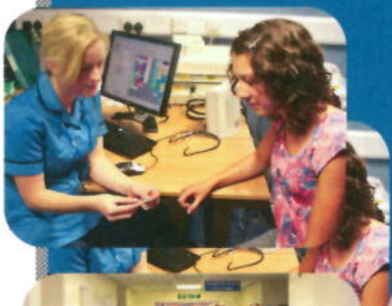
Weston Area Health NHS
NHS Trust





Annual Accounts 2014/15




Annual Accounts for the Trust and/or Charitable Funds are available free of charge from the Finance Department

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Statement of Comprehensive Income for year ended 31 March 2015

	NOTE	2014-15 £000s	2013-14 £000s
Gross employee benefits	10.1	**(67,821)**	(66,944)
Other operating costs	8	**(35,134)**	(33,157)
Revenue from patient care activities	5	**90,689**	87,349
Other operating revenue	6	**9,689**	9,477
Operating deficit		**(2,577)**	(3,275)
Investment revenue	12	**14**	10
Other gains and (losses)	13	**5**	3
Finance costs	14	**(3)**	(5)
Deficit for the financial year		**(2,561)**	(3,267)
Public dividend capital dividends payable		**(1,895)**	(1,850)
Retained deficit for the year		**(4,456)**	(5,117)

Other Comprehensive Income

		2014-15 £000s	2013-14 £000s
Net gain on revaluation of property, plant & equipment	15.1	**785**	4,358
Total comprehensive income for the year		**(3,671)**	(759)

Financial performance for the year

Retained deficit for the year		**(4,456)**	(5,117)	
Impairments (excluding IFRIC 12 impairments)	17	**393**	385	a
Adjustments in respect of donated asset reserve elimination		**161**	49	b
Adjusted retained (deficit)		**(3,902)**	(4,683)	

The Trust's reported NHS financial performance position is derived from its retained (deficit), but adjusted for:-

a) Impairments to Non-current assets - An impairment charge is not considered part of the organisation's operating position. (see Note 43.1 Trusts breakeven performance and Note 17 Impairments).

b) The impact from the change in accounting for the elimination of the donated asset reserve is neutralised by this adjustment. This relates to depreciation on donated assets £161,000 (£149,000 2013-14) less income for the purchase of non-current assets Nil (£100,000 2013-14) see Note 6 Other Operating Income.

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

Statement of Financial Position as at 31 March 2015

	NOTE	**31 March 2015** £000s	31 March 2014 £000s
Non-current assets:			
Property, plant and equipment	15	**64,386**	64,387
Intangible assets	16	**2,072**	1,738
Trade and other receivables	22.1	**427**	368
Total non-current assets		**66,885**	66,493
Current assets:			
Inventories	21	**1,080**	1,178
Trade and other receivables	22.1	**3,091**	3,904
Cash and cash equivalents	26	**3,030**	750
Total current assets		**7,201**	5,832
Total assets		**74,086**	72,325
Current liabilities			
Trade and other payables	28	**(9,681)**	(9,298)
Provisions	35	**(88)**	(74)
Total current liabilities		**(9,769)**	(9,372)
Net current assets/(liabilities)		**(2,568)**	(3,540)
Total assets less current liablilities		**64,317**	62,953
Non-current liabilities			
Provisions	35	**(181)**	(220)
Total non-current liabilities		**(181)**	(220)
Total assets employed:		**64,136**	62,733
FINANCED BY:			
Public Dividend Capital		**68,057**	62,983
Retained earnings		**(16,383)**	(12,748)
Revaluation reserve		**12,555**	12,591
Other reserves		**(93)**	(93)
Total Taxpayers' Equity:	SOCITE	**64,136**	62,733

The financial statements on pages 1 to 36 were approved by the Board on 3rd June 2015 and signed on its behalf by

Chief Executive: J.A. Wood Date: 4/6/2015

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

	NOTE	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Other reserves £000s	Total reserves £000s
Balance at 1 April 2014		**62,983**	**(12,748)**	**12,591**	**(93)**	**62,733**
Changes in taxpayers' equity for 2014-15						
Retained surplus/(deficit) for the year		0	(4,456)	0	0	(4,456)
Net gain / (loss) on revaluation of property, plant, equipment	15.1	0	0	785	0	785
Transfers between reserves		0	821	(821)	0	0
Reclassification Adjustments						
New temporary and permanent PDC received - cash		5,074	0	0	0	5,074
Net recognised revenue/(expense) for the year		**5,074**	**(3,635)**	**(36)**	**0**	**1,403**
Balance at 31 March 2015		**68,057**	**(16,383)**	**12,555**	**(93)**	**64,136**

The new PDC received by the Trust was £4,950k Public Dividend Capital (PDC) Revenue Support approved by Independent Trust Financing Facility Committee. The other new PDC received was for the Order Communications system capital project of £124k. Totalling a new PDC received of £5,074k.

The transfer between retained earnings and the revaluation reserve is due to the reversal of impairment charges that were previously charged to retained earnings as a result of the upward revaluation on buildings at 31st March 2015 £684k. The £137k balance being the difference between the current cost of depreciation compared to the historic cost of depreciation. Totalling £821k for transfers between reserves.

