Annual Accounts for Worcestershire Acute Hospitals NHS Trust

For Year Ended 31st March 2011

2010-11 Annual Accounts of Worcestershire Acute Hospitals NHS Trust

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

The Chief Executive of the NHS 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 Department of Health. 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..........................8/6/11

2010-11 Annual Accounts of Worcestershire Acute Hospitals 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

8/6/11 ....Date..Chief Executive

8th June 2011 Date..Finance Director

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF WORCESTERSHIRE ACUTE HOSPITALS NHS TRUST

I have audited the financial statements of Worcestershire Acute Hospitals NHS Trust for the year ended 31 March 2011 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. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies. I have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Board of Directors of Worcestershire Acute Hospitals NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practice's 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. I read all the information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of Worcestershire Acute Hospitals NHS Trust's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared 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 my opinion:

- the part of the Remuneration Report to be audited has been properly prepared 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; 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 I report by exception

I have nothing to report in respect of the Statement on Internal Control on which I report to you if, in my opinion the Statement on Internal Control does not reflect compliance with the Department of Health's requirements.

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

Trust's responsibilities

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.

Auditor's responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself 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 me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

Basis for qualified conclusion

I have undertaken my 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 2010, as to whether the Trust has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself 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 2011.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I 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.

In considering the Trust's arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness, I identified the following:

- The Trust was reliant on non recurrent savings of £8.9 million to deliver a breakeven position.

Qualified conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, with the exception of the matter reported in the basis for qualified conclusion paragraph above, I am satisfied that in all significant respects Worcestershire Acute Hospitals NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Delay in certification of completion of the audit

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

DP Morris

Delyth Morris
Officer of the Audit Commission
1st Floor, No.1 Friars Gate
Solihull, B90 4EB

9 June 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	NOTE	**2010-11 £000**	2009-10 £000
Revenue			
Revenue from patient care activities	5	**297,086**	287,216
Other operating revenue	6	**24,743**	25,673
Operating expenses	8	**(309,175)**	(300,211)
Operating surplus/(deficit)		**12,654**	12,678
Finance costs:			
Investment revenue	14	**29**	27
Other gains and losses	15	**0**	(22)
Finance costs	16	**(9,932)**	(9,616)
Surplus/(deficit) for the financial year		**2,751**	3,067
Public dividend capital dividends payable		**(3,944)**	(5,246)
Retained surplus/(deficit) for the year		**(1,193)**	(2,179)
Other comprehensive income			
Impairments and reversals		**(2,757)**	(32,177)
Gains on revaluations		**8,022**	11,346
Receipt of donated/government granted assets		**89**	0
Net gain/(loss) on other reserves (e.g. defined benefit pension scheme)		**0**	0
Net gains/(losses) on available for sale financial assets		**0**	0
Reclassification adjustments:			
- Transfers from donated and government grant reserves		**(173)**	(212)
- On disposal of available for sale financial assets		**0**	0
Total comprehensive income for the year		**3,988**	(23,222)

The notes on pages 1 to 44 form part of these accounts.

Reported NHS financial performance position [Adjusted retained surplus/(deficit)]

Retained surplus/(deficit) for the year	**(1,193)**
IFRIC 12 adjustment	**354**
Impairments	**1,126**
Reported NHS financial performance position Adjusted retained surplus/(deficit)	**287**

A Trust's Reported NHS financial performance position is derived from its Retained surplus/(Deficit), but adjusted for the following:-

a) Impairments to Fixed Assets 2009/10 was the final year for organisations to revalue their assets to a Modern Equivalent Asset (MEA) basis of valuation. An impairment charge is not considered part of the organisation’s operating position.

b) The revenue cost of bringing PFI assets onto the balance sheet (due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009/10) - NHS Trusts’ financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to PFI, which has no cash impact and is not chargeable for overall budgeting purposes, should be reported as technical. This additional cost is not considered part of the organisation’s operating position and is narrated above as IFRIC12 adjustment.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	NOTE	31 March 2011 £000	31 March 2010 £000
Non-current assets			
Property, plant and equipment	17	**230,622**	228,900
Intangible assets	18	**141**	345
Other financial assets	23	**0**	0
Trade and other receivables	22	**1,719**	1,930
Total non-current assets		**232,482**	231,175
Current assets			
Inventories	21	**4,422**	4,246
Trade and other receivables	22	**15,447**	15,149
Other financial assets	23	**0**	0
Other current assets	24	**0**	0
Cash and cash equivalents	25	**11,203**	11,918
		31,072	31,313
Non-current assets held for sale	26	**350**	350
Total current assets		**31,422**	31,663
Total assets		**263,904**	262,838
Current liabilities			
Trade and other payables	27	**(36,372)**	(33,936)
Other liabilities	29	**(2,647)**	0
Borrowings	28	**(6,667)**	(6,699)
Other financial liabilities	34	**0**	0
Provisions	35	**(333)**	(342)
Net current assets/(liabilities)		**(14,597)**	(9,314)
Total assets less current liabilities		**217,885**	221,861
Non-current liabilities			
Borrowings	28	**(81,218)**	(88,974)
Trade and other payables	27	**0**	0
Other financial liabilities	34	**0**	0
Provisions	35	**(1,946)**	(2,304)
Other liabilities	29	**0**	0
Total assets employed		**134,721**	130,583
Financed by taxpayers' equity:			
Public dividend capital		**139,879**	139,729
Retained earnings		**(57,837)**	(57,968)
Revaluation reserve		**52,691**	48,780
Donated asset reserve		**712**	698
Government grant reserve		**137**	205
Other reserves		**(861)**	(861)
Total taxpayers' equity		**134,721**	130,583

The financial statements on pages 2 -44 were approved by the Board on 8th June 2011 and signed on its behalf by:

Signed: ....(Chief Executive) Date: 8/6/11

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2010

	Public dividend capital (PDC)	Retained earnings	Revaluation reserve	Donated asset reserve	Government grant reserve	Other reserves	Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2009							
As previously stated	139,729	(59,418)	72,938	1,143	274	(861)	153,805
Prior period adjustment							0
Restated balance	139,729	(59,418)	72,938	1,143	274	(861)	153,805
Changes in taxpayers' equity for 2009-10							
Total comprehensive income for the year:							
Retained surplus/(deficit) for the year		(2,179)					(2,179)
Transfers between reserves **		3,629	(3,629)	0	0	0	0
Impairments and reversals			(31,668)	(509)	0		(32,177)
Net gain on revaluation of property, plant, equipment			11,139	207	0		11,346
Net gain on revaluation of intangible assets			0	0	0		0
Net gain on revaluation of financial assets			0				0
Receipt of donated/government granted assets				0	0		0
Net gain/loss on other reserves (e.g. defined benefit pension scheme)						0	0
Movements in other reserves							0
Reclassification adjustments:							
- transfers from donated asset/government grant reserve				(143)	(69)		(212)
- on disposal of available for sale financial assets			0				0
Reserves eliminated on dissolution		0	0	0	0	0	0
Originating capital for trust establishment in year	0						0
New PDC received	0						0
PDC repaid in year	0						0
PDC written off	0						0
Other movements in PDC in year	0	0					0
Balance at 31 March 2010	139,729	(57,968)	48,780	698	205	(861)	130,583

** The movement between the Revaluation Reserve and Income and Expenditure Reserve is represented by :-

1) £3,629,568 for excess depreciation from 1.4.09 to 31.3.10. In accordance with IAS16:-

