Statement of Comprehensive Income for year ended 31 March 2014

	NOTE	**2013-14 £000s**	2012-13 £000s
Gross employee benefits	10.1	**(66,944)**	(63,709)
Other operating costs	8	**(33,157)**	(29,820)
Revenue from patient care activities	5	**87,349**	81,749
Other Operating revenue	6	**9,477**	15,040
Operating surplus/(deficit)		**(3,275)**	3,260
Investment revenue	12	**10**	11
Other gains and (losses)	13	**3**	(3)
Finance costs	14	**(5)**	(116)
Surplus/(deficit) for the financial year		**(3,267)**	3,152
Public dividend capital dividends payable		**(1,850)**	(1,840)
Retained surplus/(deficit) for the year		**(5,117)**	1,312

Other Comprehensive Income

Impairments and reversals taken to the Revaluation Reserve	17	**0**	(1,335)
Net gain on revaluation of property, plant & equipment	15.1	**4,358**	0
Total Comprehensive Income for the year		**(759)**	(23)

Financial performance for the year

Retained surplus/(deficit) for the year		**(5,117)**	1,312	
Impairments (excluding IFRIC 12 impairments)	17	**385**	833	a
Adjustments in respect of donated asset reserve elimination		**49**	105	b
Adjusted retained surplus/(deficit)		**(4,683)**	2,250	

The Trust's reported NHS financial performance position is derived from its retained surplus/(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 £149,000 (£164,000 2012-13) less income for the purchase of non-current assets £100,000 (£59,000 2012-13) see Note 6 Other Operating Income.

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

Statement of Financial Position as at 31 March 2014

	NOTE	31 March 2014 £000s	31 March 2013 £000s
Non-current assets			
Property, plant and equipment	15	**64,387**	60,188
Intangible assets	16	**1,738**	1,880
Trade and other receivables	22.1	**368**	410
Total non-current assets		**66,493**	62,478
Current assets			
Inventories	21	**1,178**	1,397
Trade and other receivables	22.1	**3,904**	2,745
Cash and cash equivalents	26	**750**	2,213
Total current assets		**5,832**	6,355
Total assets		**72,325**	68,833
Current liabilities			
Trade and other payables	28	**(9,298)**	(9,765)
Provisions	35	**(74)**	(430)
Total current liabilities		**(9,372)**	(10,195)
Net current liabilities		**(3,540)**	(3,840)
Non-current assets less net current liabilities		**62,953**	58,638
Non-current liabilities			
Provisions	35	**(220)**	(250)
Total non-current liabilities		**(220)**	(250)
Total Assets Employed:		**62,733**	58,388
FINANCED BY:			
TAXPAYERS' EQUITY			
Public Dividend Capital		**62,983**	57,879
Retained earnings		**(12,748)**	(8,954)
Revaluation reserve		**12,591**	9,556
Other reserves		**(93)**	(93)
Total Taxpayers' Equity:	SOCITE	**62,733**	58,388

The financial statements on pages *1 to 37* were approved by the Board on *4th June 2014* and signed on its behalf by:

Chief Executive: [signature] **Date:** 4/6/14

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2014

	Public Dividend capital	Retained earnings	Revaluation reserve	Other reserves	Total reserves
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2013	**57,879**	**(8,954)**	**9,556**	**(93)**	**58,388**
Changes in taxpayers' equity for 2013-14					
Retained (deficit) for the year	0	(5,117)	0	0	**(5,117)**
Net gain on revaluation of property, plant, equipment			4,358		**4,358**
Transfers between reserves	0	1,323	(1,323)	0	**0**
New PDC Received	5,104	0	0	0	**5,104**
PDC Repaid In Year	0	0	0	0	**0**
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**

The new PDC received by the Trust was £4,950k Public Dividend Capital (PDC) Revenue Support approved by Independent Trust Financing Facility Committee in October 2013. The other new PDC received was for capital projects of £126k for Order Communications system and £28k for Improving Birthing Environments.

The transfer between retained earnings and the revaluation reserve of £1,323k is due to the upward revaluation of 12.4% on buildings at 31st March 2014 and relates to the reversal of previous years impairment charges that were charged to retained earnings.

