



Bedford Hospital NHS Trust

Annual Accounts 2015/16

Bedford Hospital NHS Trust
Annual Accounts for the period
1 April 2015 to 31 March 2016

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF BEDFORD HOSPITAL NHS TRUST

We have audited the financial statements of Bedford Hospital NHS Trust for the year ended 31 March 2016 on pages 2 to 34 under the Local Audit and Accountability Act 2014. These financial statements have been prepared under applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to NHS Trusts in England. We have also audited the information in the Remuneration Report and Staff Report that is subject to audit.

This report is made solely to the Board of Directors of Bedford Hospital NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Directors, the Accountable Officer and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 54, the Directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

As explained in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, the Accountable Officer is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources. We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Section 21(5)(b) of the Local Audit and Accountability Act 2014 requires that our report must not contain our opinion if we are satisfied that proper arrangements are in place.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in

November 2015, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2016 and of the Trust's expenditure and income 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 NHS Trusts in England.

Opinion on other matters

In our opinion:

- the parts of the Remuneration Report and Staff Report subject to audit 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 NHS Trusts in England; and
- the other information published together with the audited financial statements in the Annual Report and Accounts is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the governance statement does not comply with the NHS Trust Development Authority's guidance; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above responsibilities.

Other matters on which we are required to report by exception – referral to Secretary of State

We have a duty under the Local Audit and Accountability Act 2014 to refer the matter to the Secretary of State if we have a reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency.

On 19 May 2016 a referral was made to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 in respect of the Trust's failure to achieve its statutory break even duty.

Other matters on which we report by exception - adequacy of arrangements to secure value for money

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

- the Trust incurred a planned deficit in 2015/16 of £18.0m and has a cumulative deficit of £36.2m as at 31 March 2016;
- the Trust has set a deficit budget of £10.2m for 2016/17, which would result in a cumulative deficit of £46.4m as at 31 March 2017;
- the Trust does not have sufficient cash to meet its commitments without receiving significant external funding; and
- the Trust was inspected by its regulator, the Care Quality Commission, in December 2015 and received an overall assessment of 'Requires Improvement'.

On the basis of our work, with the exception of the matters reported above, we are satisfied that, in all material respects, Bedford Hospital NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of Bedford Hospital NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



Neil Hewitson, for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

02 June 2016

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

| | NOTE | 2015-16 £000s | 2014-15 £000s |
|---|------|--------------------------|--------------------------|
| Gross employee benefits | 9.1 | (114,504) | (109,388) |
| Other operating costs | 7 | (75,891) | (71,531) |
| Revenue from patient care activities | 4 | 158,070 | 148,508 |
| Other operating revenue | 5 | 16,337 | 15,586 |
| Operating surplus/(deficit) | | (15,988) | (16,825) |
| Investment revenue | 11 | 20 | 16 |
| Other gains and (losses) | 12 | 1,522 | 0 |
| Finance costs | 13 | (825) | (526) |
| Surplus/(deficit) for the financial year | | (15,271) | (17,335) |
| Public dividend capital dividends payable | | (2,752) | (2,900) |
| Retained surplus/(deficit) for the year | | (18,023) | (20,235) |
| Other Comprehensive Income | | 2015-16 £000s | 2014-15 £000s |
| Impairments and reversals taken to the revaluation reserve | | (754) | (3,799) |
| Net gain/(loss) on revaluation of property, plant & equipment | | 5,830 | 7,823 |
| Reclassification adjustments | | | |
| Total Other Comprehensive Income | | 5,076 | 4,024 |
| Total comprehensive income for the year | | (12,947) | (16,211) |
| Financial performance for the year | | | |
| Retained surplus/(deficit) for the year | | (18,023) | (20,235) |
| Adjustments in respect of donated gov't grant asset reserve elimination | | 83 | 481 |
| Adjusted retained surplus/(deficit) | | (17,940) | (19,754) |

The notes on pages 6 to 34 form part of this account.

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

| | | 31 March 2016 | 31 March 2015 |
|--|------|-----------------|-----------------|
| | NOTE | £000s | £000s |
| Non-current assets: | | | |
| Property, plant and equipment | 14 | 109,295 | 104,679 |
| Intangible assets | 15 | 3,547 | 2,956 |
| Trade and other receivables | 20.1 | 1,675 | 1,354 |
| Total non-current assets | | 114,517 | 108,989 |
| Current assets: | | | |
| Inventories | 19 | 2,219 | 2,233 |
| Trade and other receivables | 20.1 | 9,829 | 8,937 |
| Cash and cash equivalents | 21 | 1,179 | 1,198 |
| Sub-total current assets | | 13,227 | 12,368 |
| Total current assets | | 13,227 | 12,368 |
| Total assets | | 127,744 | 121,357 |
| Current liabilities | | | |
| Trade and other payables | 22 | (17,297) | (13,685) |
| Provisions | 27 | (239) | (547) |
| Borrowings | 23 | (792) | (187) |
| DH capital loan | 23 | (120) | (120) |
| Total current liabilities | | (18,448) | (14,539) |
| Net current assets/(liabilities) | | (5,221) | (2,171) |
| Total assets less current liabilities | | 109,296 | 106,818 |
| Non-current liabilities | | | |
| Trade and other payables | 22 | (1,045) | (1,300) |
| Provisions | 27 | (805) | (924) |
| Borrowings | 23 | (5,821) | (5,916) |
| DH revenue support loan | 23 | (15,900) | 0 |
| DH capital loan | 23 | (2,760) | (2,880) |
| Total non-current liabilities | | (26,331) | (11,020) |
| Total assets employed: | | 82,965 | 95,798 |
| FINANCED BY: | | | |
| Public Dividend Capital | | 104,859 | 104,745 |
| Retained earnings | | (58,430) | (41,851) |
| Revaluation reserve | | 36,536 | 32,904 |
| Total Taxpayers' Equity: | | 82,965 | 95,798 |

The notes on pages 6 to 34 form part of this account.

The financial statements on pages 2 to 5 were approved by the Board on 1st June 2016 and signed on its behalf by

Chief Executive:

Date: 1st June 2016



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

| | Public Dividend capital £000s | Retained earnings £000s | Revaluation reserve £000s | Total reserves £000s |
|--|--|-------------------------------|---------------------------------|----------------------------|
| Balance at 1 April 2015 | 104,745 | (41,851) | 32,904 | 95,798 |
| Changes in taxpayers' equity for 2015-16 | | | | |
| Retained surplus/(deficit) for the year | | (18,023) | | (18,023) |
| Net gain / (loss) on revaluation of property, plant, equipment | | | 5,830 | 5,830 |
| Impairments and reversals | | | (754) | (754) |
| Transfers between reserves | | 1,444 | (1,444) | 0 |
| Reclassification Adjustments | | | | |
| Permanent PDC received - cash | 414 | | | 414 |
| Permanent PDC repaid in year | (300) | | | (300) |
| Net recognised revenue/(expense) for the year | 114 | (16,579) | 3,632 | (12,833) |
| Balance at 31 March 2016 | 104,859 | (58,430) | 36,536 | 82,965 |
| | | | | |
| Balance at 1 April 2014 | 83,534 | (22,617) | 29,881 | 90,798 |
| Changes in taxpayers' equity for the year ended 31 March 2015 | | | | |
| Retained surplus/(deficit) for the year | | (20,235) | | (20,235) |
| Net gain / (loss) on revaluation of property, plant, equipment | | | 7,823 | 7,823 |
| Impairments and reversals | | | (3,799) | (3,799) |
| Other gains / (loss) | | | | 0 |
| Transfers between reserves | | 1,001 | (1,001) | 0 |
| Reclassification Adjustments | | | | |
| New temporary and permanent PDC received - cash | 35,411 | | | 35,411 |
| New temporary and permanent PDC repaid in year | (14,200) | | | (14,200) |
| Net recognised revenue/(expense) for the year | 21,211 | (19,234) | 3,023 | 5,000 |
| Balance at 31 March 2015 | 104,745 | (41,851) | 32,904 | 95,798 |