	Public Dividend capital £000s	Retained earnings £000s	Revaluation reserve £000s	Other reserves £000s	Total reserves £000s
Balance at 1 April 2013	**57,879**	**(8,954)**	**9,556**	**(93)**	**58,388**
Changes in taxpayers' equity for the year ended 31 March 2014					
Retained surplus/(deficit) for the year	0	(5,117)	0	0	(5,117)
Net gain / (loss) on revaluation of property, plant, equipment	0	0	4,358	0	4,358
Transfers between reserves	0	1,323	(1,323)	0	0
New temporary and permanent PDC received - cash	5,104	0	0	0	5,104
Net recognised revenue/(expense) for the year	**5,104**	**(3,794)**	**3,035**	**0**	**4,345**
Balance at 31 March 2014	**62,983**	**(12,748)**	**12,591**	**(93)**	**62,733**

Statement of Cash Flows for the Year ended 31 March 2015

	NOTE	2014-15 £000s	2013-14 £000s
Cash Flows from Operating Activities			
Operating (deficit)	SOCI	**(2,577)**	(3,275)
Depreciation and amortisation	8	**3,855**	3,660
Impairments and reversals	17	**393**	385
Dividend (paid)	SOCI	**(1,906)**	(1,869)
Decrease in Inventories	21	**98**	219
(Increase)/Decrease in Trade and Other Receivables	22.1	**754**	(1,098)
Increase in Trade and Other Payables	28	**67**	612
Provisions utilised	35	**(67)**	(358)
Increase/(Decrease) in movement in non cash provisions	35	**39**	(33)
Net Cash Inflow/(Outflow) from Operating Activities		**656**	(1,757)
Cash Flows from Investing Activities			
Interest Received		**14**	10
(Payments) for Property, Plant and Equipment		**(3,228)**	(4,612)
(Payments) for Intangible Assets		**(241)**	(213)
Proceeds of disposal of assets held for sale (PPE)		**5**	5
Net Cash (Outflow) from Investing Activities		**(3,450)**	(4,810)
Net Cash (outflow) before Financing		**(2,794)**	(6,567)
Cash Flows from Financing Activities			
Gross Permanent PDC Received	SOCITE	**5,074**	5,104
Net Cash Inflow from Financing Activities		**5,074**	5,104
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,280**	(1,463)
Cash and Cash Equivalents at Beginning of the Period		**750**	2,213
Cash and Cash Equivalents at year end	26	**3,030**	750

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS Trusts shall meet the accounting requirements of the Department of Health 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 2014-15 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.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.2 Acquisitions and discontinued operations

The Trust did not have any acquisitions or discontinued operations to report in either year.

1.3 Movement of assets within the DH Group

Transfers as part of reorganisation fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in Other Comprehensive Income, and is disclosed separately from operating costs.

Other transfers of assets and liabilities within the Group are accounted for in line with IAS20 and similarly give rise to income and expenditure entries.

For transfers of assets and liabilities from those NHS bodies that closed on 1 April 2013, Treasury agreed that a modified absorption approach should be applied. For these transactions and only in the prior-period, gains and losses are recognised in reserves rather than in Other Comprehensive Income.

1.4 Charitable Funds

Under the provisions of IFRS 10 Consolidated Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements.

As per the Guidance for Consolidation of NHS Charity Accounts into NHS Local Accounts the Charity's transactions are immaterial in the context of the group and transactions and do not need to be consolidated. Also see note 1.32.

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

1.5 Critical accounting judgements and key sources of estimation uncertainty

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.

1.5.1 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.

- Assessing the value of significant accruals of income and expenditure at the year end.
- The Trust has prepared the accounts on a going concern basis. The Directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the forseeable future. This is in the context of determining the future organisational form and during the transitional period it is assured that it will secure sufficient working capital with the agreement of the NHS Trust Development Authority. For this reason the going concern basis has been adopted for preparing the accounts.The Trust has a planned deficit in 2015/16 of £7.95m and this requires £7.95m revenue PDC cash support from the Department of Health to maintain cash flow in 2015/16. Directors have confirmation from the NHS TDA that it will support the Trust's application for cash support for 2015/16.
- Assessing whether significant risks and rewards of ownership of leased assets have transferred.
- Assessing whether impairments to the values of Property Plant and Equipment non current assets and intangibles have arisen in year.
- Management has declared that the financial statements are free from any misstatement as a result of fraud or any weakness in systems of internal control.

1.5.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- All land and buildings are restated to fair values using the professional valuation provided by the District Valuer Services based on a valuation date of 1st April 2015. The carrying amount for land and buildings as at 31 March 2015 are based on this valuation (see note 15).
- Holiday pay due to employees but not taken at 31st March is accrued for based on the carried forward leave information received from a representative sample of the Trust's workforce.
- Healthcare SLA over/under performance with some commissioners is estimated based on patient activity; the final agreement of income will be made when the information is validated in accordance with the contracting timetable.
- The accounting treatment for partially completed spells is to recognise the income for a treatment or spell once the patient is admitted and treatment begins on or prior to 31st March 2015. This is recognised on an agreed average of partially completed spells during the year.
- Under maternity payment by results a commissioner will pay a provider for all the pregnancy-related care a woman may need for the duration of her pregnancy, birth and postnatal care. The Trust has apportioned the income from antenatal care over the six months following registration, charged for the birth at the time of the delivery and post natal care in the month following delivery. This is a local agreement and the treatment is not as prescribed under the payment by results guidance. This results in no income being deferred and does not have a material impact on the Trust's income.

1.6 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the Trust is from commissioners for healthcare services. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay incurred to date compared to total expected costs.

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

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

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.

1.7 Employee Benefits

Short-term employee benefits
Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of 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.
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.

The Trust does not have any employees who are members of the Local Government Pension Scheme.

1.8 Other expenses

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

1.9 Property, plant and equipment

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.

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.

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

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

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

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

The Trust instructed the Health Service District Valuer Service, who are RICS qualified, to value land and buildings on a modern equivalent assets basis as at 31 March 2015. The revaluation produced a reduction in values of land and increase in the values of buildings which have been reflected through the Statement of Financial Position.

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.

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.

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

1.10 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Trust; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

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

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it

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

- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Measurement

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

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

1.11 Depreciation, amortisation and impairments

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

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

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

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

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

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

1.12 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.

1.13 Government grants

The Trust has not received any government grants in either year.

1.14 Non-current assets held for sale

The Trust did not have any non-current assets held for sale in either year.

1.15 Leases

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

The Trust as lessee

The Trust does not hold any finance leases for property, plant and equipment.

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 Trust as lessor

The Trust does not have any finance leases as a lessor.

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

1.16 Private Finance Initiative (PFI) transactions

The Trust has no PFI arrangements or transactions.

1.17 Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out method for all inventories except pharmacy which uses weighted average cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.18 Cash and cash equivalents

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

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

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

1.19 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of minus 1.5% (minus 1.9% 2013-14) and 1.30% (1.80% 2013-14) for employee early departure obligations.

