

Avon and Wiltshire Mental Health Partnership
NHS Trust

Annual Accounts for the period

1 April 2015 to 31 March 2016

**Statement of Comprehensive Income for year ended
31 March 2016**

	NOTE	2015-16 £000s	2014-15 £000s
Gross employee benefits	7.1	(144,298)	(142,074)
Other operating costs	5	(68,887)	(45,925)
Revenue from patient care activities	3	187,896	189,832
Other operating revenue	4	9,498	8,698
Operating surplus/(deficit)		(15,791)	10,531
Investment revenue	9	22	38
Other gains and (losses)	10	407	(53)
Finance costs	11	(6,121)	(6,051)
Surplus/(deficit) for the financial year		(21,483)	4,465
Public dividend capital dividends payable		(3,318)	(3,715)
Retained surplus/(deficit) for the year		(24,801)	750

Other Comprehensive Income

	2015-16 £000s	2014-15 £000s
Net gain/(loss) on revaluation of property, plant & equipment	(2,680)	0
Total Other Comprehensive Income	(2,680)	0
Total comprehensive income for the year	(27,481)	750

Financial performance for the year

Retained surplus/(deficit) for the year	(24,801)	750
IFRIC 12 adjustment (including IFRIC 12 impairments) ¹	6,437	1,171
Impairments (excluding IFRIC 12 impairments) ²	18,551	889
Adjustments in respect of donated gov't grant asset reserve elimination	(97)	0
Adjusted retained surplus/(deficit)	90	2,810

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 2015/16 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. Impairments are based on a full revaluation of assets which is undertaken on a 3 yearly basis.

The notes on pages 7 to 42 form part of this account.

**Statement of Financial Position as at
31 March 2016**

		31 March 2016	31 March 2015
	NOTE	£000s	£000s
Non-current assets:			
Property, plant and equipment	12	129,307	153,353
Intangible assets	13	662	598
Total non-current assets		129,969	153,951
Current assets:			
Inventories	17	268	262
Trade and other receivables	18.1	14,946	10,856
Cash and cash equivalents	19	5,600	10,501
Sub-total current assets		20,814	21,619
Non-current assets held for sale	20	1,529	299
Total current assets		22,343	21,918
Total assets		152,312	175,869
Current liabilities			
Trade and other payables	21	(18,601)	(13,507)
Provisions	24	(186)	(228)
Borrowings	22	(1,355)	(1,021)
Total current liabilities		(20,142)	(14,756)
Net current assets/(liabilities)		2,201	7,162
Total assets less current liabilities		132,170	161,113
Non-current liabilities			
Provisions	24	(1,290)	(1,396)
Borrowings	22	(43,519)	(44,875)
Total non-current liabilities		(44,809)	(46,271)
Total assets employed:		87,361	114,842
FINANCED BY:			
Public Dividend Capital		99,621	99,621
Retained earnings		(33,106)	(8,811)
Revaluation reserve		20,846	24,032
Total Taxpayers' Equity:		87,361	114,842

The notes on pages 7 to 42 form part of this account.

The financial statements on pages 1 to 4 were approved by the Board on 25th May 2016 and signed on its behalf by

Chief Executive:

Date: 25th May 2016

Hayley Richards

**Statement of Changes in Taxpayers' Equity
For the year ending 31 March 2016**

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Other reserves £000s	Total reserves £000s
Balance at 1 April 2015	99,621	(8,811)	24,032	0	114,842
Changes in taxpayers' equity for 2015-16					
Retained surplus/(deficit) for the year		(24,801)			(24,801)
Net gain / (loss) on revaluation of property, plant, equipment			(2,680)		(2,680)
Transfers between reserves		506	(506)	0	0
Net recognised revenue/(expense) for the year	0	(24,295)	(3,186)	0	(27,481)
Balance at 31 March 2016	99,621	(33,106)	20,846	0	87,361
Balance at 1 April 2014	99,621	(10,071)	24,542	0	114,092
Changes in taxpayers' equity for the year ended 31 March 2015					
Retained surplus/(deficit) for the year		750			750
Transfers between reserves		510	(510)	0	0
Net recognised revenue/(expense) for the year	0	1,260	(510)	0	750
Balance at 31 March 2015	99,621	(8,811)	24,032	0	114,842

Statement of Cash Flows for the Year ended 31 March 2016

	NOTE	2015-16 £000s	2014-15 £000s
Cash Flows from Operating Activities			
Operating surplus/(deficit)		(15,791)	10,531
Depreciation and amortisation	5	5,447	6,135
Impairments and reversals	14	24,733	1,776
Donated Assets received credited to revenue but non-cash	4	(97)	0
Interest paid		(6,101)	(6,050)
PDC Dividend (paid)/refunded		(3,304)	(3,715)
(Increase)/Decrease in Inventories		(6)	311
(Increase)/Decrease in Trade and Other Receivables		(4,090)	408
Increase/(Decrease) in Trade and Other Payables		4,741	(1,921)
Provisions utilised		(208)	(405)
Increase/(Decrease) in movement in non cash provisions		44	(160)
Net Cash Inflow/(Outflow) from Operating Activities		5,368	6,910
Cash Flows from Investing Activities			
Interest Received		21	38
(Payments) for Property, Plant and Equipment		(10,352)	(3,523)
(Payments) for Intangible Assets		(373)	(90)
Proceeds of disposal of assets held for sale (PPE)		1,456	595
Net Cash Inflow/(Outflow) from Investing Activities		(9,248)	(2,980)
Net Cash Inflow / (outflow) before Financing		(3,880)	3,930
Cash Flows from Financing Activities			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		(1,021)	(874)
Net Cash Inflow/(Outflow) from Financing Activities		(1,021)	(874)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(4,901)	3,056
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		10,501	7,445
Cash and Cash Equivalents (and Bank Overdraft) at year end	19	5,600	10,501

NOTES TO THE ACCOUNTS

1.1 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 Group Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DH Group Manual for Accounts 2015-16 issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the 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.

1.2 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.

After submission of the latest operating plan and forecasts, and after making enquiries, the directors have a reasonable expectation that the NHS trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

In the application of the NHS Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the NHS Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Private Finance Initiative (PFI)

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

Gross and Net Accounting Treatment

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

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 2015/16 and all were ascertained to be operating leases under IAS17.

1.3.2 Key sources of estimation uncertainty

Existing Use 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.

