,212 | 106,195 | 183 | 4,102 | 107 | 340 | 6,448 | 2,766 | 153,353 |
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| At 1 April 2014 | 13,241 | 10,936 | 54 | 0 | 0 | 0 | 0 | 311 | 24,542 |
| Movements (specify) | 0 | (512) | 0 | 0 | 0 | 0 | 0 | 2 | (510) |
| At 31 March 2015 | 13,241 | 10,424 | 54 | 0 | 0 | 0 | 0 | 313 | 24,032 |
| Additions to Assets Under Construction in 2014-15 | | | | £000's | | | | | |
| Buildings excl Dwellings | | | | 2,688 | | | | | |
| Plant & Machinery | | | | 66 | | | | | |
| Balance as at YTD | | | | 2,754 | | | | | |

13.2 Property, plant and equipment prior-year

| | Land | Buildings excluding dwellings | Dwellings | Assets under construction & payments on account | Plant & machinery | Transport equipment | Information technology | Furniture & fittings | Total |
|---|---------------|-------------------------------------|------------|--|----------------------|------------------------|---------------------------|-------------------------|----------------|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| 2013-14 | | | | | | | | | |
| Cost or valuation: | | | | | | | | | |
| At 1 April 2013 | 33,842 | 117,312 | 510 | 712 | 966 | 346 | 11,689 | 12,042 | 177,419 |
| Additions of Assets Under Construction | | | | 5,791 | | | | | 5,791 |
| Reclassifications | 0 | 2,681 | 0 | (4,837) | 0 | 66 | 1,675 | 415 | 0 |
| Reclassifications as Held for Sale and Reversals | (230) | (489) | 0 | 0 | 0 | 0 | 0 | 0 | (719) |
| Impairments/negative indexation charged to reserves | 0 | (595) | 0 | 0 | 0 | 0 | 0 | 0 | (595) |
| At 31 March 2014 | 33,612 | 118,909 | 510 | 1,666 | 966 | 412 | 13,364 | 12,457 | 181,896 |
| Depreciation | | | | | | | | | |
| At 1 April 2013 | 280 | 2,959 | 305 | 179 | 735 | 163 | 6,941 | 7,689 | 19,251 |
| Reclassifications as Held for Sale and Reversals | (5) | (138) | 0 | | 0 | 0 | 0 | 0 | (143) |
| Impairments/negative indexation charged to operating expenses | 0 | 1,637 | 0 | 139 | 0 | 0 | 0 | 0 | 1,776 |
| Charged During the Year | 0 | 3,442 | 22 | | 64 | 42 | 1,406 | 934 | 5,910 |
| At 31 March 2014 | 275 | 7,900 | 327 | 318 | 799 | 205 | 8,347 | 8,623 | 26,794 |
| Net Book Value at 31 March 2014 | 33,337 | 111,009 | 183 | 1,348 | 167 | 207 | 5,017 | 3,834 | 155,102 |
| Asset financing: | | | | | | | | | |
| Owned - Purchased | 33,337 | 60,021 | 183 | 1,348 | 167 | 207 | 5,017 | 3,834 | 104,114 |
| On-SOFP PFI contracts | 0 | 50,988 | 0 | 0 | 0 | 0 | 0 | 0 | 50,988 |
| Total at 31 March 2014 | 33,337 | 111,009 | 183 | 1,348 | 167 | 207 | 5,017 | 3,834 | 155,102 |

13.3 (cont). Property, plant and equipment

The estimated useful lives applied are as follows:

- Buildings - 35 years (excluding PFI)
- Furniture - 10 years
- Office equipment - 10 years
- Information Technology - 5 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 Valuation officers are FRICS qualified.

The District Valuation Office has taken into account the market conditions to assess any asset values under MEA. In doing this the Trust has received 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 1.4 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 District Valuer has only revalued additions to assets in 2014-15. The last full revaluation of Assets was completed in October 2012. A full assessment of any material movement in values at the balance sheet date of 31st March 2015 has been carried out. The next revaluation is due to be carried out in 2015/16.