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

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

1.20 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the NHS Trust'. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 35.

1.21 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.

1.22 Carbon Reduction Commitment Scheme (CRC)

CRC and similar allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. However as the Trust is under the mandatory threshold for the scheme, neither a provision or offsetting transfer from deferred income are required to be recognised.

1.23 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

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

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.

1.24 Financial assets

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

Financial assets are initially recognised at fair value.

The Trust does not hold financial assets in any of the following categories: financial assets at fair value through profit and loss; held to maturity investments and available for sale financial assets.

1.25 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.

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

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

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

1.26 Financial liabilities

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

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

The Trust does not have any other financial liabilities including Financial Guarantee contract liabilities or financial liabilities held at fair value through the profit and loss.

1.27 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. Accounting Policies (Continued)

1.28 Foreign currencies

The Trust did not have any foreign currency translated into sterling in either year.

1.29 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 44 to the accounts.

1.30 Public Dividend Capital (PDC) and PDC dividend

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

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

1.31 Losses and Special Payments

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

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). See note 42.

1.32 Subsidiaries

Material entities over which the NHS Trust has the power to exercise control are classified as subsidiaries and are consolidated. The NHS Trust has control when it is exposed to or has rights to variable returns through its power over another entity. The income and expenses; gains and losses; assets, liabilities and reserves; and cash flows of the subsidiary are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the NHS Trust or where the subsidiary's accounting date is not co-terminus.

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

In line with IFRS 10 Consolidated Financial Statements, the Trust has established that as the Trust is the corporate trustee of the linked NHS Charity Weston Health Charitable Fund, it effectively has the power to exercise control so as to obtain economic benefits.

However the Charitable Fund's transactions are immaterial in the context of the group and transactions have not been consolidated. Details of the transactions with the charity are included in the related parties' notes.

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

1.33 Associates

The Trust does not have any associates.

1.34 Joint arrangements

Joint ventures are accounted for by the equity method.

The Trust does not have any Joint Ventures that are 'held for sale'.

1.35 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. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

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

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

IFRS 9 Financial Instruments - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation
IFRS 15 Revenue from Contracts with Customers

2. Pooled budget

The Trust has not entered into any pooled budget arrangements.

3. Operating segments

The Trust has a number of Directorates, all of which operate in the healthcare segment. These Directorates are used for internal management purposes and divide the healthcare and other services of the Trust into various medical and surgical specialties. While these are reported on internally for financial and activity purposes, they have been consolidated, as permitted by IFRS 8 paragraphs 12 and 13, into Trust wide figures for these accounts.

4. Income generation activities

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. None of the income generation activities full cost exceeded £1m or was otherwise material.

5. Revenue from patient care activities

	2014-15 £000s	2013-14 £000s	
NHS England	6,485	5,407	
Clinical Commissioning Groups	81,335	79,118	
Foundation Trusts	174	151	
Non-NHS:			
Local Authorities	1,437	1,512	
Private patients	609	561	
Overseas patients (non-reciprocal)	5	7	
Injury costs recovery	516	427	a
Other	128	166	
Total Revenue from patient care activities	**90,689**	87,349	

Note a: Injury cost recovery income is subject to a provision for impairment of receivables of 18.9% to reflect expected rates of collection (12.6% 2013-14). This is in line with national guidance.

6. Other operating revenue

	2014-15 £000s	2013-14 £000s	
Education, training and research	3,237	3,110	
Charitable and other contributions to revenue expenditure -non- NHS	114	149	
Receipt of donations for capital acquisitions - Charity	0	100	
Non-patient care services to other bodies	3,885	3,811	
Income generation	564	602	
Rental revenue from operating leases	185	167	
Other revenue	1,704	1,538	a
Total Other Operating Revenue	**9,689**	9,477	
Total operating revenue	**100,378**	96,826	

Note a: No individual items of Other revenue are material in either period.

7. Overseas Visitors Disclosure

	2014-15 £000	2013-14 £000s
Income recognised in year (invoiced amounts and accruals)	5	7
Cash payments received in-year (re receivables at previous year end)	0	1
Cash payments received in-year (in respect of invoices issued this year)	5	6
Amounts added to provision for impairment of receivables (re receivables at previous year end)	0	9
Amounts added to provision for impairment of receivables (in respect of invoices issued this year)	0	0
Amounts written off in-year (irrespective of year of recognition)	7	0

8. Operating expenses

	2014-15 £000s	2013-14 £000s
Services from other NHS Trusts	**508**	572
Services from CCGs/NHS England	**0**	11
Services from other NHS bodies	**162**	156
Services from NHS Foundation Trusts	**1,662**	1,519
Total Services from NHS bodies	**2,332**	2,258
Purchase of healthcare from non-NHS bodies	**437**	412
Trust Chair and Non-executive Directors	**57**	55
Supplies and services - clinical	**16,845**	15,642
Supplies and services - general	**1,745**	1,763
Consultancy services	**1,447**	1,229
Establishment	**916**	987
Transport	**243**	319
Premises	**3,617**	3,816
Hospitality	**25**	21
Insurance	**3**	3
Legal Fees	**291**	196
Impairments and Reversals of Receivables	**103**	(14)
Depreciation	**3,515**	3,340
Amortisation	**340**	320
Impairments and reversals of property, plant and equipment	**393**	385
Audit fees	**88**	88
Clinical negligence	**1,859**	1,702
Education and Training	**486**	410
Other	**392**	225
Total Operating expenses (excluding employee benefits)	**35,134**	33,157
Employee Benefits		
Employee benefits excluding Board members	**67,177**	66,320
Board members	**644**	624
Total Employee Benefits	**67,821**	66,944
Total Operating Expenses	**102,955**	100,101

9 Operating Leases

9.1 Trust as lessee

	Buildings	Other	2014-15 Total	2013-14
	£000s	£000s	£000s	£000s
Payments recognised as an expense				
Minimum lease payments	168	47	**215**	290
Total	**168**	**47**	**215**	290
Payable:				
No later than one year	34	193	**227**	159
Between one and five years	168	507	**675**	425
After five years	593	0	**593**	626
Total	**795**	**700**	**1,495**	1,210

The most significant future minimum lease payment in the Buildings category relates to the lease of office space from North Somerset District Council until 2032.