From 1st April 2016 the basis of valuation of operational assets is Current Value in existing use. Current Value has regard to the service potential that an asset provides in support of the Trusts service delivery.

The Trust has received a valuation from the District Valuer as at 1st July 2015. This has led to an impairment in year of £24,521k

Existing Use Value is defined in the RICS Valuation - Professional Standards at UKVS 1.3 as:

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

The carrying amount of the Trust property and plant assets at 31st March 2016 is £129,789k and the carrying amount of the intangible assets is £662k.

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.

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 £12,832k at 31st March 2016.

NOTES TO THE ACCOUNTS

1.4 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.

The NHS Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The NHS Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

NOTES TO THE ACCOUNTS

1.5.1 Short-term employee benefits

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

1.5.2 Retirement benefit costs

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

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the Trust commits itself to the retirement, regardless of the method of payment.

There are no members of the Local Government Superannuation Scheme.

1.6 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.

1.7 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, 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.

1.7.1 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 revalued amounts, being the fair value at the date of revaluation less any impairment.

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

1.7.2 Modern Equivalent Asset (MEA) Values

HM Treasury has adopted a standard approach to Depreciated Replacement Cost valuations based on modern equivalent assets.

For properties where there is no market based evidence to support a valuation the property is valued at the current cost of replacing the property less deductions for physical deterioration of the existing property and all relevant forms of obsolescence and optimisation.

In valuing the site on which the modern equivalent asset would be situated the valuer has considered whether the actual site remains appropriate, in accordance with HM Treasury guidance. Where the actual site is larger than required for a notional replacement the value is based on a site of the smaller size required for the replacement service.

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.

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

NOTES TO THE ACCOUNTS

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.

NOTES TO THE ACCOUNTS

1.7.3 Subsequent expenditure

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

1.8 Intangible assets

1.8.1 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

1.8.2 Measurement

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

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

1.9 Depreciation, amortisation and impairments

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

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

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

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

1.10 Donated assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

NOTES TO THE ACCOUNTS

1.11 Non-current assets held for sale

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

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

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.

1.12 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.

1.12.1 The NHS 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.

The NHS Trust as lessor

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

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

1.13 Private Finance Initiative (PFI) transactions

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

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

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

1.13.1 Services received

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

1.13.2 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

1.13.3 PFI liability

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

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

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

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

1.13.4 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 2016 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.

Assets contributed by the NHS Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the NHS Trust's Statement of Financial Position.

1.14 Other assets contributed by the NHS Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the NHS Trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the NHS Trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

On initial recognition of the asset, the difference between the fair value of the asset and the initial liability is recognised as deferred income, representing the future service potential to be received by the Trust through the asset being made available to third party users.

The balance is subsequently released to operating income over the life of the concession on a straight-line basis."

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 NHS Trust's cash management.

NOTES TO THE ACCOUNTS

1.16 Provisions

Provisions are recognised when the NHS Trust has a present legal or constructive obligation as a result of a past event, it is probable that the NHS 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 1.37% in real terms.

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

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 disclosed at Note 24.

1.18 Non-clinical risk pooling

The NHS 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 NHS 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 NHS 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.

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the NHS Trust's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset.

Held to maturity investments

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

Available for sale financial assets

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

NOTES TO THE ACCOUNTS

Loans and receivables

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

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

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

At the end of the reporting period, the NHS Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced directly/through a provision for impairment of receivables.

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

1.21 Financial liabilities

Financial liabilities are recognised on the statement of financial position when the NHS 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.

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- The premium received (or imputed) for entering into the guarantee less cumulative amortisation.

Financial liabilities at fair value through profit and loss

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

Other financial liabilities

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

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.

NOTES TO THE ACCOUNTS

1.24 Public Dividend Capital (PDC) and PDC dividend

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

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities (except for donated assets and cash balances with the Government Banking Service). The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

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).

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 SOCI on a systematic basis over the period expected to benefit from the project.

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

The HM Treasury FReM does not require the following Standards and Interpretations to be applied in 2015-16. These standards are still subject to HM Treasury FReM interpretation, with IFRS 9 and IFRS 15 being for implementation in 2018-19, and the government implementation date for IFRS 16 still subject to HM Treasury consideration.

- IFRS 9 *Financial Instruments* – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 15 *Revenue for Contracts with Customers* - Application required for accounting periods beginning on or after 1 January 2017, but not yet adopted by the FReM: early adoption is not therefore permitted
- IFRS 16 *Leases* – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

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 £197.4m.

The total income from CCGs under common control amounts to 10% or more of total income and is £132m. This excludes direct income from NHS England.

The total income from Local Authorities amounts to 10% or more of total income and is £23.5m. The balances for Local Authorities are as follows:

Bath & North East Somerset Council	£1.7m
Bristol City Council	£4.3m
North Somerset Council	£0.1m
South Gloucestershire Council	£1.6m
Swindon Borough Council ¹	£15.1m
Wiltshire County Council	£0.1m
Bournemouth Council	£0.6m

¹ The income from Swindon Borough Council of £15.1m includes £14.3m of Swindon CCG block contract income.

3. Revenue from patient care activities

	2015-16 £000s	2014-15 £000s
NHS Trusts	302	725
NHS England ¹	28,916	29,061
Clinical Commissioning Groups ²	132,205	133,915
Foundation Trusts	1,049	548
Department of Health	0	0
NHS Other (including Public Health England and Prop Co)	0	0
Additional income for delivery of healthcare services	0	0
Non-NHS:		
Local Authorities	23,478	24,443
Private patients	0	0
Overseas patients (non-reciprocal)	0	0
Injury costs recovery	0	0
Other ³	1,946	1,140
Total Revenue from patient care activities	187,896	189,832

¹NHS England revenue is from patient care services and does not include Health Education England 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 Borough 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. There has been an increase in year mainly from Bristol Mental Health Partners sub-contract for supplying Recovery Navigators in Lot 1 and Lot 2 (£1.4m) and Bristol Probation Service (£0.2m) and R&D (£0.6m)