Statement of Cash Flows for the Year ended 31 March 2016

| | NOTE | 2015-16 £000s | 2014-15 £000s |
|---|------|------------------|------------------|
| Cash Flows from Operating Activities | | | |
| Operating surplus/(deficit) | | (15,988) | (16,825) |
| Depreciation and amortisation | 7 | 5,993 | 5,976 |
| Interest paid | | (825) | (526) |
| PDC Dividend (paid)/refunded | | (2,887) | (2,793) |
| (Increase)/Decrease in Inventories | | 14 | (235) |
| (Increase)/Decrease in Trade and Other Receivables | | (1,213) | (279) |
| Increase/(Decrease) in Trade and Other Payables | | 2,608 | (954) |
| Provisions utilised | | (289) | (151) |
| Increase/(Decrease) in movement in non cash provisions | | (140) | 584 |
| Net Cash Inflow/(Outflow) from Operating Activities | | (12,727) | (15,203) |
| Cash Flows from Investing Activities | | | |
| Interest Received | | 20 | 16 |
| (Payments) for Property, Plant and Equipment | | (4,153) | (7,110) |
| (Payments) for Intangible Assets | | (866) | (1,533) |
| Proceeds of disposal of assets held for sale (PPE) | | 2,000 | 0 |
| Net Cash Inflow/(Outflow) from Investing Activities | | (2,999) | (8,627) |
| Net Cash Inflow / (outflow) before Financing | | (15,726) | (23,830) |
| Cash Flows from Financing Activities | | | |
| Gross Temporary (2014/15 only) and Permanent PDC Received | | 414 | 35,411 |
| Gross Temporary (2014/15 only) and Permanent PDC Repaid | | (300) | (14,200) |
| Loans received from DH - New Capital Investment Loans | | 0 | 3,000 |
| Loans received from DH - New Revenue Support Loans | | 28,581 | 0 |
| Loans repaid to DH - Capital Investment Loans Repayment of Principal | | (120) | 0 |
| Loans repaid to DH - Working Capital Loans/Revenue Support Loans | | (12,681) | 0 |
| Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT | | (187) | (177) |
| Net Cash Inflow/(Outflow) from Financing Activities | | 15,707 | 24,034 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | (19) | 204 |
| Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period | | 1,198 | 994 |
| Cash and Cash Equivalents (and Bank Overdraft) at year end | 21 | 1,179 | 1,198 |

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the Department of Health Group Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DH Group Manual for Accounts 2015-16 issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property.

- 1.1.1 As required by the Government Financial Reporting Manual (FREM), the trust board has considered the appropriateness of preparing accounts on a going concern basis. There is no prospect within the next twelve months, or the foreseeable future that health services will cease to be provided from the Bedford hospital site. In keeping with a number of other NHS trusts currently forecasting a deficit for the year ending 31 March 2017, the trust is assured access via NHS Improvement (formerly NHS Trust Development Authority) to financial resources to support the forecast deficit out turn. The trust's retained adjusted deficit for the year ended 31 March 2016 is £18.0m. In year the trust received £15.9m working capital support from the NHS Trust Development Authority. The cumulative deficit to 31 March 2016 is £36.2m. The projected in year adjusted retained deficit for the year ended 31 March 2017 is £10.2m leading to a projected cumulative deficit at 31 March 2017 of £46.4m. The trust's long term financial model (LTFM) is projecting that in-year break even will be achieved in the year ending 31 March 2020. For these reasons the trust board has concluded that the preparation of accounts on a going concern basis is appropriate and in compliance with the FREM

1.2 Charitable Funds

Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. In accordance with IAS 1 Presentation of Financial Statements, restated prior period accounts are presented where the adoption of the new policy has a material impact.

Following the Treasury's agreement to apply IFRS10 to NHS charities from 1 April 2013, the Trust has established that as the Trust is the Corporate Trustee of the associated NHS Charity (Bedford Hospital the Trust Charitable Fund), it effectively has the power to exercise control so as to obtain economic benefits. However the transactions are immaterial in the context of the group and transactions and balances have therefore not been consolidated. Details of the transactions with the charity are included in the related parties note (see note 31)

1.3 Critical accounting judgements and key sources of estimation uncertainty

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

For example, management has exercised critical judgement in assessing which assets to capitalise and determining useful economic lives of assets within Property, Plant and Equipment and Intangible Assets. In exercising that judgement, Management has heeded the historic principles for recognising assets and assessing asset useful economic lives within the NHS, the view of the end user within the Trust's business unit and best practice from other similar NHS bodies. Management has also exercised critical judgement in determining the values of provisions to recognise at the financial year-end. The judgement in respect of provisions has been based on guidance issued by DH, previous experiences and management's assessment of the likelihood of provisions materialising.

NOTES TO THE ACCOUNTS

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

1.4 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of revenue for the trust is from commissioners for healthcare services. 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 NHS trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The NHS trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

The Trust receives income from the sale of goods or other Non Patient Services. These are accounted for on a cash received basis and arise from the following areas:

- Restaurants for use by both the public and staff
- Shops
- Vending Machines
- Car Parks
- Rent and overhead recovery for accommodation and premises
- Coroners' fees
- Hire of Equipment
- Supplier rebates
- Pathology testing fees
- Photocopying cost recovery
- Staff cost recovery for estates management, training and research
- Handling fees for organ donation

The vast majority of these transactions are cash transactions at the point of sale and consequently there is no material difference between cash and accruals accounting.

1.5 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 clinicians at the end of the period is recognised in the financial statements to the extent that clinicians are permitted to carry forward leave into the following period.

Retirement benefit costs

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

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

1.6

Other expenses

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

NOTES TO THE ACCOUNTS

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

1.7 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

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

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any impairment.

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

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

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

Giles Awford, BSC, MRICS on behalf of the District Valuer Services the Property Services arm of the Valuation Agency undertook a valuation of the Trust's buildings and land as at 31 March 2015 and 31 March 2016 on a modern equivalent asset (MEA) valuation basis.

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

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

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

Subsequent expenditure

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

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 £5,000.

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

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

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.

NOTES TO THE ACCOUNTS

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

1.7

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 NHS trust expects to obtain economic benefits or service potential from the asset. This is specific to the NHS 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.

| Economic Lives of Non-Current Assets | Min Life | Max Life |
|---|-----------------|-----------------|
| | Years | Years |
| Intangible Assets | | |
| Software Licences | 0 | 1 |
| Development Expenditure | 0 | 5 |
| IT - in house & 3rd Party Software | 0 | 9 |
| Property, Plant and Equipment | | |
| Buildings exc Dwellings | 5 | 43 |
| Dwellings | 20 | 21 |
| Plant & Machinery | 0 | 11 |
| Transport Equipment | 0 | 11 |
| Information Technology | 0 | 7 |
| Furniture and Fittings | 0 | 11 |

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

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

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set.

AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

Donated assets

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

NOTES TO THE ACCOUNTS

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

1.8

Non-current assets held for sale

The Trust has no non-current assets held for sale.

1.9

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 and individually assessed as to whether they are operating or finance leases.

The NHS trust as lessor

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

1.10

Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.11

Cash and cash equivalents

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

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

1.12

Provisions

Provisions are recognised when the NHS trust has a present legal or constructive obligation as a result of a past event, it is probable that the NHS trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision for employee early departure obligations is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 1.37% in real terms.

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

1.13

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the NHS trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the trust is disclosed at Note 27.

1.14

Non-clinical risk pooling

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

1.15

Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

Where the time value of money is material, contingencies are disclosed at their present value.