The most significant future minimum lease payment in the Other category relates to the Pathology Managed Equipment Service contract with Roche Diagnostics which has 2 years remaining.

9.2 Trust as lessor

	2014-15	2013-14
	£000	£000s
Recognised as revenue		
Rental revenue	185	167
Total	**185**	167
Receivable:		
No later than one year	187	167
Between one and five years	731	341
After five years	5,000	4,687
Total	**5,918**	5,195

The Trust receives rental revenue from a number of organisations for the use of it's land and buildings. The most significant arrangement is with Avon and Wiltshire Mental Health Partnership NHS Trust for a strip of land which has 59 years remaining.

10 Employee benefits and staff numbers

10.1 Employee benefits

	2014-15 Total £000s	Permanently employed £000s	Other £000s
Employee Benefits - Gross Expenditure			
Salaries and wages	**58,231**	49,046	9,185
Social security costs	**4,005**	4,005	0
Employer Contributions to NHS BSA - Pensions Division	**5,746**	5,746	0
Termination benefits	**62**	62	0
Total employee benefits	**68,044**	**58,859**	**9,185**
Employee costs capitalised	**223**	180	43
Gross Employee Benefits excluding capitalised costs	**67,821**	**58,679**	**9,142**

Employee Benefits - Gross Expenditure 2013-14	Total £000s	Permanently employed £000s	Other £000s
Salaries and wages	57,598	49,599	7,999
Social security costs	3,824	3,824	0
Employer Contributions to NHS BSA - Pensions Division	5,822	5,822	0
Termination benefits	75	75	0
TOTAL - including capitalised costs	67,319	59,320	7,999
Employee costs capitalised	375	119	256
Gross Employee Benefits excluding capitalised costs	66,944	59,201	7,743

10.2 Staff Numbers

	2014-15 Total Number	Permanently employed Number	Other Number	2013-14 Total Number
Average Staff Numbers				
Medical and dental	**227**	170	57	224
Administration and estates	**330**	326	4	328
Healthcare assistants and other support staff	**381**	350	31	390
Nursing, midwifery and health visiting staff	**477**	425	52	467
Scientific, therapeutic and technical staff	**175**	172	3	175
TOTAL	**1,590**	**1,443**	**147**	1,584
Of the above - staff engaged on capital projects	**6**	5	1	7

10.3 Staff Sickness absence and ill health retirements

	2014-15 Number	2013-14 Number
Total Days Lost	13,951	11,767
Total Staff Years	1,483	1,435
Average working Days Lost	9.41	8.20

	2014-15 Number	2013-14 Number
Number of persons retired early on ill health grounds	**4**	4
	£000s	£000s
Total additional pensions liabilities accrued in the year	**320**	408

10.4 Exit Packages agreed in 2014-15

Exit package cost band (including any special payment element)	**2014-15** Number of compulsory redundancies	**2014-15** Number of other departures agreed	**2014-15** Total number of exit packages by cost band	2013-14 Number of compulsory redundancies	2013-14 Number of other departures agreed	2013-14 Total number of exit packages by cost band
	Number	**Number**	**Number**	Number	Number	Number
Less than £10,000	0	0	0	0	2	2
£10,000-£25,000	1	0	1	0	3	3
£25,001-£50,000	1	0	1	0	3	3
£50,001-£100,000	0	0	0	1	2	3
Total number of exit packages by type (total cost	**2**	**0**	**2**	1	10	11
Total resource cost (£s)	**61,605**	**0**	**61,605**	75,339	297,492	372,831

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

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

10.5 Exit packages - Other Departures analysis

	2014-15 Agreements	**2014-15** Total value of agreements	2013-14 **Agreements**	2013-14 **Total value of agreements**
	Number	**£000s**	**Number**	**£000s**
Mutually agreed resignations (MARS) contractual costs	0	0	10	297
Total	0	0	10	297

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

10.6 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.
In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2015, is based on valuation data as 31 March 2014, updated to 31 March 2015 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.
The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.
The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.
The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.
The formal actuarial valuation used for funding purposes was carried out at as at 31 March 2012 and was used to inform the contribution rates introduced from 1 April 2015.

c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:
The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

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

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).
Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

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

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

11 Better Payment Practice Code

11.1 Measure of compliance

	2014-15 Number	2014-15 £000s	2013-14 Number	2013-14 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**33,126**	**31,218**	33,475	30,478
Total Non-NHS Trade Invoices Paid Within Target	**32,200**	**30,428**	31,953	29,500
Percentage of NHS Trade Invoices Paid Within Target	**97.20%**	**97.47%**	95.45%	96.79%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**1,326**	**11,367**	1,277	10,591
Total NHS Trade Invoices Paid Within Target	**1,114**	**10,529**	1,014	9,580
Percentage of NHS Trade Invoices Paid Within Target	**84.01%**	**92.63%**	79.40%	90.45%
Total Payables				
Total Trade Invoices Paid in the Year	**34,452**	**42,585**	34,752	41,069
Total Trade Invoices Paid Within Target	**33,314**	**40,957**	32,967	39,080
Percentage of Trade Invoices Paid Within Target	**96.70%**	**96.18%**	94.86%	95.16%

The Better Payment Practice Code requires the NHS body to aim to pay 95% of all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

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

No claims for interest in respect of late payment of invoices have been made against the Trust by other businesses under this legislation in either period.

No claims for compensations to cover debt recovery costs have been made against the Trust in either period.