IFRS is clear that all the depreciation chargeable on revalued assets must pass through the profit and loss account. This means that the extra depreciation incurred because an asset has been indexed or revalued upwards is included in the depreciation charge for the year

Bodies should, however, release an amount from the Revaluation reserve to the Retained Earnings in respect of this excess depreciation over historic cost.
This transfer avoids the anomaly of the revaluation reserve remaining in perpetuity after an asset has become fully depreciated. It is also justified as it recognises a 'realised profit' in Companies Act terms

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2011

	Public dividend capital (PDC)	Retained earnings	Revaluation reserve	Donated asset reserve	Government grant reserve	Other reserves	Total
	£000	£000	£000	£000	£000	£000	£000
Changes in taxpayers' equity for 2010-11							
Balance at 1 April 2010	139,729	(57,968)	48,780	698	205	(861)	130,583
Total comprehensive income for the year							
Retained surplus/(deficit) for the year		(1,193)					(1,193)
Transfers between reserves **		1,324	(1,324)	0	0	0	0
Impairments and reversals			(2,757)	0	0		(2,757)
Net gain on revaluation of property, plant, equipment			7,992	30	0		8,022
Net gain on revaluation of intangible assets			0	0	0		0
Net gain on revaluation of financial assets			0				0
Receipt of donated/government granted assets				89	0		89
Net gain/loss on other reserves (e.g. defined benefit pension scheme)						0	0
Movements in other reserves							0
Reclassification adjustments:							
- transfers from donated asset/government grant reserve				(105)	(68)		(173)
- on disposal of available for sale financial assets			0				0
Reserves eliminated on dissolution		0	0	0	0	0	0
Originating capital for trust establishment in year	0						0
New PDC received	150						150
PDC repaid in year	0						0
PDC written off	0						0
Other movements in PDC in year	0						0
Balance at 31 March 2011	139,879	(57,837)	52,691	712	137	(861)	134,721

** The movement between the Revaluation Reserve and Income and Expenditure Reserve is represented by :-

1) £1,324,427 for excess depreciation from 1.4.10 to 31.3.11. In accordance with IAS16:-

IFRS is clear that all the depreciation chargeable on revalued assets must pass through the profit and loss account. This means that the extra depreciation incurred because an asset has been indexed or revalued upwards is included in the depreciation charge for the year

Bodies should, however, release an amount from the Revaluation reserve to the Retained Earnings in respect of this excess depreciation over historic cost.
This transfer avoids the anomaly of the revaluation reserve remaining in perpetuity after an asset has become fully depreciated. It is also justified as it recognises a 'realised profit' in Companies Act terms

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 MARCH 2011

	NOTE	2010-11 £000	2009-10 £000
Cash flows from operating activities			
Operating surplus/(deficit)		**12,654**	12,678
Depreciation and amortisation		**10,714**	15,090
Impairments and reversals		**1,126**	3,020
Net foreign exchange gains/(losses)		**0**	0
Transfer from donated asset reserve		**(105)**	(143)
Transfer from government grant reserve		**(68)**	(69)
Interest paid		**(9,872)**	(9,558)
Dividends paid		**(3,333)**	(5,246)
(Increase)/decrease in inventories		**(176)**	10
(Increase)/decrease in trade and other receivables		**(539)**	3,087
(Increase)/decrease in other current assets		**0**	0
Increase/(decrease) in trade and other payables		**(136)**	(2,091)
Increase/(decrease) in other current liabilities		**2,647**	(10)
Increase/(decrease) in provisions		**(427)**	(292)
Net cash inflow/(outflow) from operating activities		**12,485**	16,476
Cash flows from investing activities			
Interest received		**29**	27
(Payments) for property, plant and equipment		**(6,770)**	(9,730)
Proceeds from disposal of plant, property and equipment		**0**	0
(Payments) for intangible assets		**0**	0
Proceeds from disposal of intangible assets		**0**	0
(Payments) for investments with DH		**0**	0
(Payments) for other investments		**0**	0
Proceeds from disposal of investments with DH		**0**	0
Proceeds from disposal of other financial assets		**0**	0
Revenue rental income		**0**	0
Net cash inflow/(outflow) from investing activities		**(6,741)**	(9,703)
Net cash inflow/(outflow) before financing		**5,744**	6,773
Cash flows from financing activities			
Public dividend capital received		**150**	0
Public dividend capital repaid		**0**	0
Loans received from the DH		**0**	0
Other loans received		**0**	0
Loans repaid to the DH		**(5,000)**	(5,000)
Other loans repaid		**0**	0
Other capital receipts		**89**	0
Capital element of finance leases and PFI		**(1,698)**	0
Net cash inflow/(outflow) from financing		**(6,459)**	(5,000)
Net increase/(decrease) in cash and cash equivalents		**(715)**	1,773
Cash (and) cash equivalents (and bank overdrafts) at the beginning of the financial year		**11,918**	10,145
Effect of exchange rate changes on the balance of cash held in foreign currencies		**0**	0
Cash (and) cash equivalents (and bank overdrafts) at the end of the financial year	25	**11,203**	11,918

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 2010/11 NHS Trusts Manual for Accounts issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

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

Activities are considered to be ‘acquired’ only if they are taken on from outside the public sector. Activities are considered to be ‘discontinued’ only if they cease entirely. They are not considered to be ‘discontinued’ if they transfer from one public sector body to another.

1.3 Critical accounting judgements and key sources of estimation uncertainty

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

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

1.4.1 Critical judgements in applying accounting policies

IAS1 requires that the financial statements disclose the judgements, apart from those involving estimations 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.

The Trust's management team have made no critical judgements in applying accounting policies

1.4.2 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.

During the transition to IFRS the Trust estimated the valuation of Equipment Assets leased from the PFI company. The values were sought from external suppliers of equipment, therefore the current purchase price was used as a basis for valuation, allowing for any accumulated depreciation incurred to 31st March 2010.

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.9% in real terms. For pensions the Trust uses actuarial tables to value provisions.

1.5 Revenue

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

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

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.

1.6 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.

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

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.

Some employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme. The scheme assets and liabilities attributable to those employees can be identified and are recognised in the trust's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs. Actuarial gains and losses during the year are recognised in the pensions reserve and reported as an item of other comprehensive income.

1.7 Other expenses

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

1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. HM Treasury agreed that NHS trusts must apply these new valuation requirements by 1 April 2010 at the latest. The Trust appointed the District Valuer to assess all properties on its balance sheet in 2009/10.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease as a result of a price change 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. An Impairment due to consumption of economic benefits is recognised in expenditure with a switch of revaluation reserve balances for that asset to the income and expenditure reserve. 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.

1.9 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) as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.10 Depreciation, amortisation and impairments
Freehold land, properties under construction, and assets held for sale are not depreciated.

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

At each reporting period end, the trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. 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. This is a change in accounting policy from previous years where all impairments were taken to the revaluation reserve to the extent that a balance was held for that asset and thereafter to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.11 Donated assets
Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to the donated asset reserve. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to offset the expenditure. On sale of donated assets, the net book value is transferred from the donated asset reserve to retained earnings.

1.12 Government grants

Government grants are grants from government bodies other than revenue from NHS bodies for the provision of services. Revenue grants are treated as deferred income initially and credited to income to match the expenditure to which they relate. Capital grants are credited to the government grant reserve and released to operating revenue over the life of the asset in a manner consistent with the depreciation and impairment charges for that asset. Assets purchased from government grants are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the government grant reserve and, each year, an amount equal to the depreciation charge on the asset is released from the government grant reserve to the offset the expenditure.