These additions are valued when they come into use throughout the year, however, because of the nature of the capital programme the majority are brought into use in March and have consequently been valued at 1st April 2015.

The Trust is the lessor of nine assets on an operating lease basis including two sub lease arrangements. The following information relates to those assets as they affect the 2014-15 accounts including any sub lease arrangements:

Buildings:

- The gross carrying amount is £24,672k
- Accumulated depreciation (since 1st October 2012) is £4,806k
- Depreciation charge for the period is £817k

14.1 Intangible non-current assets

| | IT - in-house & 3rd party software £000's | Computer Licenses £000's | Total £000's |
|--|--|--------------------------------|-----------------|
| 2014-15 | | | |
| At 1 April 2014 | 237 | 752 | 989 |
| Additions Purchased | 90 | 0 | 90 |
| Additions Internally Generated | 45 | 0 | 45 |
| Reclassifications | 0 | 0 | 0 |
| Disposals other than by sale | 0 | 0 | 0 |
| Revaluation & indexation gains | 0 | 0 | 0 |
| At 31 March 2015 | 372 | 752 | 1,124 |
| Amortisation | | | |
| At 1 April 2014 | 67 | 234 | 301 |
| Disposals other than by sale | 0 | 0 | 0 |
| Revaluation or indexation gains | 0 | 0 | 0 |
| Charged during the year | 148 | 77 | 225 |
| At 31 March 2015 | 215 | 311 | 526 |
| Net Book Value at 31 March 2015 | 157 | 441 | 598 |
| Asset Financing: Net book value at 31 March 2015 comprises: | | | |
| Purchased | 157 | 441 | 598 |
| Total at 31 March 2015 | 157 | 441 | 598 |

Revaluation reserve balance for intangible non-current assets

| | £000's | £000's | £000's |
|-------------------------|----------|----------|----------|
| At 1 April 2014 | 0 | 0 | 0 |
| Movements (specify) | 0 | 0 | 0 |
| At 31 March 2015 | 0 | 0 | 0 |

The carrying amount as at 31st March 2015 is £598k and this is held at depreciated cost. The carrying amount is therefore not materially different to if it was to be held at fair value.

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.

14.2 Intangible non-current assets prior year

| | IT - In-house & 3rd party software £000s | Computer Licenses £000s | Total £000s |
|--|---|-------------------------------|----------------|
| 2013-14 | | | |
| Cost or valuation: | | | |
| At 1 April 2013 | 237 | 608 | 845 |
| Additions - purchased | 0 | 144 | 144 |
| At 31 March 2014 | 237 | 752 | 989 |
| Amortisation | | | |
| At 1 April 2013 | 20 | 107 | 127 |
| Charged during the year | 47 | 127 | 174 |
| At 31 March 2014 | 67 | 234 | 301 |
| Net book value at 31 March 2014 | 170 | 518 | 688 |
| Net book value at 31 March 2014 comprises: | | | |
| Purchased | 170 | 518 | 688 |
| Total at 31 March 2014 | 170 | 518 | 688 |

15 Analysis of impairments and reversals recognised in 2014-15

2014-15
Total
£000s

Property, Plant and Equipment impairments and reversals taken to SoCI

Changes in market price 1,776
Total charged to Annually Managed Expenditure 1,776

Total Impairments charged to SoCI - AME 1,776
Overall Total Impairments 1,776

The net impact of impairments charged to the Statement of Comprehensive Income is £1,776k.

This figure is made up of:

Accounting for fair value for the 2014/15 Capital programme at 31st March 2015 1,776k

The impairment amount, in relation to the fair value of the capital works has been determined by the District Valuation Office and constitutes fair value less costs to sell.

The largest impact of the impairment (£520k) related to capital investment for Anti-ligature works such as window replacement and floors that was considered not to add full value to the relevant buildings.