NOTES TO THE ACCOUNTS

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

1.16

Financial assets

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

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets held by the Trust at both 31 March 2015 and 31 March 2014 were classified as loans and receivables.

Loans and receivables

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

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

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

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

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

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

1.17

Financial liabilities

Financial liabilities are recognised on the statement of financial position when the NHS trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised 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.

1.18

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.

1.19

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.

1.20

Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the trust has no beneficial interest in them. Details of third party assets are given in Note 34 to the accounts.

1.21

Public Dividend Capital (PDC) and PDC dividend

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

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

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

NOTES TO THE ACCOUNTS

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

1.22

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 bodies] not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.23

Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCI on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.24

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

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

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

2. Operating segments

During 2015/16, the Trust has not reported to its Board of Directors the financial performance of the Trust at a divisional or segmental level. For the purposes of the 2015/16 financial statements therefore the Trust considers that it operates a single segment, namely healthcare, and segmental disclosures have therefore not been prepared.

NHS Income accounts for 90.6% of the total income.

3. Income generation activities

Not relevant for trust

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. The following provides details of income generation activities whose full cost exceeded £1m or was otherwise material.

Summary Table - aggregate of all schemes

| | 2015-16 £000s | 2014-15 £000s |
|-------------------|------------------|------------------|
| Income | 2928 | 2,645 |
| Full cost | 1920 | 1,935 |
| Surplus/(deficit) | <u>1,008</u> | <u>710</u> |

The Trust operates car parks, a restaurant, bistro and hospital shop for the benefit of staff, patients and visiting members of the public. The cost of these activities is based on a management estimate as a proportion of the Trust's overall costs. The board requires the operation to be self-financing on a fully absorbed cost basis. Surpluses contribute to the overall financial performance of the Trust and are reinvested in Trust facilities and services.

4. Revenue from patient care activities

| | 2015-16 £000s | 2014-15 £000s |
|---|------------------|------------------|
| NHS Trusts | 65 | 15 |
| NHS England | 18,155 | 14,883 |
| Clinical Commissioning Groups | 134,833 | 129,866 |
| Foundation Trusts | 1,331 | 695 |
| NHS Other (including Public Health England and Prop Co) | 142 | 0 |
| Additional income for delivery of healthcare services | 300 | 0 |
| Non-NHS: | | |
| Local Authorities | 1,142 | 1,051 |
| Private patients | 1,218 | 1,119 |
| Overseas patients (non-reciprocal) | 189 | 220 |
| Injury costs recovery | 626 | 602 |
| Other | 69 | 57 |
| Total Revenue from patient care activities | <u>158,070</u> | <u>148,508</u> |

Injury cost recovery income is subject to a provision for impairment of receivables of 21.9% to reflect the expected rates of collection.

The following external customers represent more than 10% of income from patient care activities:

| | 2015-16 £000s | 2014-15 £000s |
|------------------|------------------|------------------|
| Bedfordshire CCG | 127,752 | 122,760 |
| NHS England | 17,516 | 16,229 |

5. Other operating revenue

| | 2015-16 £000s | 2014-15 £000s |
|---|------------------|------------------|
| Education, training and research | 5,321 | 5,440 |
| Charitable and other contributions to revenue expenditure -non- NHS | 120 | 144 |
| Receipt of donations for capital acquisitions - Charity | 171 | 213 |
| Non-patient care services to other bodies | 4,668 | 4,765 |
| Income generation (Other fees and charges) | 5,206 | 4,496 |
| Rental revenue from operating leases | 530 | 520 |
| Other revenue | 321 | 8 |
| Total Other Operating Revenue | 16,337 | 15,586 |
| Total operating revenue | 174,407 | 164,094 |

6. Overseas Visitors Disclosure

| | 2015-16 £000 | 2014-15 £000s |
|--|-----------------|------------------|
| Income recognised during 2015-16 (invoiced amounts and accruals) | 189 | 220 |
| Cash payments received in-year (re receivables at 31 March 2015) | 20 | 28 |
| Cash payments received in-year (iro invoices issued 2015-16) | 63 | 59 |
| Amounts added to provision for impairment of receivables (re receivables at 31 March 2015) | 49 | 23 |
| Amounts added to provision for impairment of receivables (iro invoices issued 2015-16) | 15 | 73 |
| Amounts written off in-year (irrespective of year of recognition) | 87 | 19 |

7. Operating expenses

| | 2015-16 £000s | 2014-15 £000s |
|---|------------------|------------------|
| Services from other NHS Trusts | 336 | 475 |
| Services from other NHS bodies | 30 | 49 |
| Services from NHS Foundation Trusts | 9,283 | 9,386 |
| Total Services from NHS bodies* | 9,649 | 9,910 |
| Purchase of healthcare from non-NHS bodies | 10,520 | 9,701 |
| Trust Chair and Non-executive Directors | 48 | 51 |
| Supplies and services - clinical | 30,410 | 26,391 |
| Supplies and services - general | 3,765 | 3,635 |
| Consultancy services | 779 | 542 |
| Establishment | 1,907 | 2,648 |
| Transport | 110 | 726 |
| Business rates paid to local authorities | 766 | 641 |
| Premises | 6,660 | 6,124 |
| Hospitality | 52 | 49 |
| Insurance | 44 | 37 |
| Legal Fees | 190 | 33 |
| Impairments and Reversals of Receivables | 218 | 164 |
| Inventories write down | 137 | 79 |
| Depreciation | 5,529 | 5,672 |
| Amortisation | 464 | 304 |
| Internal Audit Fees | 69 | 107 |
| Audit fees | 50 | 129 |
| Other auditor's remuneration [see below] | 35 | 0 |
| Clinical negligence | 3,954 | 4,090 |
| Education and Training | 465 | 415 |
| Other | 70 | 83 |
| Total Operating expenses (excluding employee benefits) | 75,891 | 71,531 |
| Employee Benefits | | |
| Employee benefits excluding Board members | 113,452 | 108,137 |
| Board members | 1,052 | 1,251 |
| Total Employee Benefits | 114,504 | 109,388 |
| Total Operating Expenses | 190,395 | 180,919 |

Other Auditor's Remuneration of £35,000 relates to the Quality Accounts audit fee of £12,000 in respect of charges for 2015-16 and £23,000 in respect of the 2014-15 statutory audit with the previous auditor not accrued in that year. The audit fee of £50,000 relates to the current year statutory audit fee in respect of charges for 2015-16.

Internal Audit Fees of £107,000 were included in Establishment costs in 2014-15. This Internal Audit Fee is now reported as a separate item and so the Establishment costs and Internal Audit Fees have both been restated in the comparator column so as to give accurate comparators figures for both.