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

1.13 Non-current assets held for sale

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

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings. For donated and government-granted assets, a transfer is made to or from the relevant reserve to the profit/loss on disposal account so that no profit or loss is recognised in income or expenses. The remaining surplus or deficit in the donated asset or government grant reserve is then transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.14 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

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the trust’s surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated. Leased land is treated as an operating lease. Leased buildings are assessed as to whether they are operating or finance leases.

The trust as lessor

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

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

1.15 Private Finance Initiative (PFI) transactions

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

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

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

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

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

PFI Asset
The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust’s approach for each relevant class of asset in accordance with the principles of IAS 16.

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

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

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

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

Lifecycle replacement
Components of the asset replaced by the operator during the contract (‘lifecycle replacement’) are capitalised where they meet the Trust’s criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator’s planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

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

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

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

Other assets contributed by the Trust to the operator

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

1.16 Inventories

Inventories are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.17 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)

1.18 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.9% in real terms.

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

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.

1.19 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.

1.20 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.

1.21 EU Emissions Trading Scheme

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

1.22 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.

1.23 Financial assets

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

Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the trust's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset. The Trust has no separable embedded derivatives.

Held to maturity investments

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

Available for sale financial assets

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

Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques - see IAS 39 AG 74.

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. The loss is recognised in expenditure and the carrying amount of the asset is reduced directly or through a provision for impairment of receivables.

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

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

1.24 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.

Financial liabilities at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the trust’s surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability. The Trust has no financial liabilities held at fair value through I&E and holds no separable embedded derivatives.

Other financial liabilities

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

1.25 Value Added Tax

Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.26 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the trust’s surplus/deficit in the period in which they arise.

1.27 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. Details of third party assets are given in Note 41 to the accounts.

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

1.28 Public Dividend Capital (PDC) and PDC dividend

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

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for donated assets and cash balances with the Office of the Paymaster General. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets. Prior to 2009/10 the PDC dividend was determined using forecast average relevant net assets and a note to the accounts discloses the rate that the dividend represents as a percentage of the actual average carrying amount of assets less liabilities in the year. From 1 April 2009, the dividend payable is based on the actual average relevant net assets for the year instead of forecast amounts.

1.29 Losses and Special Payments

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

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.30 Subsidiaries

Material entities over which the Trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the Trust's or where the subsidiary's accounting date is before 1 January or after 30 June.

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

For 2010/11, in accordance with the directed accounting policy from the Secretary of State, the Trust does not consolidate the NHS charitable funds for which it is the corporate trustee.

1.31 Associates

Material entities over which the Trust has the power to exercise significant influence so as to obtain economic or other benefits are classified as associates and are recognised in the Trust's accounts using the equity method. The investment is recognised initially at cost and is adjusted subsequently to reflect the Trust's share of the entity's profit/loss and other gains/losses. It is also reduced when any distribution is received by the Trust from the entity.

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

1.32 Joint ventures

Material entities over which the Trust has joint control with one or more other parties so as to obtain economic or other benefits are classified as joint ventures. The Trust has no Joint ventures.

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

1.33 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 cashflows.

1.34 Accounting standards that have been issued but have not yet been adopted

The following standards and interpretations have been adopted by the European Union but are not required to be followed until 2011/12. None of them are expected to impact upon the Trust financial statements.

IAS 27 (Revised) Consolidated and separate financial statements

Amendment to IAS 32 Financial instruments: Presentation on classification or rights issues

Amendment to IAS 39 Eligible hedged items

IFRS 3 (Revised) Business combinations

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC 18 Transfer of assets from customers

IFRIC 19 "Extinguishing financial liabilities with equity instruments" is effective from 1 July 2010. Neither the Treasury FReM nor the Department of Health's manual for Accounts require this standard to be applied in 2010-11. The application of the IFRIC would not have a material impact on the Trust accounts in 2010-11, were it applied in that year.

1.35 Accounting standards issued that have been adopted early

The amendment to IFRS 8 Operating segments that was included in the April 2009 Improvements to IFRS has been adopted early. As a result, total assets are not reported by operating segment.

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 Operating Cost Statement on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

2. Pooled Budgets
The Trust held no pooled budgets for the 2010/11

3. Operating Segments
The Trust Operates as one segment therefore Segmental Reporting is not required.

4. Income generation activities
The Trust operated one material income generation activity, as detailed below

Car Park Income

The objective of the scheme is to collect a reasonable income from visitor and staff parking to contribute to the maintenance of parking infrastructure and, if residual income is received, to supplement front line hospital services as far as possible.

	2010-11	2009-10
	£000	£000
Income	**1561**	1078
Full cost	**432**	438
Surplus/(deficit)	**1129**	640

5. Revenue from patient care activities

	2010-11	2009-10
	£000	£000
Strategic health authorities	**369**	352
NHS trusts	**967**	2,094
Primary care trusts	**291,767**	280,615
Foundation trusts	**1,737**	1,892
Local authorities	**140**	140
Department of Health	**230**	93
NHS other	**0**	0
Non-NHS:		
Private patients	**245**	347
Overseas patients (non-reciprocal)	**0**	0
Injury costs recovery	**1,452**	1,441
Other	**179**	242
	297,086	287,216

Injury cost recovery income is subject to a provision for impairment of receivables of 9.6% to reflect expected rates of collection

The Trust received income totalling £302,819,000 from Primary Care Trusts, of which £291,767,000 related to patient care activities and £11,052,000 to other income. £259,752,000 of the patient care activity income was received from Worcestershire Primary Care Trust.

6. Other operating revenue	2010-11 £000	2009-10 £000
Patient transport services	**8**	0
Education, training and research	**9,021**	9,581
Charitable and other contributions to expenditure	**754**	396
Transfers from donated asset reserve	**105**	143
Transfers from government grant reserve	**68**	69
Non-patient care services to other bodies	**8,972**	7,995
Income generation	**1,671**	1,178
Rental revenue from finance leases	**0**	0
Rental revenue from operating leases	**590**	577
Other revenue	**3,554**	5,734
	24,743	25,673

7. Revenue

Revenue is almost totally from the supply of services. Revenue from the sale of goods is immaterial

8. Operating expenses	2010-11 £000	2009-10 £000
Services from other NHS trusts	**290**	245
Services from PCTs	**0**	0
Services from other NHS bodies	**0**	0
Services from foundation trusts	**0**	0
Purchase of healthcare from non NHS bodies	**676**	1,527
Trust chair and non executive directors	**54**	57
Employee benefits	**196,272**	184,879
Supplies and services - clinical	**49,700**	46,042
Supplies and services - general	**4,702**	5,176
Consultancy services	**303**	53
Establishment	**4,136**	4,308
Transport	**1,600**	1,496
Premises	**14,342**	13,248
Provision for impairment of receivables	**186**	111
Inventories write down	**112**	135
Depreciation	**10,510**	14,886
Amortisation	**204**	204
Impairments and reversals of property, plant and equipment	**1,126**	3,020
Impairments and reversals of intangible assets	**0**	0
Impairments and reversals of financial assets [by class]	**0**	0
Impairments and reversals of non current assets held for sale	**0**	0
Audit fees	**149**	168
Other auditor's remuneration [detail]	**98**	125
Clinical negligence	**5,997**	5,633
Research and development	**0**	0
Education and Training	**551**	733
Other *	**18,167**	18,165
	309,175	300,211