12 Investment Revenue

	2014-15	2013-14
	£000s	£000s
Interest revenue		
Bank interest	14	10
Total investment revenue	14	10

13 Other Gains and Losses

	2014-15	2013-14
	£000s	£000s
Gain on disposal of assets other than by sale (PPE)	5	3
Total	5	3

14 Finance Costs

	2014-15	2013-14
	£000s	£000s
Provisions - unwinding of discount	3	5
Total	3	5

15.1 Property, plant and equipment

2014-15	Land	Buildings excluding dwellings	Assets under construction & payments on account	Plant & machinery	Information technology	Furniture & fittings	Total	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Cost or valuation:								
At 1 April 2014	9,905	51,564	361	17,536	4,612	1,430	85,408	
Additions of Assets Under Construction			922				922	
Additions Purchased	0	678		1,413	273	5	2,369	
Reclassifications	0	788	(367)	(771)	181	0	(169)	b
Disposals other than for sale	0	0	0	(101)	0	0	(101)	
Revaluation	(3,035)	(4,962)	0	(18)	(784)	1	(8,798)	a
At 31 March 2015	6,870	48,068	916	18,059	4,282	1,436	79,631	
Depreciation								
At 1 April 2014	0	6,851	0	10,274	2,638	1,258	21,021	
Reclassifications	0	44		(44)	0	0	0	
Disposals other than for sale	0	0		(101)	0	0	(101)	
Revaluation	(51)	(8,731)		(18)	(784)	1	(9,583)	a
Impairments	51	0	0	0	342	0	393	
Charged During the Year	0	1,836		1,032	604	43	3,515	
At 31 March 2015	0	0	0	11,143	2,800	1,302	15,245	
Net Book Value at 31 March 2015	6,870	48,068	916	6,916	1,482	134	64,386	
Asset financing:								
Owned - Purchased	6,870	45,019	916	6,726	1,482	134	61,147	
Owned - Donated	0	3,049	0	190	0	0	3,239	
Total at 31 March 2015	6,870	48,068	916	6,916	1,482	134	64,386	

Note a: The net movement on the Revaluation lines, Cost and Depreciation is £785k. See SOCITE.
Note b: Corresponding reclassifications of £169k in intangibles non current assets.

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Assets under construction & payments on account	Plant & machinery	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2014	7,845	4,746	0	0	0	0	12,591
Movements	(2,984)	2,948	0	0	0	0	(36)
At 31 March 2015	4,861	7,694	0	0	0	0	12,555

Additions to Assets Under Construction in 2014-15

	£000's
Buildings excl Dwellings	922
Balance as at YTD	922

15.2 Property, plant and equipment prior-year

2013-14	Land	Buildings excluding dwellings	Assets under construction & payments on account	Plant & machinery	Information technology	Furniture & fittings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation:							
At 1 April 2013	9,905	44,092	956	17,301	4,196	1,368	**77,818**
Additions of Assets Under Construction			1,339				**1,339**
Additions Purchased	0	1,293		524	250	62	**2,129**
Additions - Purchases from Cash Donations	0	100	0	0	0	0	**100**
Reclassifications	0	1,721	(1,934)	37	176	0	**0**
Disposals other than for sale	0	0	0	(326)	(10)	0	**(336)**
Revaluation	0	4,358	0	0	0	0	**4,358**
At 31 March 2014	**9,905**	**51,564**	**361**	**17,536**	**4,612**	**1,430**	**85,408**
Depreciation							
At 1 April 2013	0	4,885	0	9,515	2,038	1,192	**17,630**
Disposals other than for sale	0	0		(326)	(8)	0	**(334)**
Impairments/negative indexation charged to operating expenses	0	435	0	0	0	0	**435**
Reversal of Impairments charged to operating expenses	0	(50)	0	0	0	0	**(50)**
Charged During the Year	0	1,581		1,085	608	66	**3,340**
At 31 March 2014	**0**	**6,851**	**0**	**10,274**	**2,638**	**1,258**	**21,021**
Net Book Value at 31 March 2014	9,905	44,713	361	7,262	1,974	172	**64,387**
Asset financing:							
Owned - Purchased	9,905	41,042	361	7,023	1,974	172	**60,477**
Owned - Donated	0	3,671	0	239	0	0	**3,910**
Total at 31 March 2014	**9,905**	**44,713**	**361**	**7,262**	**1,974**	**172**	**64,387**

15.3 (cont). Property, plant and equipment

Of the totals at 31 March 2015 there are no tangible fixed assets relating to land, buildings, dwellings, installations or fittings valued at open market value. (31 March 2014 also Nil).

The Trust's land and buildings were revalued as at 31st March 2015 by the DVS Valuation Office who are independent to the Trust. The valuation was undertaken having regard to International Financial Reporting Standards (IFRS) as applied by the DH Group Manual for Accounts.

The Valuations also accord with the requirements of the RICS Valuation - Professional Standards 2014 UK edition, known as the red book, including the International Valuation Standards, in so far as these are consistent with IFRS and the above mentioned guidance; RICS UKVS 1.15 refers.

The Modern Equivalent Asset (MEA) valuation resulted in an increase in the value of buildings by £3,769,000 offset by a reduction in the value of land by £3,035,000. Therefore the net increase in the Trust's assets as a result of the revaluation was £734,000 (£785,000 net gain on revaluation less £51,000 impairment charge on land). This has resulted in:

1) Land - a decrease in the revaluation reserve of (£2,984,000) and an impairment charge of £51,000 charged to the Statement of Comprehensive income.

2) Buildings - an increase in the revaluation reserve of £3,769,000 and corresponding increase to the value of buildings.

3) A decrease in the revaluation reserve of (£684,000) for the reversal of previously impaired buildings transferred to retained earnings.

4) The difference between the current cost of depreciation compared to the historic cost of depreciation results in a decrease in the revaluation reserve of (£137,000).

5) In summary the overall impact of the MEA is; (1) a net increase of £734,000 on property, plant and equipment (2) a net decrease in revaluation reserve of (£36,000) and (3) a £51,000 charge to the SOCI for the impairment on land.

Gains relating to MEA Valuation are taken to the Revaluation Reserve. Losses arising from revaluation are recognised as impairments and are charged to the revaluation reserve to the extent that a balance exists in relation to the revalued asset. Losses in excess of that amount are charged to the current year's statement of comprehensive income, unless it can be demonstrated that the recoverable amount is greater than the revalued amount in which case the impairment is taken to the revaluation reserve. This applies where the fall in value is as a result from the fall in market prices however if the fall in value arises from the clear consumption of economic benefit this should then be charged to expenditure.