8. Operating Leases

The Trust has several lease agreements as follows:

A Building with a lease to 2059, with future payments of £27.492m
 Clinical Equipment and vehicles with leases ranging from one year to 6 years, with future payments of £2.047m

8.1. Bedford Hospital NHS Trust as lessee

| | Land £000s | Buildings £000s | Other £000s | 2015-16 Total £000s | 2014-15 £000s |
|--|---------------|--------------------|----------------|---------------------------|------------------|
| Payments recognised as an expense | | | | | |
| Minimum lease payments | | | | 886 | 925 |
| Total | | | | 886 | 925 |
| Payable: | | | | | |
| No later than one year | 0 | 301 | 809 | 1,110 | 909 |
| Between one and five years | 0 | 1,295 | 1,186 | 2,481 | 2,030 |
| After five years | 0 | 25,896 | 52 | 25,948 | 26,240 |
| Total | 0 | 27,492 | 2,047 | 29,539 | 29,179 |

8.2. Bedford Hospital NHS Trust as lessor

The Trust rented Weller Wing, a mental health facility, to South Essex Partnership Foundation Trust up to 31 March 2015. At this point the lease transferred to East London Foundation Trust, the new mental health provider commissioned by Bedfordshire CCG, from 1 April 2016.

| | 2015-16 £000 | 2014-15 £000s |
|------------------------------|-----------------|------------------|
| Recognised as revenue | | |
| Rental revenue | 530 | 520 |
| Total | 530 | 520 |
| Receivable: | | |
| No later than one year | 535 | 528 |
| Between one and five years | 0 | 528 |
| Total | 535 | 1,056 |

9. Employee benefits and staff numbers

9.1. Employee benefits

| | 2015-16 | | |
|--|----------------|----------------------------------|----------------|
| | Total £000s | Permanently employed £000s | Other £000s |
| Employee Benefits - Gross Expenditure | | | |
| Salaries and wages | 97,851 | 81,875 | 15,976 |
| Social security costs | 6,849 | 6,414 | 435 |
| Employer Contributions to NHS BSA - Pensions Division | 10,025 | 9,389 | 636 |
| Total employee benefits | 114,725 | 97,678 | 17,047 |
| Employee costs capitalised | 221 | 221 | 0 |
| Gross Employee Benefits excluding capitalised costs | 114,504 | 97,457 | 17,047 |

| | 2015-16 | | | 2014-15 | | |
|--|----------------|----------------------------------|----------------|----------------|----------------------------------|----------------|
| | Total £000s | Permanently employed £000s | Other £000s | Total £000s | Permanently employed £000s | Other £000s |
| Employee Benefits - Gross Expenditure 2014-15 | | | | | | |
| Salaries and wages | 93,794 | 76,422 | 17,372 | | | |
| Social security costs | 6,435 | 5,987 | 448 | | | |
| Employer Contributions to NHS BSA - Pensions Division | 9,335 | 8,866 | 469 | | | |
| Termination benefits | 94 | 94 | 0 | | | |
| TOTAL - including capitalised costs | 109,658 | 91,369 | 18,289 | | | |
| Employee costs capitalised | 270 | 270 | 0 | | | |
| Gross Employee Benefits excluding capitalised costs | 109,388 | 91,099 | 18,289 | | | |

9.2. Staff Numbers

| | 2015-16 | | | 2014-15 |
|--|-----------------|-----------------------------------|-----------------|-----------------|
| | Total Number | Permanently employed Number | Other Number | Total Number |
| Average Staff Numbers | | | | |
| Medical and dental | 324 | 300 | 24 | 311 |
| Administration and estates | 499 | 466 | 33 | 482 |
| Healthcare assistants and other support staff | 698 | 602 | 96 | 620 |
| Nursing, midwifery and health visiting staff | 848 | 746 | 102 | 804 |
| Scientific, therapeutic and technical staff | 247 | 243 | 4 | 239 |
| Healthcare Science Staff | 15 | 15 | 0 | 15 |
| Other | 5 | 5 | 0 | 5 |
| TOTAL | 2,636 | 2,377 | 259 | 2,476 |
| Of the above - staff engaged on capital projects | 4 | 4 | 0 | 4 |

9.3. Staff Sickness absence and ill health retirements

| | 2015-16 | | 2014-15 | |
|---|-------------|-------|-------------|-------|
| | Number | £000s | Number | £000s |
| Total Days Lost | 17,373 | | 19,728 | |
| Total Staff Years | 2,319 | | 2,208 | |
| Average working Days Lost | 7.49 | | 8.93 | |
| Number of persons retired early on ill health grounds | 1 | | 0 | |
| Total additional pensions liabilities accrued in the year | 111 | | 0 | |

9.4. Exit Packages agreed in 2015-16

| 2015-16 | | | | | | | | |
|--|------------------------------------|---------------------------------|-----------------------------------|----------------------------------|-------------------------------|-----------------------------|--|---|
| Exit package cost band (including any special payment element) | *Number of compulsory redundancies | Cost of compulsory redundancies | Number of other departures agreed | Cost of other departures agreed. | Total number of exit packages | Total cost of exit packages | Number of Departures where special payments have been made | Cost of special payment element included in exit packages |
| | Number | £s | Number | £s | Number | £s | Number | £ |
| Less than £10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| £10,000-£25,000 | 0 | 0 | 1 | 19,166 | 1 | 19,166 | 0 | 0 |
| £25,001-£50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| £50,001-£100,000 | 0 | 0 | 2 | 121,649 | 2 | 121,649 | 0 | 0 |
| £100,001 - £150,000 | 0 | 0 | 1 | 114,138 | 1 | 114,138 | 0 | 0 |
| £150,001 - £200,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| >£200,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 4 | 254,953 | 4 | 254,953 | 0 | 0 |

| 2014-15 | | | | | | | | |
|--|------------------------------------|---------------------------------|-----------------------------------|----------------------------------|-------------------------------|-----------------------------|--|---|
| Exit package cost band (including any special payment element) | *Number of compulsory redundancies | Cost of compulsory redundancies | Number of other departures agreed | Cost of other departures agreed. | Total number of exit packages | Total cost of exit packages | Number of Departures where special payments have been made | Cost of special payment element included in exit packages |
| | Number | £s | Number | £s | Number | £s | Number | £ |
| Less than £10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| £10,000-£25,000 | 1 | 14,595 | 0 | 0 | 1 | 14,595 | 0 | 0 |
| £25,001-£50,000 | 2 | 79,898 | 0 | 0 | 2 | 79,898 | 0 | 0 |
| £50,001-£100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| £100,001 - £150,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| £150,001 - £200,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| >£200,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 3 | 94,493 | 0 | 0 | 3 | 94,493 | 0 | 0 |

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

Primary Care Commissioning is a community interest company (CIC), which has given BHT a sum of £1.3m (held as a long term creditor) to host some of its staff who wished to retain NHS terms and conditions when the CIC was formed. The sum is designed to cover the potential redundancy costs of the staff group. In 2015/16, PCC invited expressions of interest for voluntary redundancy from this staff group. Four members of staff were approved to leave with a redundancy package.

9.5. Exit packages - Other Departures analysis

| | 2015-16 | | 2014-15 | |
|---|------------|---------------------------|------------|---------------------------|
| | Agreements | Total value of agreements | Agreements | Total value of agreements |
| | Number | £000s | Number | £000s |
| Voluntary redundancies including early retirement contractual costs | 4 | 255 | 0 | 0 |
| Total | 4 | 255 | 0 | 0 |

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

9.6. Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

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

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

c) Scheme provisions

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

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

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

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

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

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

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

10. Better Payment Practice Code

10.1. Measure of compliance

| | 2015-16 Number | 2015-16 £000s | 2014-15 Number | 2014-15 £000s |
|---|-------------------|------------------|-------------------|------------------|
| Non-NHS Payables | | | | |
| Total Non-NHS Trade Invoices Paid in the Year | 59,907 | 70,990 | 61,284 | 74,531 |
| Total Non-NHS Trade Invoices Paid Within Target | 46,989 | 58,354 | 52,490 | 66,189 |
| Percentage of Non NHS Trade Invoices Paid Within Target | <u>78.44%</u> | <u>82.20%</u> | <u>85.65%</u> | <u>88.81%</u> |
| NHS Payables | | | | |
| Total NHS Trade Invoices Paid in the Year | 902 | 9,690 | 1,101 | 11,138 |
| Total NHS Trade Invoices Paid Within Target | 441 | 7,536 | 814 | 9,116 |
| Percentage of NHS Trade Invoices Paid Within Target | <u>48.89%</u> | <u>77.77%</u> | <u>73.93%</u> | <u>81.85%</u> |

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

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

| | 2015-16 £000s | 2014-15 £000s |
|---|------------------|------------------|
| Amounts included in finance costs from claims made under this legislation | 1 | 1 |
| Total | <u>1</u> | <u>1</u> |