* Other costs include PFI Related Expenditure of £16,050,960

9. Operating leases

9.1 As lessee

Payments recognised as an expense	**2010-11**	2009-10
	£000	£000
Minimum lease payments	**335**	327
Contingent rents	**0**	0
Sub-lease payments	**0**	0
	335	327

		2010-11			2009-10
Total future minimum lease payments	**Buildings**	**Land**	**Other**	**Total**	Total
	£000	**£000**	**£000**	**£000**	£000
Payable:					
Not later than one year	**251**	**0**	**0**	**251**	18
Between one and five years	**502**	**0**	**0**	**502**	66
After 5 years	**0**	**0**	**0**	**0**	243
Total	**753**	**0**	**0**	**753**	327

9.2 As lessor

Rental revenue	**2010-11**	2009-10
	£000	£000
Contingent rent	**590**	577
Other	**0**	0
Total rental revenue	**590**	577

Total future minimum lease payments	**2010-11**	2009-10
	£000	£000
Receivable:		
Not later than one year	**590**	577
Between one and five years	**0**	0
After 5 years	**0**	0
Total	**590**	577

The Trust acts as a Lessor for the following assets:-

Asset	**Lessee**	**2010/11 £000 Revenue**
Kidderminster Hospital - D Block	Worcestershire Mental Health Partnership NHS Trust	307 *
Kidderminster Hospital - F Block	Worcestershire Mental Health Partnership NHS Trust	89 *
Alexandra Hospital GU Medicine	Worcestershire PCT	51
Worcester John Anthony Centre GU Medicine	Worcestershire PCT	22 *
Kidderminster Hospital - A Block (part)	Worcestershire PCT	108
Kidderminster Hospital - C Block (part)	Worcestershire PCT	13
		590

* Additional detail regarding these leased assets is provided at Note 17.

10. Employee costs and numbers

10.1 Employee costs

	2010-11 Total	2010-11 Permanently employed	2010-11 Other	2009-10 Total	2009-10 Permanently employed	2009-10 Other
	£000	£000	£000	£000	£000	£000
Salaries and wages	**166,228**	**154,154**	**12,074**	156,819	142,881	13,938
Social security costs	**11,603**	**11,603**	**0**	10,193	10,193	0
Employer contributions to NHS Pension scheme	**18,632**	**18,632**	**0**	17,889	17,889	0
Other pension costs	**0**	**0**	**0**	0	0	0
Other post-employment benefits	**0**	**0**	**0**	0	0	0
Other employment benefits	**0**	**0**	**0**	0	0	0
Termination benefits	**0**	**0**	**0**	0	0	0
Employee benefits expense	**196,463**	**184,389**	**12,074**	184,901	170,963	13,938

	2010-11	2009-10
Of the total above:		
Charged to capital	**191**	169
Employee benefits charged to revenue	**196,272**	184,732
	196,463	184,901

10.2 Average number of people employed

	2010-11 Total	2010-11 Permanently employed	2010-11 Other	2009-10 Total	2009-10 Permanently employed	2009-10 Other
	Number	Number	Number	Number	Number	Number
Medical and dental	**640**	**609**	**31**	629	601	28
Ambulance staff	**0**	**0**	**0**	0	0	0
Administration and estates	**920**	**912**	**8**	973	948	25
Healthcare assistants and other support staff	**832**	**832**	**0**	831	831	0
Nursing, midwifery and health visiting staff	**1,732**	**1,618**	**114**	1,659	1,595	64
Nursing, midwifery and health visiting learners	**0**	**0**	**0**	0	0	0
Scientific, therapeutic and technical staff	**668**	**667**	**1**	652	646	6
Social care staff	**0**	**0**	**0**	0	0	0
Other	**0**	**0**	**0**	0	0	0
Total	**4,792**	**4,638**	**154**	4,744	4,620	**124**

	2010-11	2009-10
Of the above:		
Number of whole time equivalent staff engaged on capital projects	**5**	6

10.3 Staff sickness absence

	2010-11	2009-10
	Number	Number
Total days lost	**43,146**	45,928
Total staff years	**4,665**	4,489
Average working days lost	**9.2**	10.2

10.4 Management Costs

	2010-11	2009-10
	£000	£000
Management costs	**8,978**	9,104
Income	**321,829**	312,889

10.5 Exit Packages for staff leaving in 2010-11

There were no Exit Packages paid to Staff leaving in 2010-11

11. 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.

The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. An outline of these follows:

a) 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 to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004.

In order to defray the costs of benefits, employers pay contributions at 14% of pensionable pay and most employees had up to April 2008 paid 6%, with manual staff paying 5%.

Following the full actuarial review by the Government Actuary undertaken as at 31 March 2004, and after consideration of changes to the NHS Pension Scheme taking effect from 1 April 2008, his Valuation report recommended that employer contributions could continue at the existing rate of 14% of pensionable pay, from 1 April 2008, following the introduction of employee contributions on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities.

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the scheme actuary. At this point the assumptions regarding the composition of the scheme membership are updated to allow the scheme liability to be valued.

The valuation of the scheme liability as at 31 March 2011, is based on detailed membership data as at 31 March 2008 (the latest midpoint) updated to 31 March 2011 with summary global member and accounting data.

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

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.

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 statement of comprehensive income at the time the trust commits itself to the retirement, regardless of the method of payment.

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.

12. Ill Health Retirements

The cost of ill-health retirements is borne by the NHS Business Services Authority - Pensions Division, and is no longer required to be disclosed in the Trust's Accounts.

13. Better Payment Practice Code

13.1 Better Payment Practice Code - measure of compliance

	2010-11		2009-10	
	Number	**£000**	Number	£000
Total Non-NHS trade invoices paid in the year	**70,519**	**108,226**	79,435	117,555
Total Non NHS trade invoices paid within target	**29,319**	**61,740**	47,975	86,073
Percentage of Non-NHS trade invoices paid within target	**42%**	**57%**	60%	73%
Total NHS trade invoices paid in the year	**2,825**	**20,727**	1,985	23,132
Total NHS trade invoices paid within target	**700**	**6,037**	1,063	9,793
Percentage of NHS trade invoices paid within target	**25%**	**29%**	54%	42%

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

During 2010/11 the Trust's performance against the Best Practice Payment code was impacted significantly by the profile of cash payments being received under its main healthcare contracts. This was mitigated towards the end of the year

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

	2010-11	2009-10
	£000	£000
Amounts included in finance costs from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	0

14. Investment revenue

	2010-11 £000	2009-10 £000
Rental revenue:		
PFI finance lease revenue:		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue:		
Bank accounts	29	27
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	29	27

15. Other gains and losses

	2010-11 £000	2009-10 £000
Gain/(loss) on disposal of property, plant and equipment	**0**	(22)
Gain/(loss) on disposal of intangible assets	**0**	0
Gain/(loss) on disposal of financial assets	**0**	0
Gain/(loss) on foreign exchange	**0**	0
Change in fair value of financial assets carried at fair value through profit and loss	**0**	0
Change in fair value of financial liabilities carried at fair value through profit and loss	**0**	0
Total	**0**	(22)