	Public Dividend capital	Retained earnings	Revaluation reserve	Other reserves	Total reserves
Balance at 1 April 2012	**57,879**	**(10,265)**	**10,890**	**(93)**	**58,411**
Changes in taxpayers' equity for the year ended 31 March 2013					
Retained surplus for the year		1,312			1,312
Impairments and reversals			(1,335)		(1,335)
Transfers between reserves		(1)	1	0	0
Net recognised revenue/(expense) for the year	**0**	**1,311**	**(1,334)**	**0**	**(23)**
Balance at 31 March 2013	**57,879**	**(8,954)**	**9,556**	**(93)**	**58,388**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2014

	NOTE	**2013-14 £000s**	2012-13 £000s
Cash Flows from Operating Activities			
Operating Surplus/(Deficit)	SOCI	**(3,275)**	3,260
Depreciation and Amortisation	8	**3,660**	3,559
Impairments and Reversals	17	**385**	833
Donated Assets received credited to revenue but non-cash	6	**0**	(59)
Interest Paid	SOCI	**0**	(110)
Dividend (Paid)	SOCI	**(1,869)**	(1,913)
(Increase)/Decrease in Inventories	21	**219**	(149)
(Increase)/Decrease in Trade and Other Receivables	22.1	**(1,098)**	330
Increase in Trade and Other Payables	28	**612**	569
Provisions Utilised	35	**(358)**	(334)
Increase/(Decrease) in Provisions	35	**(33)**	351
Net Cash Inflow/(Outflow) from Operating Activities		**(1,757)**	6,337
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received		**10**	11
(Payments) for Property, Plant and Equipment		**(4,612)**	(3,306)
(Payments) for Intangible Assets		**(213)**	(628)
Proceeds of disposal of assets held for sale (PPE)		**5**	3
Net Cash (Outflow) from Investing Activities		**(4,810)**	(3,920)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		**(6,567)**	2,417
CASH FLOWS FROM FINANCING ACTIVITIES			
Public Dividend Capital Received	SOCITE	**5,104**	0
Public Dividend Capital Repaid	SOCITE	**0**	0
Loans repaid to DH - Revenue Support Loans	30	**0**	(2,250)
Capital grants and other capital receipts	6	**0**	59
Net Cash Inflow/(Outflow) from Financing Activities		**5,104**	(2,191)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,463)**	226
Cash and Cash Equivalents at Beginning of the Period		**2,213**	1,987
Cash and Cash Equivalents at year end	26	**750**	2,213

NOTES TO THE ACCOUNTS

1. Accounting Policies

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

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 the 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 has agreed that a modified absorption approach should be applied. For these transactions only, gains and losses are recognised in reserves rather than the Other Comprehensive Income.

1.4 Charitable Funds

For 2013-14, the divergence from the FReM that NHS Charitable Funds are not consolidated with NHS Trust's own returns is removed. Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. In accordance with IAS 1 Presentation of Financial Statements, restated prior period accounts are presented where the adoption of the new policy has a material impact.

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 Trusts'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 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 2014/15 of £4.95m and this requires £4.95m revenue PDC cash support from the Department of Health to maintain cash flow in 2014/15. Directors have confirmation from the NHS TDA that it will support the Trust's application for cash support for 2014/15.
- 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 based on a valuation date of 1st April 2010. The carrying amount for land and buildings as at 31 March 2014 has been assessed using recognised published indices and where the impact of the revaluation is material the assets have been revalued (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 2014. 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 which results in no income being deferred .

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 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 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 subsequent accumulated depreciation and impairment losses.

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

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

The Trust instructed the Health Service District Valuer Service, who are RICS qualified, to value Land and Buildings on a modern equivalent assets basis as at 1 April 2010. The revaluation produced a reduction in values 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.

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.
Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

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

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 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 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 1.9% (minus 1.8% 2012-13) and 1.80% (2.35% 2012-13) for employee early departure obligations

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

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

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

1.20 Clinical negligence costs

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

1.21 Non-clinical risk pooling

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

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

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities (except for donated assets, net assets transferred from NHS bodies dissolved on 1 April 2013 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 Trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust 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'.

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, 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 ventures
Joint ventures are accounted for by the equity method.

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

1.35 Joint operations
Joint operations are activities undertaken by the Trust in conjunction with one or more other parties but which are not performed through a separate entity. The Trust records its share of the income and expenditure; gains and losses; assets and liabilities; and cash flows.

1.36 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.