11. Investment Revenue

| | 2015-16 £000s | 2014-15 £000s |
|---------------------------------|------------------|------------------|
| Interest revenue | | |
| Bank interest | 20 | 16 |
| Subtotal | <u>20</u> | <u>16</u> |
| Total investment revenue | <u>20</u> | <u>16</u> |

12. Other Gains and Losses

| | 2015-16 £000s | 2014-15 £000s |
|---|------------------|------------------|
| Gain (Loss) on disposal of assets held for sale | 1,522 | 0 |
| Total | <u>1,522</u> | <u>0</u> |

13. Finance Costs

| | 2015-16 £000s | 2014-15 £000s |
|--|------------------|------------------|
| Interest | | |
| Interest on loans and overdrafts | 322 | 0 |
| Interest on obligations under finance leases | 500 | 490 |
| Interest on late payment of commercial debt | 1 | 1 |
| Total interest expense | <u>823</u> | <u>491</u> |
| Other finance costs | 0 | 5 |
| Provisions - unwinding of discount | 2 | 30 |
| Total | <u>825</u> | <u>526</u> |

14.1. Property, plant and equipment

| | Land | Buildings excluding dwellings | Dwellings | Assets under construction & payments on account | Plant & machinery | Transport equipment | Information technology | Furniture & fittings | Total |
|---|---------------|-------------------------------------|------------|---|----------------------|------------------------|---------------------------|-------------------------|----------------|
| 2015-16 | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Cost or valuation: | | | | | | | | | |
| At 1 April 2015 | 13,090 | 76,515 | 572 | 3,307 | 21,085 | 79 | 4,117 | 899 | 119,664 |
| Additions of Assets Under Construction | | | | 2,678 | | | | | 2,678 |
| Additions Purchased | 0 | 1,171 | 0 | | 297 | 17 | 339 | 54 | 1,878 |
| Additions - Purchases from Cash Donations & Government Grants | 0 | 43 | 0 | 33 | 79 | 0 | 0 | 16 | 171 |
| Additions Leased (including PFI/LIFT) | 0 | 0 | 0 | | 728 | 0 | 0 | 0 | 728 |
| Reclassifications | 0 | 3,685 | 0 | (5,443) | 685 | 0 | 1,073 | 0 | 0 |
| Disposals | (100) | 0 | (296) | 0 | (1,542) | 0 | 0 | 0 | (1,938) |
| Upward revaluation/positive indexation | 75 | 3,132 | 35 | 0 | 0 | 0 | 0 | 0 | 3,242 |
| Impairments/reversals charged to reserves | (1,065) | 311 | 0 | 0 | 0 | 0 | 0 | 0 | (754) |
| At 31 March 2016 | 12,000 | 84,857 | 311 | 575 | 21,332 | 96 | 5,529 | 969 | 125,669 |
| Depreciation | | | | | | | | | |
| At 1 April 2015 | 0 | 0 | 2 | | 12,668 | 62 | 1,894 | 359 | 14,985 |
| Disposals | 0 | 0 | (10) | | (1,542) | 0 | 0 | 0 | (1,552) |
| Upward revaluation/positive indexation | 0 | (2,576) | (12) | | 0 | 0 | 0 | 0 | (2,588) |
| Charged During the Year | 0 | 2,576 | 26 | | 2,140 | 2 | 690 | 95 | 5,529 |
| At 31 March 2016 | 0 | 0 | 6 | 0 | 13,266 | 64 | 2,584 | 454 | 16,374 |
| Net Book Value at 31 March 2016 | 12,000 | 84,857 | 305 | 575 | 8,066 | 32 | 2,945 | 515 | 109,295 |
| Asset financing: | | | | | | | | | |
| Owned - Purchased | 12,000 | 78,376 | 305 | 528 | 6,922 | 32 | 2,945 | 448 | 101,556 |
| Owned - Donated | 0 | 2,194 | 0 | 47 | 511 | 0 | 0 | 15 | 2,767 |
| Held on finance lease | 0 | 4,287 | 0 | 0 | 633 | 0 | 0 | 52 | 4,972 |
| Total at 31 March 2016 | 12,000 | 84,857 | 305 | 575 | 8,066 | 32 | 2,945 | 515 | 109,295 |

Revaluation Reserve Balance for Property, Plant & Equipment

| | Land | Buildings | Dwellings | Assets under construction & payments on account | Plant & machinery | Transport equipment | Information technology | Furniture & fittings | Total |
|---|--------------|---------------|------------|---|-------------------|---------------------|------------------------|----------------------|---------------|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| At 1 April 2015 | 3,887 | 28,738 | 244 | 0 | 26 | 0 | 0 | 8 | 32,903 |
| Movements - Modern Equivalent Asset Valuation | (1,018) | 4,700 | (39) | 0 | (9) | 0 | 0 | (1) | 3,633 |
| At 31 March 2016 | 2,869 | 33,438 | 205 | 0 | 17 | 0 | 0 | 7 | 36,536 |

Additions to Assets Under Construction in 2015-16

| | |
|--------------------------|--------------|
| Land | 0 |
| Buildings excl Dwellings | 1,558 |
| Dwellings | 0 |
| Plant & Machinery | 1,120 |
| Balance as at YTD | 2,678 |

During the year a number of assets that had been fully written down to a nil net book value and no longer in use were disposed of. These items had an original cost of £1.54m.

14.2. Property, plant and equipment prior-year

| | Land | Buildings excluding dwellings | Dwellings | Assets under construction & payments on account | Plant & machinery | Transport equipment | Information technology | Furniture & fittings | Total |
|---|---------------|-------------------------------------|------------|---|----------------------|------------------------|---------------------------|-------------------------|----------------|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| 2014-15 | | | | | | | | | |
| Cost or valuation: | | | | | | | | | |
| At 1 April 2014 | 13,450 | 71,833 | 556 | 3,818 | 21,321 | 82 | 5,359 | 1,803 | 118,222 |
| Additions of Assets Under Construction | | | | 4,231 | | | | | 4,231 |
| Additions Purchased | 0 | 1,891 | 0 | | 1,269 | 0 | 834 | 0 | 3,994 |
| Additions - Purchases from Cash Donations & Government Grants | 0 | 16 | 0 | 14 | 182 | 0 | 0 | 0 | 212 |
| Reclassifications | 0 | 1,090 | 537 | (4,756) | 1,122 | 14 | 613 | (514) | (1,894) |
| Disposals other than for sale | 0 | (11) | (392) | 0 | (2,809) | (17) | (2,689) | (390) | (6,308) |
| Revaluation | 1,340 | 3,690 | (24) | 0 | 0 | 0 | 0 | 0 | 5,006 |
| Impairments/negative indexation charged to reserves | (1,700) | (1,994) | (105) | 0 | 0 | 0 | 0 | 0 | (3,799) |
| At 31 March 2015 | 13,090 | 76,515 | 572 | 3,307 | 21,085 | 79 | 4,117 | 899 | 119,664 |
| Depreciation | | | | | | | | | |
| At 1 April 2014 | 0 | 0 | 0 | 0 | 13,462 | 63 | 3,991 | 922 | 18,438 |
| Reclassifications | 0 | 0 | 365 | | (14) | 14 | 0 | (365) | 0 |
| Reclassifications as Held for Sale and Reversals | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Disposals other than for sale | 0 | (11) | (392) | | (2,809) | (17) | (2,689) | (390) | (6,308) |
| Revaluation | 0 | (2,769) | (48) | | 0 | 0 | 0 | 0 | (2,817) |
| Charged During the Year | 0 | 2,780 | 77 | | 2,029 | 2 | 592 | 192 | 5,672 |
| At 31 March 2015 | 0 | 0 | 2 | 0 | 12,668 | 62 | 1,894 | 359 | 14,985 |
| Net Book Value at 31 March 2015 | 13,090 | 76,515 | 570 | 3,307 | 8,417 | 17 | 2,223 | 540 | 104,679 |
| Asset financing: | | | | | | | | | |
| Owned - Purchased | 13,090 | 71,161 | 570 | 3,293 | 7,789 | 17 | 2,223 | 540 | 98,683 |
| Owned - Donated | 0 | 2,054 | 0 | 14 | 628 | 0 | 0 | 0 | 2,696 |
| Held on finance lease | 0 | 3,300 | 0 | 0 | 0 | 0 | 0 | 0 | 3,300 |
| Total at 31 March 2015 | 13,090 | 76,515 | 570 | 3,307 | 8,417 | 17 | 2,223 | 540 | 104,679 |