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

16 Commitments

16.1 Capital commitments

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

| | 31 March 2015 | 31 March 2014 |
|-------------------------------|---------------|---------------|
| | £000s | £000s |
| Property, plant and equipment | 0 | 63 |
| Total | 0 | 63 |

17 Intra-Government and other balances

| | Current receivables £000s | Non-current receivables £000s | Current payables £000s | Non-current payables £000s |
|---|---------------------------------|-------------------------------------|------------------------------|----------------------------------|
| Balances with Other Central Government Bodies | 695 | 0 | 1,516 | 0 |
| Balances with Local Authorities | 134 | 0 | 199 | 0 |
| Balances with NHS bodies inside the Departmental Group ¹ | 4,790 | 0 | 1,278 | 0 |
| Balances with Bodies External to Government ² | 5,237 | 0 | 11,535 | 44,875 |
| At 31 March 2015 | 10,856 | 0 | 14,528 | 44,875 |
| prior period: | | | | |
| Balances with Other Central Government Bodies ¹ | 3,667 | 0 | 4,684 | 0 |
| Balances with Local Authorities | 600 | 0 | 409 | 0 |
| Balances with NHS Trusts and FTs ¹ | 403 | 0 | 823 | 0 |
| Balances with Bodies External to Government | 6,246 | 0 | 6,226 | 0 |
| At 31 March 2014 | 10,916 | 0 | 12,142 | 0 |

¹ This includes balances with NHS Trusts and FTs and NHS England which were shown under different headings for the prior period. The comparable figures for the prior period are; current receivables £3,829k and current payables £965k.

² This includes the PFI liability for 2014-15 which was not included in the prior period balances. For comparison the figure for 2013/14 would have been £45,896k.

| 18 Inventories | Drugs £000s | Consumables £000s | Other¹ £000s | Total £000s | Of which held at NRV £000s |
|--|------------------------|------------------------------|------------------------------------|------------------------|---|
| Balance at 1 April 2014 | 505 | 8 | 60 | 573 | 573 |
| Additions | 1,601 | 0 | 0 | 1,601 | 1,601 |
| Inventories recognised as an expense in the period | (1,912) | 0 | 0 | (1,912) | (1,912) |
| Balance at 31 March 2015 | 194 | 8 | 60 | 262 | 262 |

¹The other category for inventory is mainly made up of diesel fuel held for heating purposes.

19.1 Trade and other receivables¹

| | Current | |
|--|--------------------------------|------------------------|
| | 31 March 2015 £000s | 31 March 2014 £000s |
| NHS receivables - revenue | 3,628 | 2,764 |
| NHS prepayments and accrued income ² | 1,546 | 1,839 |
| Non-NHS receivables - revenue ³ | 352 | 555 |
| Non-NHS prepayments and accrued income ⁴ | 1,899 | 1,702 |
| Provision for the impairment of receivables | (223) | 0 |
| VAT | 460 | 1,010 |
| Current/non-current part of PFI and other PPP arrangements | | |
| prepayments and accrued income | 2,961 | 2,872 |
| Operating lease receivables | 209 | 154 |
| Other receivables ⁵ | 24 | 20 |
| Total | 10,856 | 10,916 |
| Total current | 10,856 | 10,916 |

¹ The great majority of trade is with Clinical Commissioning Groups (CCGs), as commissioners for NHS patient care services. As CCGs 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.

³ The Non NHS receivables (revenue) include trade receivables that relate to patient care.

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 receivables where the credit quality has also been good during the financial year.

19.2 Receivables past their due date but not impaired

| | 31 March 2015 £000s | 31 March 2014 £000s |
|--------------------------------------|--------------------------------|------------------------|
| By up to three months | 147 | 776 |
| By three to six months | 253 | 441 |
| By more than six months ¹ | 621 | 498 |
| Total | 1,021 | 1,715 |

¹ Of the £621k by more than six months this relates to NHS CCG amounts owing and there are arrangements in place for repayment of this debt.