4. Other operating revenue

	2015-16 £000s	2014-15 £000s
Recoveries in respect of employee benefits ¹	1,218	1,241
Patient transport services	0	6
Education, training and research ²	6,945	6,414
Charitable and other contributions to revenue expenditure - NHS	0	0
Charitable and other contributions to revenue expenditure -non- NHS	0	0
Receipt of donations for capital acquisitions ³	97	0
Support from DH for mergers	0	0
Receipt of Government grants for capital acquisitions	0	0
Non-patient care services to other bodies	0	0
Income generation (Other fees and charges)	326	271
Rental revenue from finance leases	0	0
Rental revenue from operating leases	710	636
Other revenue	202	130
Total Other Operating Revenue	9,498	8,698
Total operating revenue	197,394	198,530

¹Recoveries in respect of employee benefits have reduced due to write downs relating to lease cars

²Education, training and research has increased due to additional investments by Health Education England

³Receipt of donations for Electronic Patients Records Licences from DH

5. Operating expenses

	2015-16 £000s	2014-15 £000s
Services from other NHS Trusts	357	859
Services from CCGs/NHS England	0	7
Services from other NHS bodies	28	0
Services from NHS Foundation Trusts	293	406
Total Services from NHS bodies*	678	1,272
Purchase of healthcare from non-NHS bodies	9,409	9,083
Purchase of Social Care	0	
Trust Chair and Non-executive Directors	63	63
Supplies and services - clinical	5,105	4,934
Supplies and services - general	3,276	2,893
Consultancy services	535	1,059
Establishment	4,145	4,190
Transport	1,819	1,604
Service charges - ON-SOFP PFIs and other service concession arrangements	1,371	1,325
Service charges - On-SOFP LIFT contracts	0	0
Total charges - Off-SOFP PFIs and other service concession arrangements	0	0
Total charges - Off-SOFP LIFT contracts	0	0
Business rates paid to local authorities	1,142	1,138
Premises	8,967	8,088
Hospitality	30	11
Insurance	68	70
Legal Fees	250	222
Impairments and Reversals of Receivables	0	223
Inventories write down	0	0
Depreciation	5,214	5,910
Amortisation	233	225
Impairments and reversals of property, plant and equipment	24,560	1,776
Impairments and reversals of intangible assets	173	0
Impairments and reversals of financial assets [by class]	0	0
Impairments and reversals of non current assets held for sale	0	0
Internal Audit Fees	82	71
Audit fees	52	67
Other auditor's remuneration [detail]	0	0
Clinical negligence	224	231
Research and development (excluding staff costs)	632	590
Education and Training	757	563
Change in Discount Rate	(4)	53
Other	106	264
Total Operating expenses (excluding employee benefits)	68,887	45,925
Employee Benefits		
Employee benefits excluding Board members	143,032	141,149
Board members	1,266	925
Total Employee Benefits	144,298	142,074
Total Operating Expenses	213,185	187,999

*Services from NHS bodies does not include expenditure which falls into a category below

Services from other NHS Trusts and NHSFTs has reduced in aggregate due to a change in contract arrangements for estates

Supplies and services - general has increased due to the fact that 2014/15 figure included a backdated VAT refund of £250k

Consultancy services have reduced due to both changes in definitions of consultancy and the impact of NHS targets including framework agreements for use of external consultants

Transport has increased due to Tascor Detained (£0.15m) and Taxis (0.1m) relating to new services

Impairments and reversals of property, plant and equipment due to revaluation of assets in 2015/16.

Education and Training has increased due to funding support from HEE particularly relating to dementia

6. Operating Leases

6.1. Avon and Wiltshire Mental Health Partnership NHS 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 £000s	2015-16 Total £000s	2014-15 £000s
Payments recognised as an expense					
Minimum lease payments				2,174	1,777
Contingent rents				0	0
Sub-lease payments				0	0
Total				2,174	1,777
Payable:					
No later than one year	0	1,390	263	1,653	1,616
Between one and five years	0	4,093	228	4,321	4,781
After five years	0	19,701	0	19,701	21,213
Total	0	25,184	491	25,675	27,610
Total future sublease payments expected to be received:				228	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.

6.2. Avon and Wiltshire Mental Health Partnership NHS 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.

	2015-16 £000	2014-15 £000s
Recognised as revenue		
Rental revenue	710	636
Contingent rents	0	0
Total	710	636
Receivable:		
No later than one year	721	518
Between one and five years	950	1,869
After five years	1,244	4,120
Total	2,915	6,507

7. Employee benefits and staff numbers

7.1. Employee benefits

	2015-16		
	Total £000s	Permanently employed £000s	Other £000s
Employee Benefits - Gross Expenditure			
Salaries and wages	123,025	112,325	10,700
Social security costs	7,926	7,926	0
Employer Contributions to NHS BSA - Pensions Division	14,535	14,535	0
Other pension costs	19	19	0
Termination benefits	0	0	0
Total employee benefits	145,505	134,805	10,700
Employee costs capitalised	1,207	1,052	155
Gross Employee Benefits excluding capitalised costs	144,298	133,753	10,545

¹ Other Pension costs consist of early retirement costs.

Increase in the value of employee costs that have been capitalised relate to the deployment of Trust employed to support a wide ranging capital programme as opposed to employing contractors. The scale of the capital programme is significantly greater than 14/15 with specific work relating to the Data Centre, Electronic Patient Record Replacement, Hillview Replacement and Daisy New Build

Employee Benefits - Gross Expenditure 2014-15	2015-16			2014-15		
	Total £000s	Permanently employed £000s	Other £000s	Total £000s	Permanently employed £000s	Other £000s
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	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			

7.2. Staff Numbers

	2015-16			2014-15
	Total Number	Permanently employed Number	Other Number	Total Number
Average Staff Numbers				
Medical and dental	250	228	22	210
Ambulance staff	0	0	0	0
Administration and estates	561	472	89	727
Healthcare assistants and other support staff	1,033	518	515	548
Nursing, midwifery and health visiting staff	1,750	1,615	135	1,746
Scientific, therapeutic and technical staff	411	402	9	656
Social Care Staff	0	0	0	0
Healthcare Science Staff	0	0	0	0
Other	0	0	0	0
TOTAL	4,005	3,235	770	3,887

7.3. Staff Sickness absence and ill health retirements

	2015-16 Number	2014-15 Number
Total Days Lost ¹	33,283	33,566
Total Staff Years	3,255	3,354
Average working Days Lost	10.23	10.01

¹ The days lost refer to calendar days.