1.37 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 2013-14. The application of the Standards as revised would not have a material impact on the accounts for 2013-14, were they applied in that year:

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

2. Pooled budgets

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

	NOTE	2013-14 £000s	2012-13 £000s	
NHS England		**5,407**	0	a
Clinical Commissioning Groups		**79,118**	0	
Primary Care Trusts		**0**	80,165	
NHS Foundation Trusts		**151**	0	
Non-NHS:				
Local Authorities		**1,512**	266	b
Private patients		**561**	725	
Overseas patients (non-reciprocal)		**7**	10	
Injury costs recovery		**427**	418	c
Other		**166**	165	
Total Revenue from patient care activities		**87,349**	81,749	

Note a: The commissioning of Chemotherapy services including NICE drugs and Cancer drugs funds transferred from PCTs to NHS England from 1 April 2013.

Note b: The transition of public health to Local Authorities included the transferring responsibility for commissioning clinical sexual and reproductive healthcare services from 1 April 2013 which were previously commisioned by Primary Care Trusts.

Note c: Injury cost recovery income is subject to a provision for impairment of receivables of 12.6% to reflect expected rates of collection (12.6% 2012-13). This is in line with national guidance.

6. Other operating revenue

	NOTE	2013-14 £000s	2012-13 £000s	
Education, training and research		**3,110**	3,137	
Charitable and other contributions to revenue expenditure -non- NHS		**149**	215	
Receipt of donations for capital acquisitions - NHS Charity		**100**	59	
Non-patient care services to other bodies		**3,811**	9,486	a
Income generation		**602**	651	
Rental revenue from operating leases	9.2	**167**	237	
Other revenue		**1,538**	1,255	
Total Other Operating Revenue		**9,477**	15,040	
Total operating revenue		**96,826**	96,789	

Note a: The Trust received non recurrent funding of Nil 2013/14 (£6,600k 2012-13)

7. Revenue

	2013-14	2012-13
From rendering of services	**96,826**	96,789

Revenue is from the supply of services.

8. Operating expenses (excluding employee benefits)

	2013-14 £000s	2012-13 £000s		
Services from other NHS Trusts	**572**	434		
Services from CCGs/NHS England	**11**	0		
Services from other NHS bodies	**156**	193		
Services from NHS Foundation Trusts	**1,519**	945		
Services from Primary Care Trusts	**0**	13		
Total Services from NHS bodies	**2,258**	1,585		
Purchase of healthcare from non-NHS bodies	**412**	54		
Trust Chair and Non-executive Directors	**55**	51		
Supplies and services - clinical	**15,642**	14,897		
Supplies and services - general	**1,763**	1,685		
Consultancy services	**1,229**	781	a	2012-13 Restated
Establishment	**987**	658		
Transport	**319**	275		
Premises	**3,816**	2,950		
Hospitality	**21**	27	a	2012-13 Restated
Insurance	**3**	4	a	2012-13 Restated
Legal Fees	**196**	119	a	2012-13 Restated
Impairments and Reversals of Receivables	**(14)**	23		
Depreciation	**3,340**	3,298		
Amortisation	**320**	261		
Impairments and reversals of property, plant and equipment	**385**	294		
Impairments and reversals of intangible assets	**0**	539		
Audit fees	**88**	89		
Clinical negligence	**1,702**	1,440		
Education and Training	**410**	389		
Other	**225**	401	a	2012-13 Restated
Total Operating expenses (excluding employee benefits)	**33,157**	29,820		

Note a: Additional expenditure analysis headings for Hospitality, Insurance and Legal Fees are included in 2013/14 as per the Manual For Accounts guidance. The 2012/13 figures have been restated accordingly.

	2013-14 £000s	2012-13 £000s
Employee Benefits		
Employee benefits excluding Board members	**66,320**	63,126
Board members	**624**	583
Total Employee Benefits	**66,944**	63,709
Total Operating Expenses	**100,101**	93,529

9 Operating Leases

9.1 Trust as lessee

	Buildings	Other	2013-14 Total	2012-13
	£000s	**£000s**	**£000s**	£000s
Payments recognised as an expense				
Minimum lease payments	168	122	**290**	193
Total	**168**	**122**	**290**	193
Payable:				
No later than one year	45	114	**159**	162
Between one and five years	168	257	**425**	396
After five years	626	0	**626**	660
Total	**839**	**371**	**1,210**	1,218

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

	2013-14	2012-13
	£000	£000s
Recognised as revenue		
Rental revenue	167	237
Total	**167**	237
Receivable:		
No later than one year	167	237
Between one and five years	341	341
After five years	4,687	4,773
Total	**5,195**	5,351

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 60 years remaining.