19.3 Provision for impairment of receivables

| | 2014-15 £000s | 2013-14 £000s |
|--|--------------------------|------------------|
| Balance at 1 April 2014 | 0 | (15) |
| Amount recovered during the year | 0 | 18 |
| (Increase)/decrease in receivables impaired ¹ | (223) | (3) |
| Balance at 31 March 2015 | (223) | 0 |

¹ This relates to a balance receivable with NHS CCG's for Trust previous year out of area placements some of which has been provided for as not being received above.

20 Cash and Cash Equivalents

| | 31 March 2015 | 31 March 2014 |
|--|----------------------|---------------------|
| | £000s | £000s |
| Opening balance | 7,445 | 10,000 |
| Net change in year | <u>3,056</u> | <u>(2,555)</u> |
| Closing balance | <u>10,501</u> | <u>7,445</u> |
| Made up of | | |
| Cash with Government Banking Service | 10,418 | 7,404 |
| Commercial banks | 34 | 41 |
| Cash in hand | <u>49</u> | <u>0</u> |
| Cash and cash equivalents as in statement of financial position | <u>10,501</u> | <u>7,445</u> |
| Cash and cash equivalents as in statement of cash flows | <u>10,501</u> | <u>7,445</u> |
| Patients' money held by the Trust, not included above | <u>92</u> | <u>77</u> |

21 Non-current assets held for sale

| | Land | Buildings, excl. dwellings | Total |
|--|-------------------|-------------------------------|-------------------|
| | £000s | £000s | £000s |
| Balance at 1 April 2014 | 203 | 211 | 414 |
| Plus assets classified as held for sale in the year | 125 | 408 | 533 |
| Less assets sold in the year | (203) | (445) | (648) |
| Less impairment of assets held for sale | 0 | 0 | 0 |
| Plus reversal of impairment of assets held for sale | 0 | 0 | 0 |
| Less assets no longer classified as held for sale, for reasons other than disposal by sale | <u>0</u> | <u>0</u> | <u>0</u> |
| Balance at 31 March 2015 | <u>125</u> | <u>174</u> | <u>299</u> |
| Liabilities associated with assets held for sale at 31 March 2015 | <u>0</u> | <u>0</u> | <u>0</u> |
| Balance at 1 April 2013 | 125 | 200 | 325 |
| Plus assets classified as held for sale in the year | 350 | 551 | 901 |
| Less assets sold in the year | (147) | (340) | (487) |
| Less assets no longer classified as held for sale, for reasons other than disposal by sale | <u>(125)</u> | <u>(200)</u> | <u>(325)</u> |
| Balance at 31 March 2014 | <u>203</u> | <u>211</u> | <u>414</u> |
| Liabilities associated with assets held for sale at 31 March 2014 | <u>0</u> | <u>0</u> | <u>0</u> |

The Trust has one asset classified as held for sale at 31st March 2015 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 and reinvestment.

Description of Assets Sold in Year

Fairview property was a detached 1980s property built over 2 floors constructed in the grounds of a former Nursing Home in Wiltshire. Prior to it being vacated it was leased to a third party to provide housing based rehabilitation services, however at the termination of the contract the property was unsuitable for NHS provision as the site could not economically be converted to provide en-suite accommodation and would therefore not meet registration requirements.

Foxley Green was a building of single storey of brick construction. It was used for community team administration and limited service user activity due to the internal design. It was not felt cost effective to rectify and the services were relocated within the Trust's existing estate.

Description of Assets Held for Sale at 31st March 2015

Speedwell is a 2 storey traditionally built building previously operated as a community base for administration teams. These have been relocated following a service redesign and the building is therefore surplus to current requirements.

Gain/Loss recognised on becoming classified as held for sale

No gain or loss 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 the lower of carrying amount and fair value of the asset. The Trust retained a deposit from a sale that did not complete during the year (£39k) relating to this asset.