² There is a difference between the staff years and permanently employed number (3,235) 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 2016. The years relate to calendar year

	2015-16 Number	2014-15 Number
Number of persons retired early on ill health grounds	2	3
Total additional pensions liabilities accrued in the year	£000s 51	£000s 272

7.4. Exit Packages agreed in 2015-16

Exit package cost band (including any special payment element)	2015-16							
	*Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed.	Total number of exit packages	Total cost of exit packages	Number of Departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£s	Number	£s	Number	£s	Number	£
Less than £10,000	0	0	0	0	0	0	0	0
£10,000-£25,000	0	0	0	0	0	0	0	0
£25,001-£50,000	0	0	0	0	0	0	0	0
£50,001-£100,000	1	68,273	0	0	1	68,273	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0	0	0
Total	1	68,273	0	0	1	68,273	0	0

Exit package cost band (including any special payment element)	2014-15							
	*Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed.	Total number of exit packages	Total cost of exit packages	Number of Departures where special payments have been made	Cost of special payment element included in exit packages
	Number	£s	Number	£s	Number	£s	Number	£
Less than £10,000	1	2,658	0	0	1	2,658	0	0
£10,000-£25,000	0	0	0	0	0	0	0	0
£25,001-£50,000	3	84,726	0	0	3	84,726	0	0
£50,001-£100,000	0	0	1	59,449	1	59,449	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	1	166,501	0	0	1	166,501	0	0
>£200,000	0	0	0	0	0	0	0	0
Total	5	253,885	1	59,449	6	313,334	0	0

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.

7.5. Exit packages - Other Departures analysis

	2015-16		2014-15	
	Agreements	Total value of agreements	Agreements	Total value of agreements
	Number	£000s	Number	£000s
Voluntary redundancies including early retirement contractual costs	0	0	0	0
Mutually agreed resignations (MARS) contractual costs	0	0	0	0
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	0	0	1	59
Exit payments following Employment Tribunals or court orders	0	0	0	0
Non-contractual payments requiring HMT approval*	0	0	0	0
Total	0	0	1	59

The Remuneration Report includes disclosure of exit payments payable to individuals named in that Report.

7.6. Pension costs - awaiting update from NHS SBS

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are 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, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that 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 scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) 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 scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. 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 schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

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

8. Better Payment Practice Code

8.1. Measure of compliance

	2015-16 Number	2015-16 £000s	2014-15 Number	2014-15 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	43,143	94,731	35,630	84,239
Total Non-NHS Trade Invoices Paid Within Target	32,312	79,436	30,164	74,679
Percentage of NHS Trade Invoices Paid Within Target	74.90%	83.85%	84.66%	88.65%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	916	3,976	931	6,253
Total NHS Trade Invoices Paid Within Target	695	3,284	709	4,354
Percentage of NHS Trade Invoices Paid Within Target	75.87%	82.60%	76.15%	69.63%

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.

The target has not been achieved due to the reduction in cash held being offset by an increase in debtors which limited the trusts ability to pay within the target

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.

8.2. The Late Payment of Commercial Debts (Interest) Act 1998

	2015-16 £000s	2014-15 £000s
Amounts included in finance costs from claims made under this legislation	1	2
Compensation paid to cover debt recovery costs under this legislation	0	0
Total	1	2

9. Investment Revenue

	2015-16 £000s	2014-15 £000s
Rental revenue		
PFI finance lease revenue (planned)	0	0
PFI finance lease revenue (contingent)	0	0
Other finance lease revenue	0	0
Subtotal	0	0
Interest revenue		
LIFT: equity dividends receivable	0	0
LIFT: loan interest receivable	0	0
Bank interest	22	38
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Subtotal	22	38
Total investment revenue	22	38

10. Other Gains and Losses

	2015-16 £000s	2014-15 £000s
Gain/(Loss) on disposal of assets other than by sale (PPE)	0	0
Gain/(Loss) on disposal of assets other than by sale (intangibles)	0	0
Gain/(Loss) on disposal of Financial Assets other then held for sale	0	0
Gain (Loss) on disposal of assets held for sale	407	(53)
Gain/(loss) on foreign exchange	0	0
Change in fair value of financial assets carried at fair value through the SoCI	0	0
Change in fair value of financial liabilities carried at fair value through the SoCI	0	0
Change in fair value of investment property	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	407	(53)

11. Finance Costs

	2015-16	2014-15
	£000s	£000s
Interest		
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts:		
- main finance cost	3,587	3,655
- contingent finance cost	2,513	2,392
Interest on obligations under LIFT contracts:		
- main finance cost	0	0
- contingent finance cost	0	0
Interest on late payment of commercial debt	1	2
Total interest expense	6,101	6,049
Other finance costs	0	0
Provisions - unwinding of discount	20	2
Total	6,121	6,051

12.1. Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
2015-16	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation:									
At 31 March 2015	33,487	118,992	510	4,102	966	601	16,904	11,946	187,508
Opening Balance Adjustment	293	510	(17)	(914)	67	(32)	(2,191)	(6)	(2,290)
At 1 April 2015	33,780	119,502	493	3,188	1,033	569	14,713	11,940	185,218
Additions of Assets Under Construction				10,649					10,649
Additions Purchased	0	0	0		0	0	0	0	0
Additions - Non Cash Donations (i.e. physical assets)	0	0	0	0	0	0	0	0	0
Additions - Purchases from Cash Donations & Government Grants	0	0	0	0	0	0	0	0	0
Additions Leased (including PFI/LIFT)	0	0	0		0	0	0	0	0
Reclassifications	0	2,928	0	(8,374)	0	45	5,219	182	0
Reclassifications as Held for Sale and reversals	(1,314)	(729)	(198)	0	0	0	0	0	(2,241)
Disposals other than for sale	0	0	0	0	0	0	0	0	0
Upward, (Downward) revaluation/positive indexation	(6,742)	4,049	13	0	0	0	0	0	(2,680)
Impairment/reversals charged to operating expenses	(5,112)	(30,454)	(11)	(712)	(8)	(9)	(5)	(24)	(36,335)
Impairments/reversals charged to reserves	0	0	0	0	0	0	0	0	0
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0	0	0	0	0
At 31 March 2016	20,612	95,296	297	4,751	1,025	605	19,927	12,098	154,611
Depreciation									
At 31 March 2015	275	12,797	327		859	261	10,456	9,180	34,155
Opening Balance Adjustment	(275)	(1,821)	(17)		0	(12)	(135)	(30)	(2,290)
At 1 April 2015	0	10,976	310		859	249	10,321	9,150	31,865
Reclassifications	0	0	0		0	0	0	0	0
Reclassifications as Held for Sale and reversals	0	0	0		0	0	0	0	0
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
Impairment/reversals charged to reserves	0	0	0		0	0	0	0	0
Impairments/reversals charged to operating expenses	0	(11,736)	(15)		0	(9)	(2)	(13)	(11,775)
Charged During the Year	0	2,959	2		46	66	1,429	712	5,214
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0		0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0		0	0	0	0	0
At 31 March 2016	0	2,199	297	0	905	306	11,748	9,849	25,304
Net Book Value at 31 March 2016	20,612	93,097	0	4,751	120	299	8,179	2,249	129,307
Asset financing:									
Owned - Purchased	20,612	48,223	0	4,751	120	299	8,179	2,249	84,433
On-SOFP PFI contracts	0	44,874	0	0	0	0	0	0	44,874
PFI residual: interests	0	0	0	0	0	0	0	0	0
Total at 31 March 2016	20,612	93,097	0	4,751	120	299	8,179	2,249	129,307