There were no assets held under finance leases or hire purchase contracts at the balance sheet date. (31 March 2014 also Nil)

No dwellings or transport equipment assets were held in either period.

There are no restrictions imposed on the use of donated assets.

15.4 Economic Lives of Non-Current Assets

	Min/Max Life in years
Intangible Assets	
Software Licences	5 - 8
Property, Plant and Equipment	
Buildings exc Dwellings	9 - 69
Plant & Machinery	2 - 35
Information Technology	5 - 18
Furniture and Fittings	10 - 15

16.1 Intangible non-current assets

	Computer Licenses	
2014-15		
	£000's	
At 1 April 2014	**3,708**	
Additions Purchased	505	
Reclassifications	169	a
Revaluation	(928)	
At 31 March 2015	**3,454**	
Amortisation		
At 1 April 2014	**1,970**	
Revaluation	(928)	
Charged during the year	340	
At 31 March 2015	**1,382**	
Net Book Value at 31 March 2015	**2,072**	

Asset Financing: Net book value at 31 March 2015 comprises:

Purchased	2,072
Total at 31 March 2015	**2,072**

Note a: Corresponding reclassifications of £169k in property plant and equipment. See note 15.1.

There is a Nil balance in the revaluation reserve balance for intangible non-current assets in both periods.

16.2 Intangible non-current assets prior year

2013-14	Computer Licenses £000s
Cost or valuation:	
At 1 April 2013	3,530
Additions - purchased	178
At 31 March 2014	3,708
Amortisation	
At 1 April 2013	1,650
Charged during the year	320
At 31 March 2014	1,970
Net book value at 31 March 2014	1,738

16.3 Intangible non-current assets

Intangible assets comprise purchased computer software which is carried at amortised historical cost, as a proxy for fair value.

Assets are capitalised and amortised over the useful lives on a straight-line basis. Useful lives are all finite and range from 5 to 8 years.

17 Analysis of impairments and reversals recognised in 2014-15

	2014-15	2013-14
	Total	Total
	£000s	£000s
Property, Plant and Equipment impairments and reversals taken to SoCI		
Other	342	0
Changes in market price	51	385
Total charged to Annually Managed Expenditure	**393**	385
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve		
Changes in market price	3,668	254
Total impairments for PPE charged to reserves	**3,668**	254
Total Impairments charged to SoCI - AME	**393**	385
Overall Total Impairments	**4,061**	639

The 31st March 2015 MEA valuation carried out by the DVS Valuation Office reduced the value of Trust's land by £3,035k, with £2,984k being charged to the revaluation reserve and £51k charged to the SoCI as no reserve was held for the the reduction in the land value at Drove Road. This fall in value was due to a reappraisal of the land value, and a realisation that the previous value is not the level that employment land (office and industrial) is trading at in the market.

The balance of impairments charged to reserves £684k relates to the reversal of previously impaired buildings transferred to retained earnings.

The other impairment of £342k charged to the SOCI relates to obsolete IT hardware.

18 Investment property

The Trust did not hold investment property for either year.

19 Commitments

19.1 Capital commitments

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

	31 March 2015	31 March 2014
	£000s	£000s
Intangible assets	**774**	0
Total	**774**	0

The Trust signed a contract with Cerner for the provision of an interim Patient Administration System in March 2015.

19.2 Other financial commitments

The Trust did not have any other financial commitments in either 2014-15 or 2013-14.

20 Intra-Government and other balances

	Current receivables £000s	**Non-current receivables £000s**	**Current payables £000s**	**Non-current payables £000s**
Balances with Other Central Government Bodies	225	0	2,003	0
Balances with NHS bodies outside the Departmental Group	0	0	1	0
Balances with NHS bodies inside the Departmental Group	2,035	0	753	0
Balances with Bodies External to Government	831	427	6,924	0
At 31 March 2015	**3,091**	**427**	**9,681**	**0**
prior period:				
Balances with Other Central Government Bodies	2,598	0	2,642	0
Balances with Local Authorities	256	0	4	0
Balances with NHS Trusts and FTs	163	0	866	0
Balances with Bodies External to Government	887	368	5,786	0
At 31 March 2014	3,904	368	9,298	0

21 Inventories

	Drugs £000s	Consumables £000s	Energy £000s	Total £000s
Balance at 1 April 2014	**550**	**619**	**9**	**1,178**
Additions	9,000	6,597	0	**15,597**
Inventories recognised as an expense in the period	(9,086)	(6,608)	(1)	**(15,695)**
Balance at 31 March 2015	**464**	**608**	**8**	**1,080**

22.1 Trade and other receivables

	Current		Non-current	
	31 March 2015 £000s	31 March 2014 £000s	**31 March 2015 £000s**	31 March 2014 £000s
NHS receivables - revenue	**1,945**	2,598	**0**	0
Non-NHS receivables - revenue	**662**	830 a	**526**	421
Non-NHS prepayments and accrued income	**296**	280	**0**	0
PDC Dividend prepaid to DH	**90**	79	**0**	0
Provision for the impairment of receivables	**(134)**	(86)	**(99)**	(53)
VAT	**225**	163	**0**	0
Other receivables	**7**	40 a	**0**	0
Total	**3,091**	3,904	**427**	368
Total current and non current	**3,518**	4,272		

The great majority of trade is with Clinical Commissioning Groups. As Clinical Commissioning Groups are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

a: Other receivables for 31 March 2014 have been restated from £370k to £40k moving; (1) £79k to the new line for PDC Dividend prepaid to DH (2) re-analysing Injury Costs Recovery for Road traffic Accidents £251k from Other receivables to Non-NHS receivables - revenue.