10 Employee benefits and staff numbers

10.1 Employee benefits

	2013-14 Total £000s	Permanently employed £000s	Other £000s
Employee Benefits - Gross Expenditure			
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 employee benefits	**67,319**	**59,320**	**7,999**
Employee costs capitalised	**375**	119	256
Gross Employee Benefits excluding capitalised costs	**66,944**	**59,201**	**7,743**

Employee Benefits - Gross Expenditure 2012-13	Total £000s	Permanently employed £000s	Other £000s
Salaries and wages	54,013	48,274	5,739
Social security costs	3,810	3,810	0
Employer Contributions to NHS BSA - Pensions Division	5,730	5,730	0
Other pension costs	0	0	0
Termination benefits	292	292	0
TOTAL - including capitalised costs	63,845	58,106	5,739
Employee costs capitalised	136	50	86
Gross Employee Benefits excluding capitalised costs	63,709	58,056	5,653

10.2 Staff Numbers

	2013-14 Total Number	Permanently employed Number	Other Number	2012-13 Total Number
Average Staff Numbers				
Medical and dental	**224.2**	182.1	42.1	213.6
Administration and estates	**328.4**	325.9	2.5	323.9
Healthcare assistants and other support staff	**389.6**	341.8	47.8	371.5
Nursing, midwifery and health visiting staff	**466.7**	421.4	45.3	429.5
Scientific, therapeutic and technical staff	**175.2**	172.6	2.6	172.5
Other	**0.0**	0.0	0.0	5.8
TOTAL	**1,584.1**	**1,443.8**	**140.3**	1,516.8
Of the above - staff engaged on capital projects	**7.3**	3.9	3.4	3.0

10.3 Staff Sickness absence and ill health retirements

	2013-14 Number	2012-13 Number
Total Days Lost	11,767	12,110
Total Staff Years	1,435	1,415
Average working Days Lost	8.20	8.56

	2013-14 Number	2012-13 Number
Number of persons retired early on ill health grounds	**4**	1
	£000s	£000s
Total additional pensions liabilities on ill health grounds accrued in the year.	**408**	102

10.4 Exit Packages agreed in 2013-14

	2013-14						2012-13	
Exit package cost band (including any special payment element)	**Number of compulsory redundancies**	**Cost of Compulsory redundancies**	**Number of other departures agreed**	**Cost of other departures agreed**	**Total number of exit packages by cost band**	**Total cost of exit packages**	Total Number of exit packages by cost band (all other departures agreed)	Total cost of exit packages by cost band (all other departures agreed)
	Number	**£s**	**Number**	**£s**	**Number**	**£s**	Number	£s
Less than £10,000	0	0	2	11,310	2	11,310	3	10,912
£10,000-£25,000	0	0	3	61,787	3	61,787	3	47,847
£25,001-£50,000	0	0	3	100,829	3	100,829	3	103,739
£50,001-£100,000	1	75,339	2	123,566	3	198,905	1	53,613
£100,001 - £150,000	0	0	0		0	0	1	137,725
Total number of exit packages by type	**1**	**75,339**	**10**	**297,492**	**11**	**372,831**	11	353,836
Total resource cost £s		**75,339**		**297,492**		**372,831**	353,836	353,836

Redundancy and other departure costs have been paid in accordance with the provisions of a mutually agreed resignation 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

	2013-14		2012-13	
	Agreements	**Total value of agreements**	Agreements	Total value of agreements
	Number	**£000s**	Number	£000s
Mutually agreed resignations (MARS)	**10**	**297**	11	354
	10	**297**	11	354

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 2014, is based on valuation data as 31 March 2013, updated to 31 March 2014 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

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

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

c) Scheme provisions

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

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

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

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

	2013-14 Number	2013-14 £000s	2012-13 Number	2012-13 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**33,475**	**30,478**	30,076	27,399
Total Non-NHS Trade Invoices Paid Within Target	**31,953**	**29,500**	29,058	26,497
Percentage of Non-NHS Trade Invoices Paid Within Target	**95.45%**	**96.79%**	96.62%	96.71%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**1,277**	**10,591**	1,258	8,932
Total NHS Trade Invoices Paid Within Target	**1,014**	**9,580**	1,071	8,152
Percentage of NHS Trade Invoices Paid Within Target	**79.40%**	**90.45%**	85.14%	91.27%
Total Payables				
Total Trade Invoices Paid in the Year	**34,752**	**41,069**	31,334	36,331
Total Trade Invoices Paid Within Target	**32,967**	**39,080**	30,129	34,649
Percentage of Trade Invoices Paid Within Target	**94.86%**	**95.16%**	96.15%	95.37%