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2015	13,241	10,424	54	0	0	0	0	313	24,032
Movements (specify)	(6,742)	3,543	13	0	0	0	0	0	(3,186)
At 31 March 2016	6,499	13,967	67	0	0	0	0	313	20,846

The costs of number of assets were reported in the prior year figures net of accumulated depreciation as at 31st March 2015. The opening balances as at 1st April 2015 have been restated to report these assets at gross cost with full accumulated depreciation. This restatement has added a total of £2,290k to both cost/valuation and accumulated depreciation. There is no change to the overall Net Book Value of assets brought forward.

Opening balances for cost/valuation and accumulated depreciation have been adjusted for a reclassification of assets held at 31st March 2015. There is no change to the overall brought forward value of either cost/valuation or depreciation arising from this.

Additions to Assets Under Construction in 2015-16

Land	0
Buildings excl Dwellings	10,649
Dwellings	0
Plant & Machinery	0
Balance as at YTD	10,649

12.2. 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
	£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
Additions - Non Cash Donations (i.e. Physical Assets)	0	0	0	0	0	0	0	0	0
Additions - Purchases from Cash Donations & Government Grants	0	0	0	0	0	0	0	0	0
Additions Leased (including PFI/LIFT)	0	0	0		0	0	0	0	0
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
Revaluation	0	0	0	0	0	0	0	0	0
Impairments/negative indexation charged to reserves	0	0	0	0	0	0	0	0	0
Reversal of Impairments charged to reserves	0	0	0	0	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	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
Revaluation	0	0	0		0	0	0	0	0
Impairments/negative indexation charged to operating expenses	0	1,603	0	0	0	0	173	0	1,776
Reversal of Impairments charged to operating expenses	0	0	0	0	0	0	0	0	0
Charged During the Year	0	3,301	0		60	56	1,593	900	5,910
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0		0	0	0	0	0
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
PFI residual: interests	0	0	0	0	0	0	0	0	0
Total at 31 March 2015	33,212	106,195	183	4,102	107	340	6,448	2,766	153,353

12.3. (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 1.7 to Note 1.10 to the accounts.

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

The Trust underwent a full revaluation as at 1st July 2016 of our Land and Buildings by the District Valuer using the appropriate valuation methodology for the class and status of the asset.

13. Intangible non-current assets

2015-16

	IT - in-house & 3rd party software	Computer Licenses	Total
	£000's	£000's	£000's
At 1 April 2015	372	752	1,124
Additions Purchased	373	0	373
Additions Internally Generated	0	0	0
Additions - Non Cash Donations (i.e. physical assets)	97	0	97
Additions - Purchases from Cash Donations and Government Grants	0	0	0
Additions Leased (including PFI/LIFT)	0	0	0
Reclassifications	0	0	0
Reclassified as Held for Sale and Reversals	0	0	0
Disposals other than by sale	0	0	0
Upward revaluation/positive indexation	0	0	0
Impairments/reversals charged to operating expenses	(173)	0	(173)
Impairments/reversals charged to reserves	0	0	0
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0
At 31 March 2016	669	752	1,421
Amortisation			
At 1 April 2015	215	311	526
Reclassifications	0	0	0
Reclassified as Held for Sale and Reversals	0	0	0
Disposals other than by sale	0	0	0
Upward revaluation/positive indexation	0	0	0
Impairment/reversals charged to reserves	0	0	0
Impairments/reversals charged to operating expenses	0	0	0
Charged During the Year	147	86	233
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0
At 31 March 2016	362	397	759
Net Book Value at 31 March 2016	307	355	662
Asset Financing: Net book value at 31 March 2016 comprises:			
Purchased	218	355	573
Donated	89	0	89
Government Granted	0	0	0
Finance Leased	0	0	0
On-balance Sheet PFIs	0	0	0
Total at 31 March 2016	307	355	662

Revaluation reserve balance for intangible non-current assets

	£000's		
At 1 April 2015	0	0	0
Movements (specify)	0	0	0
At 31 March 2016	0	0	0

The carrying amount as at 31st March 2016 is £662k 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. Intangible non-current assets prior year

2014-15

	IT - in-house & 3rd party software £000's	Computer Licenses £000's	Total £000's
Cost or valuation:			
At 1 April 2014	237	752	989
Additions - purchased	90	0	90
Additions - internally generated	45	0	45
Additions - donated	0	0	0
Additions - government granted	0	0	0
Additions Leased (including PFI/LIFT)	0	0	0
Reclassifications	0	0	0
Reclassified as held for sale	0	0	0
Disposals other than by sale	0	0	0
Upward revaluation/positive indexation	0	0	0
Impairments	0	0	0
Reversal of impairments	0	0	0
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0
At 31 March 2015	<u>372</u>	<u>752</u>	<u>1,124</u>
Amortisation			
At 1 April 2014	67	234	301
Reclassifications	0	0	0
Reclassified as held for sale	0	0	0
Disposals other than by sale	0	0	0
Upward revaluation/positive indexation	0	0	0
Impairments charged to operating expenses	0	0	0
Reversal of impairments charged to operating expenses	0	0	0
Charged during the year	148	77	225
Transfer (to)/from Other Public Sector bodies under Absorption Accounting	0	0	0
At 31 March 2015	<u>215</u>	<u>311</u>	<u>526</u>
Net book value at 31 March 2015	157	441	598
Net book value at 31 March 2015 comprises:			
Purchased	157	441	598
Donated			0
Government Granted			0
Finance Leased			0
On-balance Sheet PFIs			0
Total at 31 March 2015	<u>157</u>	<u>441</u>	<u>598</u>