14.3. (cont). Property, plant and equipment

During the year ended 31 March 2016 assets were donated to the Trust as below:

Bedford Hospital Charity (independent external charity) assets to the value of £99,197;

The Friends of Bedford Hospital (independent external charity) assets to the value of £12,990; and

Bedford Hospital Trust Charitable Funds (NHS Charitable Trust associated with Bedford Hospital and under the control of the Bedford Hospital corporate trustee) assets to the value of £58,385.

The Trust employed the services of the District Valuer to update the values of the land, buildings and dwellings for Bedford Hospital as at 31 March 2015. The valuation was prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards - Global and UK, 8th Edition.

The valuation of each property was on the basis of market value, subject to the assumption that the property is sold as part of the continuing enterprise in occupation (i.e. Existing Use Value - EUV).

Where there was no market-based evidence of fair value, because of the specialised nature of the property and the item is rarely sold, fair value was estimated using a depreciated replacement approach to the assumption of continuing use.

The independent valuation resulted in an overall increase in the values of Land, Buildings and Dwelling by a gross amount of £5,077,000 (a net increase of £6,713,000 and a reduction of £1,636,000). These changes were primarily attributed to an overall increase in the buildings index due to commercial conditions as well as major refurbishments. This has resulted in the net increase been credited to Revaluation Reserves. There were no recorded impairments or reversals of impairments to the Statement of Comprehensive Income.

The land relating to dwellings is valued at £145,000 (2014-15 £140,000), an increase of **£5,000**.

Land is not depreciated.

15. Intangible non-current assets**15.1. Intangible non-current assets**

2015-16

| | IT - in-house & 3rd party software | Computer Licenses | Licenses and Trademarks | Patents | Development Expenditure - Internally Generated | Total |
|--|------------------------------------|-------------------|-------------------------|----------|--|--------------|
| | £000's | £000's | £000's | £000's | £000's | £000's |
| At 1 April 2015 | 5,023 | 595 | 0 | 0 | 70 | 5,688 |
| Additions Purchased | 1,055 | 0 | 0 | 0 | 0 | 1,055 |
| At 31 March 2016 | 6,078 | 595 | 0 | 0 | 70 | 6,743 |
| Amortisation | | | | | | |
| At 1 April 2015 | 2,151 | 525 | 0 | 0 | 56 | 2,732 |
| Charged During the Year | 415 | 47 | 0 | 0 | 2 | 464 |
| At 31 March 2016 | 2,566 | 572 | 0 | 0 | 58 | 3,196 |
| Net Book Value at 31 March 2016 | 3,512 | 23 | 0 | 0 | 12 | 3,547 |
| Asset Financing: Net book value at 31 March 2016 comprises: | | | | | | |
| Purchased | 3,486 | 23 | 0 | 0 | 12 | 3,521 |
| Donated | 26 | 0 | 0 | 0 | 0 | 26 |
| Total at 31 March 2016 | 3,512 | 23 | 0 | 0 | 12 | 3,547 |

No revaluation reserves are held in respect of intangible assets.

Revaluation reserve balance for intangible non-current assets

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

15.2. Intangible non-current assets prior year

2014-15

| | IT - in-house & 3rd party software | Computer Licenses | Licenses and Trademarks | Patents | Development Expenditure - Internally Generated | Total |
|---|------------------------------------|-------------------|-------------------------|----------|--|--------------|
| | £000's | £000's | £000's | £000's | £000's | £000's |
| Cost or valuation: | | | | | | |
| At 1 April 2014 | 3,054 | 595 | 0 | 0 | 129 | 3,778 |
| Additions - purchased | 560 | 0 | 0 | 0 | 0 | 560 |
| Additions - government granted | 31 | 0 | 0 | 0 | 0 | 31 |
| Reclassifications | 1,894 | 0 | 0 | 0 | 0 | 1,894 |
| Disposals | (516) | 0 | 0 | 0 | (59) | (575) |
| At 31 March 2015 | 5,023 | 595 | 0 | 0 | 70 | 5,688 |
| Amortisation | | | | | | |
| At 1 April 2014 | 2,445 | 445 | 0 | 0 | 113 | 3,003 |
| Disposals | (516) | 0 | 0 | 0 | (59) | (575) |
| Charged during the year | 222 | 80 | 0 | 0 | 2 | 304 |
| At 31 March 2015 | 2,151 | 525 | 0 | 0 | 56 | 2,732 |
| Net book value at 31 March 2015 | 2,872 | 70 | 0 | 0 | 14 | 2,956 |
| Net book value at 31 March 2015 comprises: | | | | | | |
| Total at 31 March 2015 | 0 | 0 | 0 | 0 | 0 | 0 |

15.3. Intangible non-current assets

The Trust software assets are not revalued, hence no revaluation reserve for intangible assets.

All intangible assets are held at cost and amortised at rates calculated to write them down to nil net book value over the estimated useful life of the asset.

There are no intangible assets with indefinite useful lives.

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

Not relevant for trust

| | Property Plant and Equipment | Intangible Assets | Financial Assets | Non-Current Assets Held for Sale | Total |
|---|------------------------------------|----------------------|---------------------|--|----------|
| | £000s | £000s | £000s | £000s | £000s |
| Total Impairments of Property, Plant and Equipment changed to SoCI | 0 | 0 | 0 | 0 | 0 |

Donated and Gov Granted Assets, included above

| | £000s |
|--|-------|
| PPE - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL | 0 |
| Intangibles - Donated and Government Granted Asset Impairments: amount charged to SOCI - DEL | 0 |

Any increases or reduction in the value of land and buildings as a result of the Modern Equivalent Asset valuation undertaken as at 31 March 2015 has not resulted in an impairment charge to the Statement of Comprehensive Income. All changes in valuation as a result of market movements have been reflected in their entirety in movements within reserves.

17. Commitments

17.1. Capital commitments

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

| | 31 March 2016 | 31 March 2015 |
|-------------------------------|---------------|---------------|
| | £000s | £000s |
| Property, plant and equipment | 156 | 2,069 |
| Intangible assets | 269 | 107 |
| Total | 425 | 2,176 |

18. Intra-Government and other balances

| | Current receivables £000s | Non-current receivables £000s | Current payables £000s | Non-current payables £000s |
|---|---------------------------------|-------------------------------------|------------------------------|----------------------------------|
| Balances with Other Central Government Bodies | 13 | 0 | 2,242 | 0 |
| Balances with Local Authorities | 92 | 0 | 74 | 0 |
| Balances with NHS bodies outside the Departmental Group | 0 | 0 | 74 | 0 |
| Balances with NHS bodies inside the Departmental Group | 6,358 | 0 | 3,909 | 18,660 |
| Balances with Bodies External to Government | 3,366 | 1,675 | 11,910 | 6,866 |
| At 31 March 2016 | 9,829 | 1,675 | 18,209 | 25,526 |
| prior period: | | | | |
| Balances with Other Central Government Bodies | 307 | 0 | 3,416 | 0 |
| Balances with Local Authorities | 112 | 0 | 0 | 0 |
| Balances with NHS bodies outside the Departmental Group | 5 | 0 | 0 | 0 |
| Balances with NHS bodies inside the Departmental Group | 6,017 | 0 | 3,081 | 2,880 |
| Balances with Bodies External to Government | 2,496 | 1,354 | 7,495 | 7,216 |
| At 31 March 2015 | 8,937 | 1,354 | 13,992 | 10,096 |