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

	2013-14 £000s	2012-13 £000s
Interest revenue		
Bank interest	**10**	11
Total investment revenue	**10**	11

13 Other Gains and Losses

	2013-14 £000s	2012-13 £000s
Gain/(Loss) on disposal of assets other than by sale property plant and equipment	**3**	(3)
Total	**3**	(3)

14 Finance Costs

	2013-14 £000s	2012-13 £000s
Interest		
Interest on loans and overdrafts	**0**	110
Total interest expense	**0**	110
Provisions - unwinding of discount	**5**	6
Total	**5**	116

15.1 Property, plant and equipment

2013-14	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 2013	**9,905**	**44,092**	**956**	**17,301**	**4,196**	**1,368**	**77,818**
Additions of Assets Under Construction	0	0	1,339	0	0	0	**1,339**
Additions Purchased	0	1,293	0	524	250	62	**2,129**
Additions Donated	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)**
Upward revaluation/positive indexation	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	0	(326)	(8)	0	**(334)**
Impairments	0	435	0	0	0	0	**435**
Reversal of Impairments	0	(50)	0	0	0	0	**(50)**
Charged During the Year	0	1,581	0	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**

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 2013	7,845	1,685	0	26	0	0	**9,556**
Movements	0	3,061	0	(26)	0	0	**3,035**
At 31 March 2014	**7,845**	**4,746**	**0**	**0**	**0**	**0**	**12,591**

Additions to Assets Under Construction in 2013/14

	£000's
Buildings excl Dwellings	1,339
Balance as at YTD	**1,339**

15.2 Property, plant and equipment prior-year

2012-13	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 2012	9,905	44,796	1,660	14,406	3,421	1,444	75,632
Additions - Assets Under Construction	0	0	1,061	0	0	0	1,061
Additions - purchased	0	643	0	1,077	685	0	2,405
Additions - donated	0	0	0	59	0	0	59
Reclassifications	0	6	(1,765)	1,759	90	0	90
Disposals other than by sale	0	(18)	0	0	0	(76)	(94)
Impairments	0	(1,335)	0	0	0	0	(1,335)
At 31 March 2013	**9,905**	**44,092**	**956**	**17,301**	**4,196**	**1,368**	**77,818**
Depreciation							
At 1 April 2012	0	2,993	0	8,427	1,544	1,163	14,127
Disposals other than for sale	0	(18)	0	0	0	(71)	(89)
Impairments	0	319	0	0	0	0	319
Reversal of Impairments	0	(25)	0	0	0	0	(25)
Charged During the Year	0	1,616	0	1,088	494	100	3,298
At 31 March 2013	**0**	**4,885**	**0**	**9,515**	**2,038**	**1,192**	**17,630**
Net book value at 31 March 2013	**9,905**	**39,207**	**956**	**7,786**	**2,158**	**176**	**60,188**
Purchased	9,905	35,932	956	7,497	2,158	175	56,623
Donated	0	3,275	0	289	0	1	3,565
Total at 31 March 2013	**9,905**	**39,207**	**956**	**7,786**	**2,158**	**176**	**60,188**
Asset financing:							
Owned	9,905	39,207	956	7,786	2,158	176	60,188
Total at 31 March 2013	**9,905**	**39,207**	**956**	**7,786**	**2,158**	**176**	**60,188**

15.3 (cont). Property, plant and equipment

Of the totals at 31 March 2014 there are no tangible fixed assets relating to land, buildings, dwellings, installations or fittings valued at open market value. (31 March 2013 also Nil).

The Trust property, plant and equipment was last revalued on 1 April 2010 by the Valuation Office Agency who are independent to the Trust. The valuation was undertaken having regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 6th Edition, in so far as these terms are consistent with the requirements of HM Treasury, the National Health Service and Department of Health and carried out on the basis of Depreciated Replacement Cost for specialised operational property and existing use value for non specialised operational property.

Gains relating to indexation 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.

As at the 31st March 2014 the Building Cost Information Service (BCIS) index for buildings had increased by 12.4% over the year. This resulted in a increase in the value of buildings by £4,662,000. With £4,612,000 being charged to the revaluation reserve and £50,000 charged to the SOCI as a reversal of the impairment on the Quantock building.

There were no assets held under finance leases or hire purchase contracts at the balance sheet date. (31 March 2013 also Nil)

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

A Donation of £100,000 was received in year from League of Friends towards the costs of the new revolving door and building works associated with the new front entrance.