16. Finance costs

	2010-11 £000	2009-10 £000
Interest on loans and overdrafts	**480**	750
Interest on obligations under finance leases	**0**	0
Interest on obligations under PFI contracts:		
- main finance cost	**6,979**	7,066
- contingent finance cost	**2,413**	1,742
Interest on late payment of commercial debt	**0**	0
Other interest expense	**0**	0
Total interest expense	**9,872**	9,558
Other finance costs	**60**	58
Total	**9,932**	9,616

17. Property, plant and equipment

2010-11

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2010	27,776	178,218	2,009	3,551	42,478	223	21,666	0	275,921
Additions purchased	0	2,703	79	754	3,465	1	1,002	0	8,004
Additions donated	0	0	0	0	89	0	0	0	89
Additions government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	4,025	0	(4,089)	64	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Revaluation/indexation gains	0	7,934	88	0	0	0	0	0	8,022
Impairments	(50)	(2,653)	(54)	0	0	0	0	0	(2,757)
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2011	27,726	190,227	2,122	216	46,096	224	22,668	0	289,279
Depreciation at 1 April 2010	0	0	0	0	29,493	182	17,346	0	47,021
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Revaluation/indexation gains	0	0	0	0	0	0	0	0	0
Impairments	0	806	26	0	294	0	0	0	1,126
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	5,328	78	0	3,488	18	1,598	0	10,510
Depreciation at 31 March 2011	0	6,134	104	0	33,275	200	18,944	0	58,657
Net book value									
Purchased	27,726	183,605	2,018	216	12,461	24	3,723	0	229,773
Donated	0	488	0	0	223	0	1	0	712
Government granted	0	0	0	0	137	0	0	0	137
Total at 31 March 2011	27,726	184,093	2,018	216	12,821	24	3,724	0	230,622
Asset financing									
Owned	27,726	96,587	2,018	216	7,836	24	3,724	0	138,131
Finance leased	0	0	0	0	0	0	0	0	0
Private finance initiative	0	87,506	0	0	4,985	0	0	0	92,491
Total 31 March 2011	27,726	184,093	2,018	216	12,821	24	3,724	0	230,622

17.1 Revaluation reserve balance for property, plant & equipment

	Land	Buildings excluding dwellings	Dwellings	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2010	12,167	34,861	1,027	720	2	3	0	48,780
Movements (specify)	(50)	4,844	30	(912)	(1)	0	0	3,911
At 31 March 2011	12,117	39,705	1,057	(192)	1	3	0	52,691

17. Property, plant and equipment continued

2009-10	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2009	28,133	206,688	1,337	3,894	40,298	215	20,327	0	300,892
Additions purchased	0	1,344	15	3,580	2,151	8	1,339	0	8,437
Additions donated	0	0	0	0	0	0	0	0	0
Additions government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	3,461	0	(3,923)	462	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(433)	0	0	0	(433)
Revaluation/indexation gains	829	9,701	816	0	0	0	0	0	11,346
Impairments	(1,186)	(30,876)	(115)	0	0	0	0	0	(32,177)
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2010	27,776	190,318	2,053	3,551	42,478	223	21,666	0	288,065
Depreciation at 1 April 2009	0	0	0	0	26,040	165	15,465	0	41,670
Reclassifications	0	(82)	0	0	82	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(411)	0	0	0	(411)
Revaluation/indexation gains	0	0	0	0	0	0	0	0	0
Impairments	0	3,020	0	0	0	0	0	0	3,020
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	9,162	44	0	3,782	17	1,881	0	14,886
Depreciation at 31 March 2010	0	12,100	44	0	29,493	182	17,346	0	59,165
Net book value									
Purchased	27,776	177,737	2,009	3,551	12,564	41	4,319	0	227,997
Donated	0	481	0	0	216	0	1	0	698
Government granted	0	0	0	0	205	0	0	0	205
Total at 31 March 2010	27,776	178,218	2,009	3,551	12,985	41	4,320	0	228,900
Asset financing									
Owned	27,776	93,450	2,009	3,551	8,232	41	4,320	0	139,379
Finance leased	0	0	0	0	0	0	0	0	0
Private finance initiative	0	84,768	0	0	4,753	0	0	0	89,521
Total 31 March 2010	27,776	178,218	2,009	3,551	12,985	41	4,320	0	228,900

17. Property, plant and equipment (cont.)

A valuation of the Trust's land and buildings was undertaken by the District Valuation Service of the Inland Revenue Government Department, as at 31st March 2011.

The valuations were carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. In accordance with the requirements of the Department of Health, the asset valuations were undertaken in 2011 as at the prospective valuation date of 31 March 2011

The valuations have been carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property. .

In line with HM Treasury guidance, the revaluation as at 31st March 2011 was based on the 'Modern Equivalent Asset' approach to valuation.

The Trust acts a Lessor, detailed in Note 9.2 of the Accounts. The PPE note includes amounts associated with the leased assets as follows:-

	Gross Carrying Amount of Asset £000	Depreciation 2010/11 £000	Impairment Losses 2010/11 £000
Kidderminster Hospital - D Block	2,485	100	-
Kidderminster Hospital - F Block	204	21	-
Worcester John Anthony Centre GU Medicine	316	5	-
	3,005	126	-

The Trusts leases smaller areas as detailed in Note 9.2, however due the revaluation of Property on a Modern Equivilant Asset basis it is not possible to seperateley identify any the values associated with these assets.

Economic life of non-current assets

	Min Life Years	Max Life Years
Software Licences	2	5
Licences and Trademarks	0	0
Patents	0	0
Development Expenditure	0	0
Property, Plant and Equipment		
Buildings exc Dwellings	0	67
Dwellings	0	67
Plant & Machinery	5	50
Transport Equipment	6	7
Information Technology	4	40
Furniture and Fittings	0	0

The economic life of assets were changed following the 31st March 2011 valuation by the District Valuer.

18. Intangible assets

2010-11	Computer software - purchased	Computer software - internally generated	Licences and trademarks	Patents	Development expenditure (internally generated)	Total
	£000	£000	£000	£000	£000	£000
Gross cost at 1 April 2010	**1,007**	**0**	**0**	**0**	**0**	**1,007**
Additions purchased	**0**	**0**	**0**	**0**	**0**	**0**
Additions internally generated	**0**	**0**	**0**	**0**	**0**	**0**
Additions donated	**0**	**0**	**0**	**0**	**0**	**0**
Additions government granted	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**
Disposals other than by sale	**0**	**0**	**0**	**0**	**0**	**0**
Revaluation/indexation	**0**	**0**	**0**	**0**	**0**	**0**
Impairments	**0**	**0**	**0**	**0**	**0**	**0**
Reversals of impairments	**0**	**0**	**0**	**0**	**0**	**0**
Gross cost at 31 March 2011	**1,007**	**0**	**0**	**0**	**0**	**1,007**
Amortisation at 1 April 2010	**662**	**0**	**0**	**0**	**0**	**662**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications as held for sale	**0**	**0**	**0**	**0**	**0**	**0**
Disposals other than by sale	**0**	**0**	**0**	**0**	**0**	**0**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**
Impairments	**0**	**0**	**0**	**0**	**0**	**0**
Reversal of impairments	**0**	**0**	**0**	**0**	**0**	**0**
Charged during the year	**204**	**0**	**0**	**0**	**0**	**204**
Amortisation at 31 March 2011	**866**	**0**	**0**	**0**	**0**	**866**
Net book value						
Purchased	**141**	**0**	**0**	**0**	**0**	**141**
Donated	**0**	**0**	**0**	**0**	**0**	**0**
Government granted	**0**	**0**	**0**	**0**	**0**	**0**
Total at 31 March 2011	**141**	**0**	**0**	**0**	**0**	**141**