Revaluation Reserve Balances

There is no balance of revaluation reserves held for any non current assets held for sale at 31st March 2015.

There was one non-current asset held for sale in the prior year 2013-14 at a total £414k carrying value which was sold in the financial year.

22 Trade and other payables

| | Current | |
|--|------------------------|------------------------|
| | 31 March 2015 £000s | 31 March 2014 £000s |
| NHS payables - revenue | 1,009 | 864 |
| NHS accruals and deferred revenue | 322 | 111 |
| Non-NHS payables - revenue | 1,596 | 392 |
| Non-NHS payables - capital | 305 | 816 |
| Non-NHS accruals and deferred revenue ¹ | 6,834 | 5,371 |
| Social security costs | 1,247 | 1,300 |
| VAT | 69 | 55 |
| Tax ² | 147 | 1,281 |
| Other ³ | 1,978 | 1,952 |
| Total | 13,507 | 12,142 |
| Total payables (current and non-current) | 13,507 | 12,142 |

Included above:

| | | |
|---|-------|-------|
| outstanding Pension Contributions at the year end | 1,891 | 1,951 |
|---|-------|-------|

¹ Non NHS accruals & deferred revenue includes an accrual for annual leave not taken and therefore carried forward at the 31st March 2015 of £43k (2013/14 £43k) and deferred revenue of £98k.

² The Trust has partially paid (£1,055k) its outstanding tax liability prior to the 31st March 2015. The full outstanding amount was reflected in the previous years figures.

³ Other payables include £1,891k of outstanding pension contributions at 31st March 2015 (31st March 2014 £1,951k).

23 Borrowings

| | Current | | Non-current | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 31 March 2015 £000s | 31 March 2014 £000s | 31 March 2015 £000s | 31 March 2014 £000s |
| PFI liabilities: | | | | |
| Main liability | 1,021 | 874 | 44,875 | 45,896 |
| Total | 1,021 | 874 | 44,875 | 45,896 |
| Total other liabilities (current and non-current) | 45,896 | 46,770 | | |

Borrowings / Loans - repayment of principal falling due in:

| | 31 March 2015 | | |
|--------------|---------------|----------------|----------------|
| | DH £000s | Other £000s | Total £000s |
| 0-1 Years | 0 | 1,021 | 1,021 |
| 1 - 2 Years | 0 | 1,355 | 1,355 |
| 2 - 5 Years | 0 | 3,875 | 3,875 |
| Over 5 Years | 0 | 39,645 | 39,645 |
| TOTAL | 0 | 45,896 | 45,896 |

24 Deferred revenue

| | Current | |
|--|------------------------|------------------------|
| | 31 March 2015 £000s | 31 March 2014 £000s |
| Opening balance at 1 April 2014 | 156 | 1,208 |
| Deferred revenue addition | 198 | 156 |
| Transfer of Deferred revenue | (172) | (1,208) |
| Current Deferred Revenue at 31 March 2015 | 182 | 156 |
| Total Deferred income (current) | 182 | 156 |

25 Finance lease obligations as lessee

The Trust has concluded that it has not entered into any new finance lease arrangements within the year. There are also no finance lease commitments currently known that will be made available for use or where rental payments will commence in 2015-16 financial year.

26 Provisions

Comprising:

| | Total | Early Departure Costs ¹ | Legal Claims ² | Restructuring ³ | Injury Benefit Costs ⁴ | Redundancy ⁵ |
|---|--------------|--|---------------------------|----------------------------|---|-------------------------|
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Balance at 1 April 2014 | 2,134 | 1,020 | 210 | 162 | 414 | 328 |
| Arising during the year | 215 | 25 | 104 | 0 | 18 | 68 |
| Utilised during the year | (405) | (96) | (68) | (162) | (20) | (59) |
| Reversed unused | (375) | (51) | (39) | 0 | (16) | (269) |
| Unwinding of discount | 2 | 1 | 0 | 0 | 1 | 0 |
| Change in discount rate ⁶ | 53 | 27 | 0 | 0 | 26 | 0 |
| Balance at 31 March 2015 | 1,624 | 926 | 207 | 0 | 423 | 68 |
| Expected Timing of Cash Flows: | | | | | | |
| No Later than One Year | 228 | 92 | 48 | 0 | 20 | 68 |
| Later than One Year and not later than Five Years | 593 | 357 | 159 | 0 | 77 | 0 |
| Later than Five Years | 803 | 477 | 0 | 0 | 326 | 0 |

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

| | |
|----------------------------|-------|
| As at 31 March 2015 | 1,554 |
| As at 31 March 2014 | 1,193 |

¹ Early Departure Costs:

Early departure costs all relate 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. 32% 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

Injury benefits are 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 2015 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 1.8% to 1.3% in line with Treasury guidance.

⁷ £1,554k is included in the provisions of the NHS Litigation Authority at 31st March 2015 in respect of clinical negligence liabilities of the Trust (2013/14 £1,193k). 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.

27 Contingencies

| | 31 March 2015 £000s | 31 March 2014 £000s |
|---|------------------------|------------------------|
| Contingent assets | | |
| Future revenue from the disposal of Foxley Green dependent on variable events outside the control of the Trust e.g. planning consent approval | 150 | 0 |
| Net value of contingent assets | 150 | 0 |

28 PFI and LIFT - additional information

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

| | 2014-15 £000s | 2013-14 £000s |
|--|------------------|-------------------------------|
| Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI | | |
| Service element of on SOFP PFI charged to operating expenses in year | 1,325 | 1,293 |
| Total | 1,325 | 1,293 |
| Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI | | |
| No Later than One Year | 1,359 | 1,305 |
| Later than One Year, No Later than Five Years | 5,783 | 5,346 |
| Later than Five Years | 31,258 | 26,195 |
| Total | 38,400 | 32,846 |
| Imputed "finance lease" obligations for on SOFP PFI contracts due | | |
| | 2014-15 £000s | 2013-14 £000s |
| No Later than One Year | 4,609 | 4,530 |
| Later than One Year, No Later than Five Years | 18,613 | 18,905 |
| Later than Five Years | 72,804 | 77,120 |
| Subtotal | 96,026 | 100,555 |
| Less: Interest Element | (50,130) | (53,786) |
| Total | 45,896 | 46,769 |
| Present Value Imputed "finance lease" obligations for on SOFP PFI contracts due | | |
| Analysed by when PFI payments are due | 2014-15 £000s | 2013-14 ¹ £000s |
| No Later than One Year | 1,022 | 874 |
| Later than One Year, No Later than Five Years | 5,230 | 5,122 |
| Later than Five Years | 39,644 | 40,773 |
| Total | 45,896 | 46,769 |

¹ The figures for 2013-14 have been restated for comparable purposes.

Number of on SOFP PFI Contracts

| | |
|---|---|
| Total Number of ON PFI contracts | 1 |
| Number of ON PFI contracts which individually have a total commitments value in excess of £500m | 0 |

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.

The Trust will own the assets at the end of the finance lease arrangement and this consists of the following Trust buildings:

- Callington Road - all blocks
- Blackberry Hill - Fromeside
- Blackberry Hill - Acer
- Blackberry Hill - Wickham
- Hanham Whittucks Road
- Weston-Super-Mare Long Fox Unit
- Weston-Super-Mare Elmham Way
- Weston-Super-Mare Coast Resource Centre

There has been no re-negotiation or re-financing within the accounting year of the PFI scheme. The indices used to inflate the unitary charge within the financial year are those agreed with the PFI operator contract. This relates to estimated RPI as of January 2015 and this was estimated to be an uplift factor of 2.5%.