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

15.4 Economic Lives of Non-Current Assets

Intangible Assets	**Min/Max Life in years**
Software Licences	5 - 8
Property, Plant and Equipment	
Buildings exc Dwellings	5 - 77
Plant & Machinery	5 - 35
Information Technology	5 - 18
Furniture and Fittings	5 - 15

16.1 Intangible non-current assets

	Computer Licenses
	2013-14
	£000's
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**
Asset Financing: Net book value at 31 March 2014 comprises:	
Purchased	1,738
Total at 31 March 2014	**1,738**

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

	Computer Licenses 2012-13 £000s
Cost or valuation:	
At 1 April 2012	3,326
Additions - purchased	294
Reclassifications	(90)
At 31 March 2013	3,530
Amortisation	
At 1 April 2012	850
Impairments charged to operating expenses	539
Charged during the year	261
At 31 March 2013	1,650
Net book value at 31 March 2013	1,880
Net book value at 31 March 2013 comprises:	
Purchased	1,880
Total at 31 March 2013	1,880

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 2013-14

	2013-14	2012-13
	Total	Total
	£000s	£000s
Property, Plant and Equipment impairments and reversals taken to SoCI		
Changes in market price	385	294
Total charged to Annually Managed Expenditure (AME)	**385**	294
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve		
Changes in market price	254	1,335
Total impairments for PPE charged to reserves	**254**	1,335
Total Impairments of Property, Plant and Equipment charged to SoCI	**639**	1,629
Intangible assets impairments and reversals charged to SoCI		
Other	0	539
Total Impairments of Intangibles charged to SoCI	**0**	539
Total Impairments charged to Revaluation Reserve	254	1,335
Total Impairments charged to SoCI - AME	**385**	833
Overall Total Impairments	**639**	2,168

During the year valuations were undertaken by the Valuation Office on Quantock and Mendip buildings. These were following the completion of the refurbishment of the Quantock building to accomodate the new Outpatients and the works to change Mendip into a new Medical Records facility.

The Valuation Office valued the Quantock building at £1,920,000. This resulted in a reduction in the book value of the building of £567,000 of which £435,000 was taken to the SoCI and the balance of £132,000 charged to the revaluation reserve, this being the balance held on the revaluation reserve for the building.

As a result of the application of the Building Construction Information Service index at the 31st March 2014 on the Quantock building this produced an increase in value of £50,000 from the previous September 2013 valuation. This offset the original £435,000 impairment charge with the net figure £385,000 being charged to the AME.

The Valuation Office valued the Mendip building at £421,000. This resulted in a reduction in the book value of the building of £122,000. This was charged to the revaluation reserve, as the balance held on the revaluation reserve for the building was in excess of the movement.

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 2014	31 March 2013
	£000s	£000s
Property, plant and equipment	**0**	1,006
Total	**0**	1,006

The Trust did not have any capital commitments as at 31st March 2014.

19.2 Other financial commitments
The Trust did not have any other financial commitments in either 2013-14 or 2012-13.

20 Intra-Government and other balances

	Current receivables	**Non-current receivables**	**Current payables**	**Non-current payables**
	£000s	**£000s**	**£000s**	**£000s**
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 Foundation Trusts	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**
prior period:				
Balances with other Central Government Bodies	1,443	0	2,079	0
Balances with Local Authorities	8	0	4	0
Balances with NHS bodies outside the Departmental Group	20	0	0	0
Balances with NHS Trusts and Foundation Trusts	145	0	566	0
Balances with bodies external to government	1,129	410	7,116	0
At 31 March 2013	**2,745**	**410**	**9,765**	**0**

21 Inventories

	Drugs £000s	Consumables £000s	Energy £000s	Total £000s
Balance at 1 April 2013	**756**	**632**	**9**	**1,397**
Additions	7,863	6,321	0	**14,184**
Inventories recognised as an expense in the period	(8,069)	(6,334)	0	**(14,403)**
Balance at 31 March 2014	**550**	**619**	**9**	**1,178**

22.1 Trade and other receivables

	Current		Non-current	
	31 March 2014 £000s	31 March 2013 £000s	**31 March 2014 £000s**	31 March 2013 £000s
NHS receivables - revenue	**2,598**	1,354	**0**	0
Non-NHS receivables - revenue	**579**	201	**421**	469
Non-NHS prepayments and accrued income	**280**	601	**0**	0
Provision for the impairment of receivables	**(86)**	(98)	**(53)**	(59)
VAT	**163**	187	**0**	0
Other receivables	**370**	500	**0**	0
Total	**3,904**	2,745	**368**	410
Total current and non current	**4,272**	3,155		

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.