15. Analysis of impairments and reversals recognised in 2015-16

	2015-16
	Total
	£000s
Property, Plant and Equipment impairments and reversals taken to SoCI	
Loss or damage resulting from normal operations	0
Over-specification of assets	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	<u>0</u>
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	24,560
Total charged to Annually Managed Expenditure	<u>24,560</u>
Total Impairments of Property, Plant and Equipment charged to SoCI	<u>24,560</u>
Intangible assets impairments and reversals charged to SoCI	
Loss or damage resulting from normal operations	0
Over-specification of assets	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	<u>0</u>
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	173
Total charged to Annually Managed Expenditure	<u>173</u>
Total Impairments of Intangibles charged to SoCI	<u>173</u>
Financial Assets charged to SoCI	
Loss or damage resulting from normal operations	0
Total charged to Departmental Expenditure Limit	<u>0</u>
Loss as a result of catastrophe	0
Other	0
Total charged to Annually Managed Expenditure	<u>0</u>
Total Impairments of Financial Assets charged to SoCI	<u>0</u>
Non-current assets held for sale - impairments and reversals charged to SoCI.	
Loss or damage resulting from normal operations	0
Abandonment of assets in the course of construction	0
Total charged to Departmental Expenditure Limit	<u>0</u>
Unforeseen obsolescence	0
Loss as a result of catastrophe	0
Other	0
Changes in market price	0
Total charged to Annually Managed Expenditure	<u>0</u>
Total impairments of non-current assets held for sale charged to SoCI	<u>0</u>
Total Impairments charged to SoCI - DEL	<u>0</u>
Total Impairments charged to SoCI - AME	<u>24,733</u>
Overall Total Impairments	<u>24,733</u>

16. Commitments

16.1 Capital commitments

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

	31 March 2016	31 March 2015
	£000s	£000s
Property, plant and equipment	2,387	0
Intangible assets	0	0
Total	<u>2,387</u>	<u>0</u>

17. Inventories

	Drugs £000s	Consumables £000s	Other £000s	Total £000s	Of which held at NRV £000s
Balance at 1 April 2015	194	8	60	262	262
Additions	153	0	1	154	0
Inventories recognised as an expense in the period	(148)	0	0	(148)	0
Write-down of inventories (including losses)	0	0	0	0	0
Reversal of write-down previously taken to SOCI	0	0	0	0	0
Transfers to NHS Foundation Trust on authorisation as FT	0	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0	0
Balance at 31 March 2016	199	8	61	268	262

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

18.1. Trade and other receivables

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
NHS receivables - revenue ¹	4,473	3,628	0	0
NHS receivables - capital	0	0	0	0
NHS prepayments and accrued income ²	2,368	1,546	0	0
Non-NHS receivables - revenue ³	1,256	352	0	0
Non-NHS receivables - capital	0	0	0	0
Non-NHS prepayments and accrued income ⁴	2,618	1,899	0	0
PDC Dividend prepaid to DH	0	0		
Provision for the impairment of receivables	0	(223)	0	0
VAT	528	460	0	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	3,276	2,961	0	0
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	139	209	0	0
Other receivables ⁵	288	24	0	0
Total	14,946	10,856	0	0
Total current and non current	14,946	10,856		

¹ The 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.

18.2. Receivables past their due date but not impaired

	31 March 2016 £000s	31 March 2015 £000s
By up to three months	2,775	147
By three to six months	1,520	253
By more than six months	0	621
Total	4,295	1,021

18.3. Provision for impairment of receivables

	2015-16	2014-15
	£000s	£000s
Balance at 1 April 2015	(223)	0
Amount written off during the year	223	0
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	0	(223)
Transfers to NHS Foundation Trust on authorisation as FT	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0
Balance at 31 March 2016	0	(223)

19. Cash and Cash Equivalents

	31 March	31 March
	2016	2015
	£000s	£000s
Opening balance	10,501	7,455
Net change in year	(4,901)	3,056
Closing balance	5,600	10,501
Made up of		
Cash with Government Banking Service	5,517	10,418
Commercial banks	32	34
Cash in hand	51	49
Liquid deposits with NLF	0	0
Current investments	0	0
Cash and cash equivalents as in statement of financial position	5,600	10,501
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	5,600	10,501
Third Party Assets - Bank balance (not included above)	102	92
Third Party Assets - Monies on deposit	0	0

20. Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Total
	£000s	£000s	£000s	£000s
Balance at 1 April 2015	125	174	0	299
Plus assets classified as held for sale in the year	1,314	729	198	2,241
Less assets sold in the year	(582)	(214)	(215)	(1,011)
Less impairment of assets held for sale	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0
Transfers to Foundation Trust on authorisation as FT	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0
Balance at 31 March 2016	857	689	(17)	1,529
Liabilities associated with assets held for sale at 31 March 2016	0	0	0	0
Balance at 1 April 2014	203	211	0	414
Plus assets classified as held for sale in the year	125	408	0	533
Less assets sold in the year	(203)	(445)	0	(648)
Less impairment of assets held for sale	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0
Transfers (to)/from Other Public Sector Bodies under Absorption Accounting	0	0	0	0
Balance at 31 March 2015	125	174	0	299
Liabilities associated with assets held for sale at 31 March 2015	0	0	0	0

The Trust has two assets classified as held for sale at 31st March 2016 and these are freehold buildings. The Trust has taken the decision to hold these assets for sale as they are surplus to requirements and the decision supports the Trust plans for service redesign and reinvestment.

Description of Assets Sold in Year

The trust has sold two assets in year.

The Blackberry Centre in Bristol which was used as an adminbase and staff have been relocated.
Red Gables in Wiltshire which was used as a team base and teams have now been relocated

Assets Held for Sale at the Year End

There are two assets held for sale:

Charter House in Wiltshire which was used as a team base and has been vacant for some time. Teams have now been co-located.