18. Intangible assets continued

2009-10	Computer software - purchased £000	Computer software - internally generated £000	Licences and trademarks £000	Patents £000	Development expenditure (internally generated) £000	Total £000
Gross cost at 1 April 2009	1,007	0	0	0	0	1,007
Additions purchased	0	0	0	0	0	0
Additions internally generated	0	0	0	0	0	0
Additions donated	0	0	0	0	0	0
Additions government granted	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation / indexation	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0
Gross cost at 31 March 2010	1,007	0	0	0	0	1,007
Amortisation at 1 April 2009	458	0	0	0	0	458
Reclassifications	0	0	0	0	0	0
Reclassifications as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Charged during the year	204	0	0	0	0	204
Amortisation at 31 March 2010	662	0	0	0	0	662
Net book value						
Purchased	345	0	0	0	0	345
Donated	0	0	0	0	0	0
Government granted	0	0	0	0	0	0
Total at 31 March 2010	345	0	0	0	0	345

18.1 Revaluation reserve balance for intangible assets	**2010-11**	2009-10
	£000	£000
At 1 April	**0**	0
Changes	**0**	0
At 31 March	**0**	0

19. Impairments

As a consequence of a revised valaution of the Land and Property, the Trust incurred an impairment charge of £832,014 reflecting the downward valuation of these assets.

20. Commitments

20.1 Capital commitments

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

	31 March 2011	31 March 2010
	£000	£000
Property, plant and equipment	**3,773**	2,290
Intangible assets	**0**	0
Total	**3,773**	2,290

20.2 Other financial commitments

The trust has entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements). The payments to which the trust is committed are as follows

	31 March 2011	31 March 2010
	£000	£000
Not later than one year	**891**	1,382
Later than one year and not later than five year	**230**	369
Later than five years	**143**	151
	1,264	1,902

21. Inventories

21.1 Inventories	**31 March 2011**	31 March 2010
	£000	£000
Drugs	**1,748**	1,640
Work in progress	**111**	122
Consumables	**2,563**	2,484
Energy	**0**	0
Other	**0**	0
Total	**4,422**	4,246
Of which held at net realisable value:	**0**	0

21.2 Inventories recognised in expenses	**31 March 2011**	31 March 2010
	£000	£000
Inventories recognised as an expense in the period	**(20,803)**	(15,791)
Write-down of inventories (including losses)	**(112)**	(135)
Reversal of write-downs that reduced the expense	**0**	0

22. Trade and other receivables

22.1 Trade and other receivables	**Current**	**Non-current**	Current	Non-current
	31 March 2011	**31 March 2011**	31 March 2010	31 March 2010
	£000	**£000**	£000	£000
NHS receivables-revenue	**9,360**	**0**	7,775	0
NHS receivables-capital	**0**	**0**	0	0
Non-NHS receivables-revenue	**1,640**	**0**	1,471	0
Non-NHS receivables-capital	**0**	**0**	0	0
Provision for the impairment of receivables	**(610)**	**0**	(492)	0
Prepayments and accrued income	**3,280**	**372**	4,397	531
Finance lease receivables	**0**	**0**	0	0
Operating lease receivables	**0**	**0**	0	0
VAT	**67**	**0**	398	0
Other receivables	**1,710**	**1,347**	1,600	1,399
Total	**15,447**	**1,719**	15,149	1,930

The great majority of trade is with Primary Care Trusts, as commissioners for NHS patient care services. As Primary Care Trusts are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

22.2 Receivables past their due date but not impaired	**31 March 2011**	31 March 2010
	£000	£000
By up to three months	**508**	669
By three to six months	**216**	221
By more than six months	**158**	1,051
Total	**882**	1,941

22.3 Provision for impairment of receivables	**31 March 2011**	31 March 2010
	£000	£000
Balance at 1 April	**(492)**	(381)
Amount written off during the year	**68**	0
Amount recovered during the year	**0**	0
(Increase)/decrease in receivables impaired	**(186)**	(111)
Balance at 31 March	**(610)**	(492)

The above figure represents a provision for all invoiced non-NHS debt which is over 3 months old, plus a provision of 9.6% for outstanding income cost recovery claims, as per Department of Health guidelines, as recorded at note 5.

23. Other financial assets	**Current**	**Non-current**	Current	Non-current
	31 March 2011	**31 March 2011**	31 March 2010	31 March 2010
	£000	**£000**	£000	£000
Embedded derivatives carried at fair value through profit and loss	**0**	**0**	0	0
Financial assets carried at fair value through profit and loss	**0**	**0**	0	0
Held to maturity investments at amortised cost	**0**	**0**	0	0
Available for sale financial assets carried at fair value	**0**	**0**	0	0
Loans carried at amortised cost	**0**	**0**	0	0
Total	**0**	**0**	0	0

24. Other current assets	**31 March 2011**	31 March 2010
	£000	£000
EU Emissions trading scheme allowances	**0**	0
Other assets	**0**	0
Total	**0**	0

25. Cash and cash equivalents

	31 March 2011 £000	31 March 2010 £000
Balance at 1 April	**11,918**	10,145
Net change in year	**(715)**	1,773
Balance at 31 March	**11,203**	11,918
Made up of		
Cash with Government banking services	**11,178**	11,902
Commercial banks and cash in hand	**25**	16
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**11,203**	11,918
Bank overdraft - Government banking services	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**11,203**	11,918

26. Non-current assets held for sale

	Land £000	Buildings, excl dwelling £000	Dwellings £000	Other property, plant and equipment £000	Intangible assets £000	Total £000
Balance at 1 April 2010	**350**	**0**	**0**	**0**	**0**	**350**
Plus assets classified as held for sale in the year	**0**	**0**	**0**	**0**	**0**	**0**
Less assets sold in the year	**0**	**0**	**0**	**0**	**0**	**0**
Less impairments of assets held for sale	**0**	**0**	**0**	**0**	**0**	**0**
Plus reversal of impairment of assets held for sale	**0**	**0**	**0**	**0**	**0**	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 31 March 2011	**350**	**0**	**0**	**0**	**0**	**350**
Balance at 1 April 2009	350	0	0	0	0	350
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Less impairments of assets held for sale	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance at 31 March 2010	350	0	0	0	0	350

The above asset reflects Land held for sale at Kidderminster Hospital on the site of proposed future redevelopment.