29 Impact of IFRS treatment - current year

| 2014-15 | 2013-14 |
|---------|---------|
| £000s | £000s |

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

Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI / LIFT)

| | | |
|--|---------------------|-------------------|
| Depreciation charges | 1,185 | 1,194 |
| Interest Expense | 6,049 | 5,900 |
| Impairment charge - AME | 887 | 69 |
| Other Expenditure | 1,325 | 1,293 |
| Revenue Receivable from subleasing | (5) | 0 |
| Impact on PDC dividend payable | 43 | 94 |
| Total IFRS Expenditure (IFRIC12) | 9,484 | 8,550 |
| Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease revenue) | <u>(8,313)</u> | <u>(8,073)</u> |
| Net IFRS change (IFRIC12) | <u>1,171</u> | <u>477</u> |

Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12

| | | |
|---|-----|-------|
| Capital expenditure 2014-15 ¹ | 524 | 1,022 |
| UK GAAP capital expenditure 2014-15 (Reversionary Interest) | 543 | 550 |

¹ This relates to capitalisation of the lifecycle additions to date some of which were works completed in the financial year.

30 Financial Instruments**30.1 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 separate accounting treatment will be required to identify the effects of any embedded derivatives in contracts.

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

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

30.2 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 clinical commissioning groups (CCG's) and the way those clinical commissioning groups (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 receives 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 2015 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

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

30.3 Financial Assets

| | At 'fair value through profit and loss' £000s | Loans and receivables £000s | Total £000s |
|-------------------------------|--|-----------------------------------|----------------|
| Receivables - NHS | 0 | 5,174 | 5,174 |
| Receivables - non-NHS | 0 | 717 | 717 |
| Cash at bank and in hand | 0 | 10,501 | 10,501 |
| Total at 31 March 2015 | 0 | 16,392 | 16,392 |
| Receivables - NHS | 0 | 4,603 | 4,603 |
| Receivables - non-NHS | 0 | 3,637 | 3,637 |
| Cash at bank and in hand | 0 | 7,445 | 7,445 |
| Total at 31 March 2014 | 0 | 15,685 | 15,685 |

30.4 Financial Liabilities

| | At 'fair value through profit and loss' £000s | Other £000s | Total £000s |
|--|--|----------------|----------------|
| NHS payables | 0 | 1,331 | 1,331 |
| Non-NHS payables ¹ | 0 | 10,055 | 10,055 |
| Other borrowings | 0 | 0 | 0 |
| PFI & finance lease obligations | 0 | 45,896 | 45,896 |
| Other financial liabilities ² | 0 | 274 | 274 |
| Total at 31 March 2015 | 0 | 57,556 | 57,556 |
| NHS payables | 0 | 944 | 944 |
| Non-NHS payables | 0 | 4,531 | 4,531 |
| PFI & finance lease obligations | 0 | 46,769 | 46,769 |
| Other financial liabilities | 0 | 862 | 862 |
| Total at 31 March 2014 | 0 | 53,106 | 53,106 |

¹ The Non NHS Payables excludes VAT, Pensions, Tax/NI, payments in advance and Deferred Revenue as these are not classed as financial liabilities.

² The Other Financial Liabilities consist of £274k (prior year £862k) for provisions and liabilities excluding pre-95 early retirement provisions and injury benefits that are not under contract.

31 Related party transactions

During the year none of the Department of Health (DoH) 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 (DoH) 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 DoH, and with other entities for which the department is regarded as the parent department. These entities are:

- NHS England - BNSSG area region
- Bristol CCG
- South Gloucestershire CCG
- Wiltshire CCG
- Swindon CCG
- Bath and North East Somerset CCG
- North Somerset CCG
- 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 Unitary Authority
- 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 £60k (£120k 2013-14), the Trustee for which is the Trust Board. The summary unaudited accounts of the Funds held on Trust are shown on Page 37 of the accounts.