Cedar House/Rose Cottage in Bristol which were used as admin and Community team bases but staff have now been co-located.

21. Trade and other payables

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
NHS payables - revenue ¹	3,171	1,009	0	0
NHS payables - capital	0	0	0	0
NHS accruals and deferred income	330	322	0	0
Non-NHS payables - revenue	6,633	1,596	0	0
Non-NHS payables - capital	644	305	0	0
Non-NHS accruals and deferred income	3,650	6,834	0	0
Social security costs	0	1,247		
PDC Dividend payable to DH	14	0		
Accrued Interest on DH Loans	0			
VAT	16	69	0	0
Tax ²	2,218	147		
Payments received on account	0	0	0	0
Other ³	1,925	1,978	0	0
Total	18,601	13,507	0	0
Total payables (current and non-current)	18,601	13,507		

Included above:

to Buy Out the Liability for Early Retirements Over 5 Years	0	0
number of Cases Involved (number)	0	0
outstanding Pension Contributions at the year end	1,901	1,891

¹ Non NHS accruals were higher last year due to Out of Area Invoices of which activity is lower this year

² The Trust had partially paid (£1,055k) its outstanding tax liability prior to 31st March 2015.

³ Other payables include (£1,878k) of outstanding pension contributions (£1,891 at 31st March 2015)

22. Borrowings

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
Bank overdraft - Government Banking Service	0	0		
Bank overdraft - commercial banks	0	0		
Loans from Department of Health	0	0	0	0
Loans from other entities	0	0	0	0
PFI liabilities:				
Main liability	1,355	1,021	43,519	44,875
Lifecycle replacement received in advance	0	0	0	0
LIFT liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	0	0	0	0
Other (describe)	0	0	0	0
Total	1,355	1,021	43,519	44,875
Total other liabilities (current and non-current)	44,874	45,896		

Borrowings / Loans - repayment of principal falling due in:

	DH £000s	31 March 2016	
		Other £000s	Total £000s
0-1 Years	0	1,355	1,355
1 - 2 Years	0	1,469	1,469
2 - 5 Years	0	3,272	3,272
Over 5 Years	0	38,778	38,778
TOTAL	0	44,874	44,874

23. Deferred income

	Current		Non-current	
	31 March 2016 £000s	31 March 2015 £000s	31 March 2016 £000s	31 March 2015 £000s
Opening balance at 1 April 2015	182	156	0	0
Deferred revenue addition	98	198	0	0
Transfer of deferred revenue	(185)	(172)	0	0
Current deferred Income at 31 March 2016	95	182	0	0
Total deferred income (current and non-current)	95	182		

24. Provisions

	Comprising:				
	Total	Early Departure Costs	Legal Claims	Other	Redundancy
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2015	1,624	926	207	423	68
Arising during the year	148	53	73	11	11
Utilised during the year	(208)	(93)	(26)	(21)	(68)
Reversed unused	(104)	(6)	(98)	0	0
Unwinding of discount	20	10	0	10	0
Change in discount rate	(4)	0	0	(4)	0
Transfers to NHS Foundation Trusts on being authorised as FT	0	0	0	0	0
Transfers (to)/from other public sector bodies under absorption accounting	0	0	0	0	0
Balance at 31 March 2016	1,476	890	156	419	11
Expected Timing of Cash Flows:					
No Later than One Year	186	93	62	20	11
Later than One Year and not later than Five Years	533	360	94	79	0
Later than Five Years	757	437	0	320	0

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

As at 31 March 2016	1,647
As at 31 March 2015	1,554

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. 47% of this provision was reversed as unused within the year.

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 2016 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 1.3% to 1.37% in line with Treasury guidance.

⁷ £1,647k is included in the provisions of the NHS Litigation Authority at 31st March 2016 in respect of clinical negligence liabilities of the Trust (2014/15 £1,554k). This amount is not included in the above provision figures as it is paid by the NHS L

25. Contingencies

	31 March 2016 £000s	31 March 2015 £000s
Contingent liabilities		
NHS Litigation Authority legal claims	0	0
Employment Tribunal and other employee related litigation	0	0
Redundancy	0	0
Other <i>[give details]</i>	0	0
Net value of contingent liabilities	0	0
Contingent assets		
Contingent assets - Foxley Green	150	150
Net value of contingent assets	150	150

26. PFI and LIFT - additional information

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

Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI

	2015-16 £000s	2014-15 £000s
Total charge to operating expenses in year - Off SoFP PFI	0	0
Service element of on SOFP PFI charged to operating expenses in year	<u>1,371</u>	<u>1,325</u>
Total	<u>1,371</u>	<u>1,325</u>

Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI

No Later than One Year	1,391	1,359
Later than One Year, No Later than Five Years	5,919	5,783
Later than Five Years	<u>29,687</u>	<u>31,258</u>
Total	<u>36,997</u>	<u>38,400</u>

The estimated annual payments in future years are expected to be materially different from those which the [organisation] is committed to make materially different from those which the [organisation] is committed to make during the next year. The likely financial effect of this is:

Estimated Capital Value of Project - off SOFP PFI	0	0
Value of Deferred Assets - off SOFP PFI	0	0
Value of Reversionary Interest - off SOFP PFI	0	0

Imputed "finance lease" obligations for on SOFP PFI contracts due

	2015-16 £000s	2014-15 £000s
No Later than One Year	4,862	4,609
Later than One Year, No Later than Five Years	17,717	18,613
Later than Five Years	<u>68,837</u>	<u>72,804</u>
Subtotal	<u>91,416</u>	<u>96,026</u>
Less: Interest Element	<u>(46,542)</u>	<u>(50,130)</u>
Total	<u>44,874</u>	<u>45,896</u>

Present Value Imputed "finance lease" obligations for on SOFP PFI contracts due Analysed by when PFI payments are due

	2015-16 £000s	2014-15 £000s
No Later than One Year	1,355	1,022
Later than One Year, No Later than Five Years	4,742	5,230
Later than Five Years	<u>38,777</u>	<u>39,644</u>
Total	<u>44,874</u>	<u>45,896</u>

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 - Fromside
- 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.