27. Trade and other payables

	Current 31 March 2011 £000	Non-current 31 March 2011 £000	Current 31 March 2010 £000	Non-current 31 March 2010 £000
Interest payable	**0**		0	
NHS payables-revenue	**3,415**	**0**	4,108	0
NHS payables-capital	**0**	**0**	0	0
Non NHS trade payables - revenue	**17,496**	**0**	9,064	0
Non NHS trade payables - capital	**258**	**0**	633	0
Accruals and deferred income	**6,649**	**0**	7,805	0
Social security costs	**1,756**		3,379	
VAT	**0**	**0**	0	0
Tax	**2,154**		4,212	
Other	**4,644**	**0**	4,735	0
Total	**36,372**	**0**	33,936	0

* Other payables include:
Outstanding Pension Contributions of £4,605,608 (prior year £4,512,384) at 31 March 2011

28. Borrowings

	Current 31 March 2011 £000	Non-current 31 March 2011 £000	Current 31 March 2010 £000	Non-current 31 March 2010 £000
Bank overdraft - Government banking services	**0**	**0**	0	0
Bank overdraft - Commercial banks	**0**	**0**	0	0
Loans from:				
Department of Health	**5,000**	**0**	5,000	5,000
Other entities	**0**	**0**	0	0
PFI liabilities	**1,667**	**81,218**	1,699	83,974
LIFT	**0**	**0**	0	0
Finance lease liabilities	**0**	**0**	0	0
Other (describe)	**0**	**0**	0	0
Total	**6,667**	**81,218**	6,699	88,974

* The Loan value of £5,000,000 is a Working Capital Loan taken from the Department of Health in 2006-07. The settlement date is 15/03/2012 and payment is made in six monthly instalments over the period of the loan with interest charged in arrears.

In addition, the Trust has an agreed future liability with regards to the PFI hospital contract on the Worcestershire Royal Hospital site. Details of this liability are shown at Note 33.2.

29. Other liabilities

	Current 31 March 2011 £000	Non-current 31 March 2011 £000	Current 31 March 2010 £000	Non-current 31 March 2010 £000
PFI asset – deferred credit	**2,647**	**0**	0	0
Lease incentives	**0**	**0**	0	0
Other	**0**	**0**	0	0
Total	**2,647**	**0**	0	0

30. Finance lease obligations

The Trust held no Finance Leases during 2010/11 (as defined under IAS17). PFI Finance Leases as determined under IFRIC12 are disclosed in Note 33

31. Finance lease receivables

The Trust did not Lease any assets to a third party that were deemed to be a Finance Leases during 2010/11

32. Finance lease commitments

The Trust has no Finance Lease commitments

33. Private Finance Initiative contracts

33.1 PFI schemes off-Statement of Financial Position

The Trust has no PFI Schemes that are off-Statement of Financial Position

33.2 PFI schemes on-Statement of Financial Position

The PFI scheme in Worcester is for a new hospital to reprovide services that were delivered on three sites. As well as the construction of the new hospital, Catalyst Healthcare (Worcester) Ltd provide a comprehensive facilities management service including estates maintenance, hotel services and equipment procurement and maintenance. In advance of the new hospital becoming operational, the equipment element of the contract commenced on 1st July 1999.

Under IFRIC 12, the asset is treated as an asset of the trust. The substance of the contract is that the trust has a finance lease and payments comprise two elements – imputed finance lease charges and service charges.

Total obligations for on-statement of financial position PFI contracts due:

	31 March 2011	31 March 2010
	£000	£000
Not later than one year	**8,508**	8,640
Later than one year, not later than five years	**33,174**	33,451
Later than five years	**136,809**	145,035
Sub total	**178,491**	187,126
Less: interest element	**(95,606)**	(101,453)
Total	**82,885**	85,673

33.3 Charges to expenditure
The total charged in the year to expenditure in respect of off-statement of financial position PFI contracts and the service element of on-statement of financial position PFI contracts was £11,374,000 (prior year £10,703,000).

The trust is committed to the following charges

	31 March 2011	31 March 2010
	£000	£000
Not later than one year	**11493**	0
Later than one year, not later than five	**48916**	0
Later than five years	**247288**	319029
Total	**307697**	319029

34. Other financial liabilities	**Current**	**Non-current**	Current	Non-current
	31 March 2011	**31 March 2011**	31 March 2010	31 March 2010
	£000	**£000**	£000	£000
Financial liabilities carried at fair value through profit and loss:				
Embedded derivatives	**0**	**0**	0	0
Other financial liabilities	**0**	**0**	0	0
Amortised cost	**0**	**0**	0	0
Total	**0**	**0**	0	0

35. Provisions	**Current**	**Non-current**	Current	Non-current
	31 March 2011	**31 March 2011**	31 March 2010	31 March 2010
	£000	**£000**	£000	£000
Pensions relating to former directors	**0**	**0**	0	0
Pensions relating to other staff	**85**	**576**	85	750
Legal claims	**248**	**1,370**	257	1,554
Restructurings	**0**	**0**	0	0
Redundancy	**0**	**0**	-	-
Other (specify)	**0**	**0**	0	0
Total	**333**	**1,946**	342	2,304

	Pensions relating to former directors	**Pensions relating to other staff**	**Legal claims**	**Restructurings**	**Redundancy**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2010	**0**	**835**	**1,811**	**0**		**0**	**2,646**
Arising during the year	**0**	**0**	**41**	**0**	**0**	**0**	**41**
Used during the year	**0**	**(85)**	**(212)**	**0**	**0**	**0**	**(297)**
Reversed unused	**0**	**(86)**	**(64)**	**0**	**0**	**0**	**(150)**
Unwinding of discount	**0**	**18**	**42**	**0**	**0**	**0**	**60**
Change in discount rate	**0**	**(21)**	**0**	**0**	**0**	**0**	**(21)**
At 31 March 2011	**0**	**661**	**1,618**	**0**	**0**	**0**	**2,279**
Expected timing of cash flows:							
Within one year	**0**	**85**	**248**	**0**	**0**	**0**	**333**
Between one and five years	**0**	**390**	**505**	**0**	**0**	**0**	**895**
After five years	**0**	**186**	**865**	**0**	**0**	**0**	**1,051**

The provision for pensions relating to other staff includes a degree of uncertainty in respect of timings and amounts ,due to the uncertainty over life expectancy. Future liability is calculated

The provision for other legal claims relates to Injury benefit payments to former employees, third party liability and property expense claims. The Trust's legal advisors have assessed each claim and a provision has been made, based upon the expected outcome of the claim, the related probability and the expected settlement date.

In addition to the amount provided for within the Trust's accounts, details of contingent liabilities and assets relating to these claims are given in Note 36.1

£36,944,535 is included in the provisions of the NHS Litigation Authority at 31/3/2011 in respect of clinical negligence liabilities of the trust (31/03/10 £29,930,769)

36. Contingencies

36.1 Contingent liabilities

	2010-11 £000	2009-10 £000
Equal pay cases	**0**	0
Other (specify)	**(37)**	(50)
Amounts recoverable against contingent liabilities	**0**	0
Total	**(37)**	(50)

* The Trust's contingent liabilities include claims brought by employees and third parties totalling £37,300. The Provisions for these claims are included within Note 35 under 'Legal Claims'

36.2 Contingent assets

The Trust held no Contingent Assets at 31st March 2011

37. Financial instruments

37.1 Financial assets

	At fair value through profit and loss £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	**0**			**0**
Receivables		**11000**		**11000**
Cash at bank and in hand		**11203**		**11203**
Other financial assets	**0**	**0**	**0**	**0**
Total at 31 March 2011	**0**	**22203**	**0**	**22203**
Embedded derivatives	0			0
Receivables		9246		9246
Cash at bank and in hand		11918		11918
Other financial assets	0	0	0	0
Total at 31 March 2010	0	21164	0	21164

37.2 Financial liabilities

	At fair value through profit and loss £000	Other £000	Total £000
Embedded derivatives	**0**		**0**
Payables		**20911**	**20911**
PFI and finance lease obligations		**82885**	**82885**
Other borrowings		**5000**	**5000**
Other financial liabilities	**0**	**0**	**0**
Total at 31 March 2011	**0**	**108796**	**108796**
Embedded derivatives	0		0
Payables		13173	13173
PFI and finance lease obligations		85672	85672
Other borrowings		10000	10000
Other financial liabilities	0	0	0
Total at 31 March 2010	0	108845	108845

37.3 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS trust has with primary care trusts and the way those primary care trusts are financed, the NHS trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS trust in undertaking its activities.