32 Losses and special payments

The total number of losses cases in 2014-15 and their total value was as follows:

| | Total Value of Cases £s | Total Number of Cases |
|--|--|----------------------------------|
| Losses | 6,626 | 13 |
| Special payments | 15,411 | 32 |
| Total losses and special payments | 22,037 | 45 |

The total number of losses cases in 2013-14 and their total value was as follows:

| | Total Value of Cases £s | Total Number of Cases |
|--|--|----------------------------------|
| Losses | 17,528 | 19 |
| Special payments | 6,607 | 30 |
| Total losses and special payments | 24,135 | 49 |

33. 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.

33.1 Breakeven performance

| | 2005-06 £000s | 2006-07 £000s | 2007-08 £000s | 2008-09 £000s | 2009-10 £000s | 2010-11 £000s | 2011-12 £000s | 2012-13 £000s | 2013-14 £000s | 2014-15 £000s |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Turnover | 163,745 | 183,168 | 188,426 | 195,574 | 198,752 | 195,955 | 192,190 | 194,609 | 197,437 | 198,530 |
| Retained surplus/(deficit) for the year | (2,790) | 3,176 | 1,009 | 1,827 | (22,178) | 1,619 | 2,270 | 648 | 600 | 750 |
| Adjustment for: | | | | | | | | | | |
| Adjustments for impairments | | | | 0 | 22,808 | 1,196 | 891 | 1,828 | 1,776 | 1,776 |
| Adjustments for impact of policy change re donated/government grants assets | | | | | | | 16 | 0 | 0 | 0 |
| Consolidated Budgetary Guidance - adjustment for dual accounting under IFRIC12* | | | | | 483 | 404 | 364 | 460 | 408 | 284 |
| Other agreed adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Break-even in-year position | (2,790) | 3,176 | 1,009 | 1,827 | 1,113 | 3,219 | 3,541 | 2,936 | 2,784 | 2,810 |
| Break-even cumulative position | (5,926) | (2,750) | (1,741) | 86 | 1,199 | 4,418 | 7,959 | 10,895 | 13,679 | 16,489 |
| Cash movement in year position - increase/(decrease) | | | 2,115 | 332 | 3,420 | (836) | 1,891 | 2,850 | (2,555) | 3,056 |
| Cash closing balance cumulative position | 228 | 228 | 2,343 | 2,675 | 6,095 | 5,259 | 7,150 | 10,000 | 7,445 | 10,501 |

* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS [organisation]'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.

| | 2005-06 % | 2006-07 % | 2007-08 % | 2008-09 % | 2009-10 % | 2010-11 % | 2011-12 % | 2012-13 % | 2013-14 % | 2014-15 % |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 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 | 1.41 | 1.42 |
| 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 | 6.93 | 8.31 |

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.

33.2 Capital cost absorption rate

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%.

33.3 External financing

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

| | 2014-15 | 2013-14 |
|---------------------------------------|----------------|---------|
| | £000s | £000s |
| External financing limit (EFL) | (3,890) | 2,145 |
| Cash flow financing | (3,930) | 2,027 |
| Unwinding of Discount Adjustment | 6 | 6 |
| External financing requirement | (3,930) | 2,033 |
| Under/(over) spend against EFL | 40 | 112 |

33.4 Capital resource limit

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

| | 2014-15 | 2013-14 |
|---|----------------|---------|
| | £000s | £000s |
| Gross capital expenditure | 6,626 | 5,843 |
| Less: book value of assets disposed of | (595) | (487) |
| Charge against the capital resource limit | 6,031 | 5,356 |
| Capital resource limit | 6,031 | 5,613 |
| (Over)/underspend against the capital resource limit | 0 | 257 |

34 Third party assets

The Trust held cash and cash equivalents which relate to monies held by the NHS Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts.

| | 31 March | 31 March |
|--------------------------------------|-----------------|----------|
| | 2015 | 2014 |
| | £000s | £000s |
| Third party assets held by the Trust | 92 | 77 |