22.2 Receivables past their due date but not impaired

	31 March 2015 £000s	31 March 2014 £000s
By up to three months	**596**	153
By three to six months	**118**	73
By more than six months	**645**	491
Total	**1,359**	717

22.3 Provision for impairment of receivables

	2014-15 £000s	2013-14 £000s
Balance at 1 April 2014	**(139)**	(157)
Amount written off during the year	**9**	4
(Increase)/decrease in receivables impaired	**(103)**	14
Balance at 31 March 2015	**(233)**	(139)

23 NHS LIFT investments
The Trust does not hold NHS Lift investments in either 2014-15 or 2013-14.

24 Other Financial Assets - Current
The Trust has not held any fixed or current asset investments during either year.

25 Other current assets
The Trust did not have any other current assets in 2014-15 or 2013-14.

26 Cash and Cash Equivalents

	31 March 2015 £000s	31 March 2014 £000s
Opening balance	**750**	2,213
Net change in year	**2,280**	(1,463)
Closing balance	**3,030**	750
Made up of		
Cash with Government Banking Service	**2,984**	739
Commercial banks	**25**	1
Cash in hand	**21**	10
Cash and cash equivalents as in statement of financial position	**3,030**	750
Cash and cash equivalents as in statement of cash flows	**3,030**	750
Patients' money held by the Trust, not included above. See note 44 .	0	1

27 Non-current assets held for sale
The Trust did not hold any non current assets held for sale in either 2014-15 or 2013-14.

28 Trade and other payables

	Current	
	31 March 2015	31 March 2014
	£000s	£000s
NHS payables - revenue	**732**	1,356
NHS payables - capital	**0**	7
NHS accruals and deferred income	**21**	54
Non-NHS payables - revenue	**2,041**	1,223
Non-NHS payables - capital	**1,075**	741
Non-NHS accruals and deferred income	**3,800**	3,802
Social security costs	**581**	595
Tax	**621**	624
Other	**810**	896
Total	**9,681**	9,298
Total payables	**9,681**	**9,298**
Included above:		
outstanding Pension Contributions at the year end	**801**	872

29 Other liabilities

The Trust did not have any other liabilities as at 31 March 2015 (Nil 31 March 2014).

30 Borrowings

The Trust did not have any borrowings in either period.

31 Other financial liabilities

The Trust did not have any Other financial liabilities as at 31 March 2015 (Nil 31 March 2014).

32 Deferred revenue

	Current	
	31 March 2015	31 March 2014
	£000s	£000s
Opening balance at 1 April 2014	**413**	496
Deferred revenue addition	**9**	10
Transfer of deferred revenue	**(42)**	(93)
Current deferred Income at 31 March 2015	**380**	413
Total deferred income (current and non-current)	**380**	413

33 Finance lease obligations as lessee

The Trust had no finance lease obligations during 2014-15 and 2013-14.

34 Finance lease receivables as lessor

The Trust had no finance lease receivables during 2014-15 and 2013-14.

35 Provisions

	Total	Comprising: Pensions Relating to Other Staff	Legal Claims	Other
	£000s	**£000s**	**£000s**	**£000s**
Balance at 1 April 2014	**294**	104	12	178
Arising during the year	**49**	0	49	0
Utilised during the year	**(67)**	(31)	(2)	(34)
Reversed unused	**(10)**	0	(10)	0
Unwinding of discount	**3**	1	0	2
Balance at 31 March 2015	**269**	74	49	146
Expected Timing of Cash Flows:				
No Later than One Year	**88**	29	49	10
Later than One Year and not later than Five Years	**83**	45	0	38
Later than Five Years	**98**	0	0	98

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

As at 31 March 2015	7,639
As at 31 March 2014	2,121

Provisions for 'Pensions relating to other staff' are for pre-6 March 1995 early retirement cases where a retirement was due to ill health and consequently not funded by the NHS Pension scheme. The level of payment in these cases is predetermined and uplifted for inflation each year.

Legal claims relate to Employee and Public liability cases where assistance is provided by Insurers where the value of the case exceeds the Trust excess.

Other - £146,000 is made up of a permanent injury benefit (31 March 2014 £154,000 permanent injury benefit case).

36 Contingencies

	31 March 2015	31 March 2014
	£000s	£000s
Contingent liabilities		
NHS Litigation Authority legal claims	(19)	(6)
Net value of contingent liabilities	**(19)**	(6)

The contingent liabilities represent possible legal claims against the Trust, these are managed by the NHS Litigation Authority for clinical negligence and liabilities for third parties scheme.

37 PFI and LIFT - additional information

The Trust did not have any PFI and LIFT dealings or transactions in either 2014-15 or 2013-14.

38 Impact of IFRS treatment - current year

The was not any revenue consequences resulting from impact of IFRS in 2014-15 or 2013-14.

39 Financial Instruments

39.1 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 NHS Trust has with commissioners and the way those commissioners 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. The Trust's treasury activity is subject to review by the Trust's internal auditors.

Currency risk
The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Interest rate risk
The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the NHS Trust Development Authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk
Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2015 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk
The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, 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.

39.2 Financial Assets

	NOTE	Loans and receivables £000s
Receivables - NHS	22.1	1,945
Receivables - non-NHS		947
Cash at bank and in hand	26	3,030
Total at 31 March 2015		**5,922**
Receivables - NHS		2,598
Receivables - non-NHS		1,218
Cash at bank and in hand		750
Total at 31 March 2014		4,566

39.3 Financial Liabilities

		Other £000s
NHS payables	28	753
Non-NHS payables		6,537
Total at 31 March 2015		**7,290**
NHS payables		1,417
Non-NHS payables		5,377
Total at 31 March 2014		6,794

40 Events after the end of the reporting period
There are not any events after the end of the reporting period that have a material effect on the accounts.

41 Related party transactions

Weston Area Health NHS Trust is a body corporate established by order of the Secretary of State for Health.

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 Weston Area Health NHS Trust.

The Department of Health is regarded as a related party. During the year Weston Area Health 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:
Bristol, North Somerset, Somerset & South Glos Area Team, Health Education England, NHS Litigation Authority, North Bristol NHS Trust, North Somerset CCG, Somerset CCG, University Hospitals of Bristol NHS Foundation Trust, Wessex Area Team.