27. Impact of IFRS treatment - current year

	2015-16 Income	Expenditure	2014-15 Income	Expenditure
The information below is required by the Department of Health for budget reconciliation purposes	£000s	£000s	£000s	£000s
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g PFI / LIFT)				
Depreciation charges		1,289		1,185
Interest Expense		3,716		6,049
Impairment charge - AME		6,182		887
Impairment charge - DEL		0		0
Other Expenditure		3,629		1,325
Revenue Receivable from subleasing	0		(5)	
Impact on PDC dividend payable		43		43
Total IFRS Expenditure (IFRIC12)	0	14,859	(5)	9,489
Revenue consequences of PFI / LIFT schemes under UK GAAP / ESA95 (net of any sublease revenue)		8,379		8,313
Net IFRS change (IFRIC12)		6,480		1,171
Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12				
Capital expenditure 2015-16		211		524
UK GAAP capital expenditure 2015-16 (Reversionary Interest)		608		543

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

	2015-16 Income/ Expenditure IFRIC 12 YTD £000s	2015-16 Income/ Expenditure ESA 10 YTD £000s
Revenue costs of IFRS12 compared with ESA10		
Depreciation charges	1,289	
Interest Expense	3,716	
Impairment charge - AME	6,182	
Impairment charge - DEL	0	
Other Expenditure		
Service Charge	1,371	8379
Contingent Rent	2,258	
Lifecycle	0	
Impact on PDC Dividend Payable	0	
Total Revenue Cost under IFRIC12 vs ESA10	14,816	8,379
Revenue Receivable from subleasing	0	0
Net Revenue Cost/(income) under IDRIC12 vs ESA10	14,816	8,379

28. Financial Instruments

28.1. Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with Clinical Commissioning Group (CCGs) and the way those CCGs are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking 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. Any 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 revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2016 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.

28.2. Financial Assets

	At 'fair value through profit and loss' £000s	Loans and receivables £000s	Available for sale £000s	Total £000s
Embedded derivatives	0			0
Receivables - NHS		6,841		6,841
Receivables - non-NHS		1,799		1,799
Cash at bank and in hand		5,600		5,600
Other financial assets	0	0	0	0
Total at 31 March 2016	0	14,240	0	14,240
Embedded derivatives	0			0
Receivables - NHS		5,174		5,174
Receivables - non-NHS		717		717
Cash at bank and in hand		10,501		10,501
Other financial assets	0	0	0	0
Total at 31 March 2015	0	16,392	0	16,392

28.3. Financial Liabilities

	At 'fair value through profit and loss'	Other	Total £000s
Embedded derivatives	0		0
NHS payables		3,171	3,171
Non-NHS payables		7,279	7,279
Other borrowings		0	0
PFI & finance lease obligations		44,874	44,874
Other financial liabilities	0	0	0
Total at 31 March 2016	0	55,324	55,324
Embedded derivatives	0		0
NHS payables		1,331	1,331
Non-NHS payables		10,055	10,055
Other borrowings		0	0
PFI & finance lease obligations		45,896	45,896
Other financial liabilities	0	274	274
Total at 31 March 2015	0	57,556	57,556

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

29. Related party transactions

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

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

- NHS 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 and other central and local government bodies. Most of these transactions have been with local councils and include:

- Swindon Borough Council
- Bristol City Council

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

The Trust has also received revenue payments from a charitable funds in the sum of £10k, (£60k 2014-15) the trustee for which is the Trust board.

30. Losses and special payments

The total number of losses cases in 2015-16 and their total value was as follows:

	Total Value of Cases £s	Total Number of Cases
Losses	741	6
Special payments	9,891	32
Total losses and special payments	10,632	38

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

31. 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.

31.1. Breakeven performance

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Turnover	183,168	188,426	195,574	198,752	195,955	192,190	194,609	197,437	198,530	197,394
Retained surplus/(deficit) for the year	3,176	1,009	1,827	(22,178)	1,619	2,270	648	600	750	(24,801)
Adjustment for:										
Timing/non-cash impacting distortions:										
Pre FDL(97)24 agreements	0	0	0	0	0	0	0	0	0	0
2007/08 PPA (relating to 1997/98 to 2006/07)	0									
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0								
Adjustments for impairments			0	22,808	1,196	891	1,828	1,776	1,776	24,733
Adjustments for impact of policy change re donated/government grants assets						16	0	0	0	(97)
Consolidated Budgetary Guidance - adjustment for dual accounting under IFRIC12*				483	404	364	460	408	284	255
Absorption accounting adjustment							0	0	0	0
Other agreed adjustments	0	0	0	0	0	0	0	0	0	0
Break-even in-year position	3,176	1,009	1,827	1,113	3,219	3,541	2,936	2,784	2,810	90
Break-even cumulative position	(2,750)	(1,741)	86	1,199	4,418	7,959	10,895	13,679	16,489	16,579

* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance. Other adjustments are made in respect of accounting policy changes (impairments and the removal of the donated asset and government grant reserves) to maintain comparability year to year.

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	%	%	%	%	%	%	%	%	%	%
Materiality test (i.e. is it equal to or less than 0.5%):										
Break-even in-year position as a percentage of turnover	1.73	0.54	0.93	0.56	1.64	1.84	1.51	1.41	1.42	0.05
Break-even cumulative position as a percentage of turnover	-1.50	-0.92	0.04	0.60	2.25	4.14	5.60	6.93	8.31	8.40

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.

31.2. Capital cost absorption rate

The dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets based on the pre audited accounts and therefore the actual capital cost absorption rate is automatically 3.5%.

31.3. External financing

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

	2015-16	2014-15
	£000s	£000s
External financing limit (EFL)	4,652	(3,890)
Cash flow financing	3,880	(3,930)
Finance leases taken out in the year	0	0
Other capital receipts	0	0
External financing requirement	3,880	(3,930)
Under/(over) spend against EFL	<u>772</u>	<u>40</u>

31.4. Capital resource limit

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

	2015-16	2014-15
	£000s	£000s
Gross capital expenditure	11,119	6,626
Less: book value of assets disposed of	(1,011)	(595)
Less: capital grants	0	0
Less: donations towards the acquisition of non-current assets	(98)	0
Charge against the capital resource limit	<u>10,010</u>	<u>6,031</u>
Capital resource limit	10,078	6,031
(Over)/underspend against the capital resource limit	<u>68</u>	<u>0</u>

32. Third party assets

The Trust held cash and cash equivalents which relate to monies held by the 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
	2016	2015
	£000s	£000s
Third party assets held by the Trust	<u>102</u>	<u>92</u>