22.2 Receivables past their due date but not impaired

	31 March 2014 £000s	31 March 2013 £000s
By up to three months	**153**	163
By three to six months	**73**	83
By more than six months	**491**	528
Total	**717**	774

22.3 Provision for impairment of receivables

	2013-14 £000s	2012-13 £000s
Balance at 1 April 2013	**(157)**	(148)
Amount written off during the year	**4**	14
(Increase)/decrease in receivables impaired	**14**	(23)
Balance at 31 March 2014	**(139)**	(157)

23 NHS LIFT investments

The Trust does not hold NHS Lift investments in either 2013-14 or 2012-13.

24.1 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 2013-14 or 2012-13.

26 Cash and Cash Equivalents

	31 March 2014	31 March 2013
	£000s	£000s
Opening balance	**2,213**	1,987
Net change in year	**(1,463)**	226
Closing balance	**750**	2,213
Made up of		
Cash with Government Banking Service	**739**	2,181
Commercial banks	**1**	25
Cash in hand	**10**	7
Cash and cash equivalents as in statement of financial position	**750**	2,213
Cash and cash equivalents as in statement of cash flows	**750**	2,213

27 Non-current assets held for sale

The Trust did not hold any non current assets held for sale in either 2013-14 or 2012-13.

28 Trade and other payables

	Current	
	31 March 2014	31 March 2013
	£000s	£000s
NHS payables - revenue	**1,356**	632
NHS payables - capital	**7**	17
NHS accruals and deferred income	**54**	0
Non-NHS payables - revenue	**1,223**	1,750
Non-NHS payables - capital	**741**	1,810
Non-NHS accruals and deferred income	**3,802**	3,548
Social security costs	**595**	583
Tax	**624**	654
Other	**896**	771
Total	**9,298**	9,765
Total payables	**9,298**	9,765
Included above:		
Outstanding Pension Contributions at the year end	**872**	759

All of the Trade and other payables are current liabilities.

29 Other liabilities

The Trust did not have any other liabilities as at 31 March 2014 (Nil 31 March 2013).

30 Borrowings

The Trust did not have any borrowings as at 31 March 2014 (Nil 31 March 2013).

31 Other financial liabilities

The Trust did not have any Other financial liabilities as at 31 March 2014 (Nil 31 March 2013).

32 Deferred revenue

	Current	
	31 March 2014	31 March 2013
	£000s	£000s
Opening balance at 1 April 2013	**496**	512
Deferred revenue addition	**10**	51
Transfer of deferred revenue	**(93)**	(67)
Current deferred Income at 31 March 2014	**413**	496
Total deferred income	**413**	496

33 Finance lease obligations as lessee

The Trust had no finance lease obligations during 2013-14 and 2012-13.

34 Finance lease receivables as lessor

The Trust had no finance lease receivables during 2013-14 and 2012-13.

35 Provisions

	Total	Comprising: Pensions Relating to Other Staff	Legal Claims	Restructuring	Other
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Balance at 1 April 2013	**680**	129	20	294	237
Arising During the Year	**33**	0	8	0	25
Utilised During the Year	**(358)**	(27)	(10)	(294)	(27)
Reversed Unused	**(66)**	0	(6)	0	(60)
Unwinding of Discount	**5**	2	0	0	3
Balance at 31 March 2014	**294**	**104**	**12**	**0**	**178**
Expected Timing of Cash Flows:					
No Later than One Year	**74**	27	12	0	35
Later than One Year and not later than Five Years	**115**	77	0	0	38
Later than Five Years	**105**	0	0	0	105

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

As at 31 March 2014	2,121
As at 31 March 2013	2,595

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 - £178,000 is made up of 2 cases, a permanent injury benefit £154,000 and 1 other contractual claim (31 March 2013 £161,000 permanent injury benefit case).

36 Contingencies

	31 March 2014	31 March 2013
	£000s	£000s
Contingent liabilities		
Other	**(6)**	(16)
Net Value of Contingent Liabilities	**(6)**	(16)

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, £6,000 31 March 2014, (£16,000 31 March 2013).

37 PFI and LIFT - additional information

The Trust did not have any PFI and LIFT dealings or transactions in either 2013-14 or 2012-13.

38 Impact of IFRS treatment - current year

The was not any revenue consequences resulting from impact of IFRS in 2013-14 or 2012-13.

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 Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by most 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.