19. Inventories

| | Drugs | Consumables | Work in Progress | Energy | Loan Equipment | Other | Total | Of which held at NRV |
|--|------------|--------------|------------------|-----------|----------------|-----------|--------------|----------------------|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Balance at 1 April 2015 | 875 | 1,268 | 0 | 17 | 0 | 73 | 2,233 | 0 |
| Additions | 13,062 | 15,429 | 0 | 14 | 0 | 605 | 29,110 | 0 |
| Inventories recognised as an expense in the period | (13,024) | (15,336) | 0 | (10) | 0 | (617) | (28,987) | 0 |
| Write-down of inventories (including losses) | (135) | (2) | 0 | 0 | 0 | 0 | (137) | 0 |
| Balance at 31 March 2016 | 778 | 1,359 | 0 | 21 | 0 | 61 | 2,219 | 0 |

20.1. Trade and other receivables

| | Current | | Non-current | |
|--|---------------|---------------|---------------|---------------|
| | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 |
| | £000s | £000s | £000s | £000s |
| NHS receivables - revenue | 2,968 | 5,766 | 0 | 0 |
| NHS prepayments and accrued income | 3,168 | 260 | 0 | 0 |
| Non-NHS receivables - revenue | 1,198 | 993 | 0 | 0 |
| Non-NHS prepayments and accrued income | 2,404 | 1,981 | 1,675 | 1,354 |
| PDC Dividend prepaid to DH | 139 | 5 | | |
| Provision for the impairment of receivables | (643) | (520) | 0 | 0 |
| VAT | 348 | 298 | 0 | 0 |
| Other receivables | 247 | 154 | 0 | 0 |
| Total | 9,829 | 8,937 | 1,675 | 1,354 |
| Total current and non current | 11,504 | 10,291 | | |
| Included in NHS receivables are prepaid pension contributions: | | 0 | | |

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

20.2. Receivables past their due date but not impaired

| | 31 March 2016 | 31 March 2015 |
|-------------------------|---------------|---------------|
| | £000s | £000s |
| By up to three months | 1,356 | 3,608 |
| By three to six months | 507 | 474 |
| By more than six months | 438 | 613 |
| Total | 2,301 | 4,695 |

20.3. Provision for impairment of receivables

| | 2015-16 | 2014-15 |
|---|--------------|--------------|
| | £000s | £000s |
| Balance at 1 April 2015 | (520) | (590) |
| Amount written off during the year | 95 | 234 |
| (Increase)/decrease in receivables impaired | (218) | (164) |
| Balance at 31 March 2016 | (643) | (520) |

Provisions have been made in full for all non NHS debts originating prior to 31 March 2015. Injury allowance debtors have been provided at 21.9%.

21. Cash and Cash Equivalents

| | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| | £000s | £000s |
| Opening balance | 1,198 | 994 |
| Net change in year | (19) | 204 |
| Closing balance | 1,179 | 1,198 |
| Made up of | | |
| Cash with Government Banking Service | 1,174 | 1,193 |
| Cash in hand | 5 | 5 |
| Cash and cash equivalents as in statement of financial position | 1,179 | 1,198 |
| Cash and cash equivalents as in statement of cash flows | 1,179 | 1,198 |

22. Trade and other payables

| | Current | | Non-current | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 31 March 2016 £000s | 31 March 2015 £000s | 31 March 2016 £000s | 31 March 2015 £000s |
| NHS payables - revenue | 3,464 | 1,851 | 0 | 0 |
| NHS accruals and deferred income | 2,360 | 2,443 | 0 | 0 |
| Non-NHS payables - revenue | 5,016 | 3,611 | 0 | 0 |
| Non-NHS payables - capital | 1,241 | 492 | 0 | 0 |
| Non-NHS accruals and deferred income | 2,819 | 3,122 | 1,045 | 1,300 |
| Social security costs | 1,035 | 992 | | |
| Accrued Interest on DH Loans | 51 | | | |
| VAT | 67 | 0 | 0 | 0 |
| Tax | 1,140 | 1,091 | | |
| Other | 104 | 83 | 0 | 0 |
| Total | 17,297 | 13,685 | 1,045 | 1,300 |
| Total payables (current and non-current) | 18,342 | 14,985 | | |
| Included above: | | | | |
| outstanding Pension Contributions at the year end | 1,394 | 1,334 | | |

23. Borrowings

| | Current | | Non-current | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 31 March 2016 £000s | 31 March 2015 £000s | 31 March 2016 £000s | 31 March 2015 £000s |
| Loans from Department of Health | 120 | 120 | 18,660 | 2,880 |
| Finance lease liabilities | 792 | 187 | 5,821 | 5,916 |
| Total | 912 | 307 | 24,481 | 8,796 |
| Total borrowings (current and non-current) | 25,393 | 9,103 | | |

Borrowings / Loans - repayment of principal falling due in:

| | DH £000s | 31 March 2016 | |
|--------------|---------------|----------------|----------------|
| | | Other £000s | Total £000s |
| 0-1 Years | 120 | 792 | 912 |
| 1 - 2 Years | 120 | 346 | 466 |
| 2 - 5 Years | 18,540 | 2,599 | 21,139 |
| Over 5 Years | 0 | 2,876 | 2,876 |
| TOTAL | 18,780 | 6,613 | 25,393 |

24. Other financial liabilities

| | Current | | Non-current | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 31 March 2016 £000s | 31 March 2015 £000s | 31 March 2016 £000s | 31 March 2015 £000s |
| Total | 0 | 0 | 0 | 0 |
| Total other financial liabilities (current and non-current) | 0 | 0 | | |

25. Deferred income

| | Current | | Non-current | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 31 March 2016 £000s | 31 March 2015 £000s | 31 March 2016 £000s | 31 March 2015 £000s |
| Opening balance at 1 April 2015 | 82 | 74 | 1,300 | 1,300 |
| Deferred revenue addition | 0 | 8 | 0 | 0 |
| Transfer of deferred revenue | 0 | 0 | -255 | 0 |
| Current deferred Income at 31 March 2016 | 82 | 82 | 1,045 | 1,300 |
| Total deferred income (current and non-current) | 1,127 | 1,382 | | |

The £1,045,000 non-current deferred income relates to former NHS staff now deployed with a Community Interest Company. The staff involved had the option to retain their former NHS terms and conditions of employment under a NHS contract. These staff are now hosted by Bedford Hospital NHS Trust (BHT) and BHT were paid £1,300,000 a sum equivalent to the accumulated redundancy pay and associated costs should the CIC company wish to make those staff redundant. In 2015/16, 4 staff took voluntary redundancy, which reduces the long term creditor.