The trust's treasury management operations are carried out by the finance department, within parameters defined formally within the trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the trust's internal auditors.

Currency risk

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

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the strategic health 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 income comes from contracts with other public sector bodies, the trust has low exposure to credit risk. The maximum exposures as at 31 March 2011 are in receivables from customers, as disclosed in the Trade and other receivables note.

Liquidity risk

The trust's operating costs are incurred under contracts with primary care trusts, 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.

37.4 Maturity of financial liabilities

The Trust has no Financial Liabilities with a material liquidity risk

38. Events after the reporting period

As part of the Transforming Community Services project, some services previously run by Worcestershire PCT will transfer to the management of the Trust from 1st July 2011. This includes breast screening, the GP unit at Kidderminster, some specialist nursing teams and surgical services at Evesham and Tenbury Community Hospitals. These services have a combined turnover in the order of £7m pa, and employ over 150 staff. The Trust undertook a full due diligence assessment and the decision to accept these services was made by the Trust Board on 31st March 2011. An operational project team has been established to ensure transfer is implemented smoothly

39. 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.

39.1 Breakeven performance

	2005-06 £000	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000	2010-11 £000
Turnover	246,068	263,801	293,859	299,601	312,889	321,829
Retained surplus/(deficit) for the year	(4,952)	53	5,193	5,833	(2,179)	(1,193)
Adjustment for:						
Timing/non-cash impacting distortions:						
Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]	0	0	0	0	0	0
2006/07 PPA (relating to 1997/98 to 2005/06)	0					
2007/08 PPA (relating to 1997/98 to 2006/07)	0	(1,059)				
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0	0			
Adjustments for Impairments				0	3,020	1,126
Consolidated Budgetary Guidance - Adjustment for Dual Accounting under IFRIC12*					2,294	354
Other agreed adjustments	0	0	0	0	0	0
Break-even in-year position	(4,952)	(1,006)	5,193	5,833	3,135	287
Break-even cumulative position	(31,874)	(32,880)	(27,687)	(21,854)	(18,719)	(18,432)

* 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

The Trusts cumulative deficit to 2005/06 of £31.9m related to historic budget deficits inherited from predecessor organisations, coupled with the impact of delivering the financial recovery plan to return the Trust into a balanced position.

The Trust's recovery plan, approved by the SHA aims to achieve break-even in 2015-16

	2005-06 %	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %
Materiality test (I.e. is it equal to or less than 0.5%):						
Break-even in-year position as a percentage of turnover	-2%	0%	2%	2%	1%	0%
Break-even cumulative position as a percentage of turnover	-13%	-12%	-9%	-7%	-6%	-6%

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.

39.2 Capital cost absorption rate

Until 2008/09 the trust was required to absorb the cost of capital at a rate of 3.5% of forecast average relevant net assets. The rate is calculated as the percentage that dividends paid on public dividend capital bears to the actual average relevant net assets.

From 2009/10 onwards 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 should automatically be 3.5%. In preparing the Trust's draft accounts, the Trust proposed an accounting treatment in respect of its PFI asset valuations, to exclude VAT as VAT is fully recoverable. Within the draft accounts submission the capital cost absorption rate was 3.5%, however the DoH issued additional guidance after the draft accounts submission date which advised VAT should be included in PFI asset valuations, this has resulted in an increase in net relevant assets from the draft accounts submission and therefore a final capital cost aborbtion rate of 3.3%.

39.3 External financing

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

		2010-11	2009-10
	£000	**£000**	£000
External financing limit		**(3,519)**	(6,039)
Cash flow financing	**(5,744)**		(6,773)
Finance leases taken out in the year	**0**		0
Other capital receipts	**(89)**		0
External financing requirement		**(5,833)**	(6,773)
Undershoot/(overshoot)		**2,314**	734

39.4 Capital resource limit

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

	2010-11	2009-10
	£000	£000
Gross capital expenditure	**8,093**	8,437
Less: book value of assets disposed of	**0**	(22)
Plus: loss on disposal of donated assets	**0**	0
Less: capital grants	**0**	0
Less: donations towards the acquisition of non-current assets	**(89)**	0
Charge against the capital resource limit	**8,004**	8,415
Capital resource limit	**8,440**	9,110
(Over)/underspend against the capital resource limit	**436**	695

40. Related party transactions

During the year one of the Board Members or members of the key management staff or parties related to him has undertaken material transactions with Worcestershire Acute Hospitals NHS Trust.

Details of related party transactions with individuals are as follows:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£
Mr. Michael O'Riordan - Chairman of the Trust until 31/10/10 and:				
Chairman of the Healthcare Purchasing Consortium effective from 11/07/06 to 30/4/10				
Trustee of the Charles Hastings Education Centre				
Transactions with the Healthcare Purchasing Consortium*				
Payments - Managed Purchasing Service	210,055	0	0	0
Payments - Supplies Senior Staffing Costs	36,193	0	0	0
Payments - Support Costs relating to Workmate System	5,400	0	0	0
Transactions with the Charles Hastings Education Centre*	23,857	0	0	130,921

* These Values represent the transactions for the complete Financial Year ending 31st March 2011

The Department of Health is regarded as a related party. During the year Worcestershire Acute Hospitals 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 listed below:

Worcestershire PCT
Worcestershire Mental Health Partnership NHS Trust
the NHS Litigation Authority;
the NHS Supplies Authority;

In addition, the Trust has had a significant number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with Worcestershire County Council, Worcester City Council, Redditch Borough Council and Wyre Forest District Council in respect of business rates and the provision of public mortuary services.

The trust has also received revenue payments from a number of Charitable Funds, certain of the trustees for which are also members of the NHS trust board. The Financial Statements of the Funds Held on Trust and a Trustees Report will also be published by the Trust.

41. Third party assets

The Trust held £0 cash and cash equivalents at 31 March 2011 (£6,108 - at 31 March 2010) 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.

42. Intra-Government and other balances	**Current receivables**	**Non-current receivables**	**Current payables**	**Non-current payables**
	£000	**£000**	**£000**	**£000**
Balances with other central government bodies	**7,738**	**0**	**10,783**	**0**
Balances with local authorities	**0**	**0**	**0**	**0**
Balances with NHS trusts and foundation trusts	**1,689**	**0**	**1,248**	**0**
Balances with public corporations and trading funds	**0**	**0**	**0**	**0**
Intra government balances	**9,427**	**0**	**12,031**	**0**
Balances with bodies external to government	**6,020**	**1,719**	**24,341**	**0**
At 31 March 2011	**15,447**	**1,719**	**36,372**	**0**
Balances with other central government bodies	6,228	0	2,764	0
Balances with local authorities	0	0	0	
Balances with NHS trusts and foundation trusts	1,547	0	1,344	0
Balances with public corporations and trading funds	0	0	0	0
Intra government balances	7,775	0	4,108	0
Balances with bodies external to government	7,374	1,930	29,828	0
At 31 March 2010	15,149	1,930	33,936	0

43. Losses and special payments

There were 206 cases of losses and special payments (2009-10: 123 cases) totalling £363,288 (2009-10: £315,306)