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 2014 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

	Loans and receivables £000s
Receivables - NHS	**2,598**
Receivables - non-NHS	**1,218**
Cash at bank and in hand	**750**
Total at 31 March 2014	**4,566**
Receivables - NHS	1,354
Receivables - non-NHS	999
Cash at bank and in hand	2,213
Total at 31 March 2013	4,566

39.3 Financial Liabilities

	Other £000s
NHS payables	**1,417**
Non-NHS payables	**5,377**
Total at 31 March 2014	**6,794**
NHS payables	845
Non-NHS payables	6,621
Other financial liabilities	135
Total at 31 March 2013	7,601

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.

The Trust Board, on 6th May 2014, recommended approval to the NHS TDA, of the Post 2015 PAS/EPR Procurement Project Full Business Case. The Trust Board FBC has been submitted to the NHS TDA who have the authority to approve the case and funding required. . If approved, this will lead to an impairment review of the existing Patient Administration System held in intangibles, which had a net book value of £526,000 at the year end.

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.

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 and capital payments of £149,000 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 £498k 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 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**

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

	Total Value of Cases £s	Total Number of Cases
Losses	14,116	39
Special payments	13,909	21
Total losses and special payments	28,025	60

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
Turnover	68,162	70,300	80,100	85,914	90,403	93,199	95,306	96,789	**96,826**
Retained surplus/(deficit) for the year	(6,989)	(6,673)	8	408	(68)	2,110	(1,703)	1,312	**(5,117)**
Adjustment for:									
Adjustments for Impairments	0	0	0	0	2,516	497	5,178	833	**385**
Adjustments for impact of policy change re donated assets	0	0	0	0	0	0	135	105	**49**
Other agreed adjustments	5,154	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)**
Break-even cumulative position	**(7,569)**	**(14,242)**	**(14,234)**	**(13,826)**	**(11,378)**	**(8,771)**	**(5,161)**	**(2,911)**	**(7,594)**

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 %
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
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

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.

	2013-14	2012-13
	£000s	£000s
External financing limit (EFL)	**6,990**	1,150
Cash flow financing	**6,567**	(2,417)
Unwinding of Discount Adjustment	**5**	0
Other capital receipts	**0**	(59)
External financing requirement	**6,572**	(2,476)
Under Spend against EFL	**418**	3,626

43.4 Capital resource limit

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

	2013-14	2012-13
	£000s	£000s
Gross capital expenditure	**3,746**	3,819
Less: book value of assets disposed of	**(2)**	(5)
Less: donations towards the acquisition of non-current assets	**(100)**	(59)
Charge against the capital resource limit	**3,644**	3,755
Capital resource limit	**3,654**	5,650
Underspend against the capital resource limit	**10**	1,895

44 Third party assets

The Trust held £806 cash and cash equivalents at 31 March 2014 (£375 at 31 March 2013) 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.

2013-14 Annual Accounts of Weston Area Health NHS Trust

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...4/6/14.....

2013-14 Annual Accounts of Weston Area Health NHS Trust

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

4/6/14 ...Date... S A Wood ...Chief Executive

4/6/14 ...Date... R J Wittie ...Finance Director

INDEPENDENT AUDITORS' 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 2014 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 on pages 44 to 46
- the table of pension benefits of senior managers and related narrative notes on pages 47 to 48
- the note of pay multiples and related narrative notes on page 43.

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 opinions we have formed.

Respective responsibilities of Directors and auditors

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 Trust; 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 NHS Trust as at 31 March 2014 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

We have nothing to report in respect of the following matters where we are required to report to you if:

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

We are required to report if:

- we refer a matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have a 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 17 March 2014 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 £7.6million as at 31 March 2014 and its consequent failure to achieve its statutory break even duty. Further, the Trust is forecasting a deficit of £4.9million in 2014/15.

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

Respective responsibilities of the Trust and auditors

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.

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 audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, 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 2014.

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 seeking to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, we have considered the following matters in relation to financial resilience:

- The Trust did not achieve its statutory break even target, recording a deficit of recording a deficit of £4.68m in 2013/14
- The Trust has a cumulative deficit of £7.59m at 31 March 2014 and has not been able to recover its cumulative deficit position

- The Trust's current two year financial plan shows a worsening financial position , with forecast deficits of £4.95m for 2014/15 and £8m for 2015/16

Qualified VFM Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, 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 2014.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to provide assurance over the Trust's annual quality account. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Peter Barber
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton UK LLP

Hartwell House

55-61 Victoria Street

Bristol

BS1 6FT

5 June 2014