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies e.g. North Somerset District Council & HM Revenue and Customs.

The Trust has also received revenue payments of £114,000 from the Weston Health General Charitable funds whose Trustees are the same as those members of the NHS Trust Board. The net assets of the charity are £442k which equates to less than 1% of the Trusts net assets. The Charity is a separate legal entity (Registered Charity 1057589) and produces its own annual report of accounts that is open to public view on the charity commission website.

42 Losses and special payments

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

	Total Value of Cases £s	Total Number of Cases
Losses	10,368	35
Special payments	16,856	25
Total losses and special payments	27,224	60

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

	Total Value of Cases £s	Total Number of Cases
Losses	5,009	32
Special payments	29,404	19
Total losses and special payments	34,413	51

43. 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.

43.1 Breakeven performance	2005-06 £000s	2006-07 £000s	2007-08 £000s	2008-09 £000s	2009-10 £000s	2010-11 £000s	2011-12 £000s	2012-13 £000s	2013-14 £000s	2014-15 £000s
Turnover	68,162	70,300	80,100	85,914	90,403	93,199	95,306	96,789	96,826	**100,378**
Retained surplus/(deficit) for the year	(6,989)	(6,673)	8	408	(68)	2,110	(1,703)	1,312	(5,117)	**(4,456)**
Adjustment for:										
Adjustments for impairments	0	0	0	0	2,516	497	5,178	833	385	**393**
Adjustments for impact of policy change re donated							135	105	49	**161**
Other agreed adjustments	5,154	0	0	0	0	0	0	**0**	0	**0**
Break-even in-year position	(1,835)	(6,673)	**8**	**408**	**2,448**	**2,607**	**3,610**	**2,250**	(4,683)	(3,902)
Break-even cumulative position	(7,569)	(14,242)	(14,234)	(13,826)	(11,378)	(8,771)	(5,161)	(2,911)	(7,594)	(11,496)

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

	2005-06 %	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %	2011-12 %	2012-13 %	2013-14 %	2014-15 %
Materiality test (I.e. is it equal to or less than 0.5%):										
Break-even in-year position as a percentage of turnover	-2.69	-9.49	0.01	0.47	2.71	2.80	3.79	2.32	-4.84	**-3.89**
Break-even cumulative position as a percentage of turnover	-11.10	-20.26	-17.77	-16.09	-12.59	-9.41	-5.42	-3.01	-7.84	**-11.45**

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.

43.2 Capital cost absorption rate

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

43.3 External financing

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

	2014-15	2013-14
	£000s	£000s
External financing limit (EFL)	**5,292**	6,990
Cash flow financing	**2,794**	6,567
Unwinding of Discount Adjustment	**0**	5
External financing requirement	**2,794**	6,572
Under spend against EFL	**2,498**	418

The treatment of the unwinding of discount adjustment has changed in 2014-15 and is not now required to be included in the calculation when measuring the Trust's EFL position.

43.4 Capital resource limit

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

	2014-15	2013-14
	£000s	£000s
Gross capital expenditure	**3,796**	3,746
Less: book value of assets disposed of	**0**	(2)
Less: donations towards the acquisition of non-current assets	**0**	(100)
Charge against the capital resource limit	**3,796**	3,644
Capital resource limit	**3,982**	3,654
Underspend against the capital resource limit	**186**	10

44 Third party assets

The Trust held £169 cash and cash equivalents at 31 March 2015 (£806 at 31 March 2014) which relates to monies held by the NHS Trust on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

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

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

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

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

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

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

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

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

nb: sign and date in any colour ink except black

Signed...Chief Executive

Date....4/6/2015....

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, recognised gains and losses and cash flows for the year. In preparing those accounts, directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;

- make judgements and estimates which are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

By order of the Board

nb: sign and date in any colour ink except black

....4/6/2015.....Date....[signature]................Chief Executive

...4/6/2015.........Date....RJ [signature]....................Finance Director

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF WESTON AREA HEALTH NHS TRUST

We have audited the financial statements of Weston Area Health NHS Trust for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

We have also audited the information in the Remuneration Report that is subject to audit, being:

- the table of salaries and allowances of senior managers and related narrative notes
- the table of pension benefits of senior managers and related narrative notes
- the table of pay multiples and related narrative notes.

This report is made solely to the Board of Directors of Weston Area Health NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2014. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust's directors and the Trust as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities in respect of the accounts, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report which comprises the Companies Act Requirements, the Operating and Financial Review, the Remuneration Report, the Annual Governance Statement and the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Weston Area Health NHS Trust as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

Opinion on other matters

In our opinion:

- the part of the Remuneration Report subject to audit has been prepared properly in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England; and
- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

Auditor's responsibilities

We have a duty under the Audit Commission Act 1998 to refer the matter to the Secretary of State if we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.
On 5 March 2015 we referred a matter to the Secretary of State under section 19 of the Audit Commission Act 1998 in relation to the Trust's cumulative deficit of £11.50 million as at 31 March 2015, its forecast deficit of £7.95 million in 2015-16, and its consequent failure to achieve its statutory break even duty.

We report to you if:

- in our opinion the governance statement does not reflect compliance with the NHS Trust Development Authority's Guidance; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Trust and auditor

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

We report if significant matters have come to our attention which prevent us from concluding that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Trust has proper arrangements for:

- securing financial resilience
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Basis for qualified conclusion

In considering the Trust's arrangements for securing financial resilience, we identified the following matters:

- The Trust did not achieve its statutory break even target, recording a deficit of £3.90 million in 2014-15 and it has a cumulative deficit of £11.50 million at 31 March 2015. It is projecting a deficit of £7.95 million for 2015-16 which will take its cumulative deficit up to £19.45 million. The actual and planned deficits are evidence of weakness in arrangements in respect of the Trust's strategic financial planning.

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that in all significant respects Weston Area Health NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

Certificate

We certify that we have completed the audit of the accounts of Weston Area Health NHS Trust in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Alex Walling

Alex Walling
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

4 June 2015