26. Finance lease obligations as lessee

On 29 March 2004, the Trust entered in to a finance lease for Beeden House which expires on the 5 April 2128 at an annual rent of £522,342. The rent is subject to an annual escalation of 2.5% up to the 29th anniversary. Subsequent rent reviews take place on the 30th anniversary and every 5 years thereafter. The lease has a break date on the 30th anniversary of the commencement of the term and each succeeding 10th anniversary of the commencement of the term.

| Amounts payable under finance leases (Buildings) | Minimum lease payments | | Present value of minimum | |
|--|------------------------|------------------------|--------------------------|------------------------|
| | 31 March 2016 £000s | 31 March 2015 £000s | 31 March 2016 £000s | 31 March 2015 £000s |
| Within one year | 702 | 685 | 643 | 187 |
| Between one and five years | 2,990 | 2,917 | 2,202 | 859 |
| After five years | 12,034 | 12,810 | 3,025 | 5,057 |
| Less future finance charges | (9,856) | (10,309) | | |
| Minimum Lease Payments / Present value of minimum lease payments | 5,870 | 6,103 | 5,870 | 6,103 |
| Included in: | | | | |
| Current borrowings | | | 643 | 187 |
| Non-current borrowings | | | 5,227 | 5,916 |
| | | | 5,870 | 6,103 |

| Amounts payable under finance leases (Other) | Minimum lease payments | | Present value of minimum | |
|--|------------------------|------------------------|--------------------------|------------------------|
| | 31 March 2016 £000s | 31 March 2015 £000s | 31 March 2016 £000s | 31 March 2015 £000s |
| Within one year | 202 | 0 | 149 | 0 |
| Between one and five years | 807 | 0 | 594 | 0 |
| Less future finance charges | (266) | 0 | | |
| Minimum Lease Payments / Present value of minimum lease payments | 743 | 0 | 743 | 0 |
| Included in: | | | | |
| Current borrowings | | | 149 | 0 |
| Non-current borrowings | | | 594 | 0 |
| | | | 743 | 0 |

27. Provisions

| | Comprising: | | | | | | | |
|---------------------------------------|--------------|-----------------------|--------------|---------------|-----------------|-------------------------------------|----------|------------|
| | Total | Early Departure Costs | Legal Claims | Restructuring | Continuing Care | Equal Pay (incl. Agenda for Change) | Other | Redundancy |
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Balance at 1 April 2015 | 1,471 | 1,033 | 21 | 0 | 0 | 0 | 417 | 0 |
| Arising during the year | 239 | 181 | 58 | 0 | 0 | 0 | 0 | 0 |
| Utilised during the year | (289) | (192) | (21) | 0 | 0 | 0 | (76) | 0 |
| Reversed unused | (379) | (38) | 0 | 0 | 0 | 0 | (341) | 0 |
| Unwinding of discount | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at 31 March 2016 | 1,044 | 986 | 58 | 0 | 0 | 0 | 0 | 0 |
| Expected Timing of Cash Flows: | | | | | | | | |
| No Later than One Year | 239 | 181 | 58 | 0 | 0 | 0 | 0 | 0 |
| Later than Five Years | 805 | 805 | 0 | 0 | 0 | 0 | 0 | 0 |

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

| | |
|----------------------------|--------|
| As at 31 March 2016 | 95,751 |
| As at 31 March 2015 | 48,657 |

28. Contingencies

| | 31 March 2016 £000s | 31 March 2015 £000s |
|--|------------------------|------------------------|
| Contingent liabilities | | |
| Other | 0 | (31) |
| Net value of contingent liabilities | 0 | (31) |
| Contingent assets | | |
| Net value of contingent assets | 0 | 0 |

29. Financial Instruments

Not relevant for trust

29.1. Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS trust has with clinical commissioning groups and the way those commissioners 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. The NHS 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 revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2016 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with clinical commissioning groups, 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.

29.2. Financial Assets

| | At 'fair value through profit and loss' | Loans and receivables | Available for sale | Total |
|-------------------------------|---|-----------------------|--------------------|---------------|
| | £000s | £000s | £000s | £000s |
| Receivables - NHS | | 6,136 | | 6,136 |
| Receivables - non-NHS | | 3,717 | | 3,717 |
| Cash at bank and in hand | | 1,179 | | 1,179 |
| Total at 31 March 2016 | 0 | 11,032 | 0 | 11,032 |
| Receivables - NHS | | 6,026 | | 6,026 |
| Receivables - non-NHS | | 4,260 | | 4,260 |
| Cash at bank and in hand | | 1,198 | | 1,198 |
| Total at 31 March 2015 | 0 | 11,484 | 0 | 11,484 |

29.3. Financial Liabilities

| | At 'fair value through profit and loss' | Other | Total |
|---------------------------------|---|---------------|---------------|
| | | | £000s |
| NHS payables | | 5,824 | 5,824 |
| Non-NHS payables | | 11,355 | 11,355 |
| Other borrowings | | 18,780 | 18,780 |
| PFI & finance lease obligations | | 6,613 | 6,613 |
| Total at 31 March 2016 | 0 | 42,572 | 42,572 |
| NHS payables | | 4,294 | 4,294 |
| Non-NHS payables | | 10,691 | 10,691 |
| Other borrowings | | 3,000 | 3,000 |
| PFI & finance lease obligations | | 6,103 | 6,103 |
| Total at 31 March 2015 | 0 | 24,088 | 24,088 |

30. Events after the end of the reporting period

There are no significant events after the end of the reporting year.

31. Related party transactions

During the year none of the Department of Health Ministers, Trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Bedford Hospital.

The Department of Health is not regarded as a significant related party as the Market Forces Factor (MFF) is paid by clinical commissioning groups (CCGs). During the year the 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. For example :

CCGs
 NHS Foundation Trusts
 NHS Trusts
 NHS Litigation Authority
 NHS Business Services Authority

The Trust has also received revenue and capital payments from the Bedford Hospital Trust NHS Charitable Funds, the single trustee of which is the trust board.

The table below shows all the related party organisations with which the Trust has had material transactions in the year to 31 March 2016 i.e. Transactions over £250,000 in any of the four categories analysed below:

| | Payables to Related Party £000s | Receivables from Related Party £000s | Revenue £000s | Expenditure £000s |
|-------------------------------------|--|--|------------------|----------------------|
| CCGs | | | | |
| Bedfordshire CCG | 0 | 1,248 | 127,752 | 17 |
| Cambridgeshire And Peterborough CCG | 0 | 37 | 672 | 0 |
| East And North Hertfordshire CCG | 0 | 0 | 311 | 3 |
| Luton CCG | 0 | 0 | 1,064 | 0 |
| Milton Keynes CCG | 0 | 135 | 2,640 | 0 |
| Nene CCG | 0 | 213 | 1,175 | 0 |
| Aylesbury Vale CCG | 0 | 131 | 260 | 0 |

CCG transactions are in respect of healthcare service provision by the Trust.

NHS Foundation Trusts

| | | | | |
|---|-------|-----|-------|-------|
| Cambridge Univ Hosp NHS Foundation Trust | 134 | 41 | 188 | 491 |
| Luton And Dunstable University Hospital NHS Foundation Trust | 288 | 148 | 450 | 798 |
| Moorfields Eye Hospital NHS Foundation Trust | 2,752 | 677 | 4,290 | 8,196 |
| Norfolk And Norwich University Hospitals NHS Foundation Trust | 0 | 19 | 360 | 1 |
| South Essex Partnership NHS Foundation Trust | 200 | 43 | 716 | 228 |
| Southend University Hospitals NHS Foundation Trust | 0 | 0 | 1 | 0 |
| East London NHS Foundation Trust | 0 | 560 | 997 | 6 |

Moorfields Eye Hospital NHS FT is a sub contractor for the provision of ophthalmology at the Trust.
 All other Foundation Trusts transactions are in respect of clinical and non clinical services.

Special Health Authorities

| | | | | |
|--------------------------|---|-----|-------|-------|
| Health Education England | 0 | 18 | 4,739 | 3 |
| Public Health England | 0 | 130 | 541 | 9 |
| NHS Litigation Authority | 0 | 0 | 0 | 3,954 |

NHS Area Teams

| | | | | |
|------------------------------------|---|-------|-------|---|
| Central Midlands Local Office | 0 | 586 | 5,316 | 0 |
| East Local Office | 0 | 1,047 | 1,168 | 0 |
| Central Midlands Commissioning Hub | 0 | 160 | 1,480 | 0 |
| East Commissioning Hub | 0 | 235 | 9,431 | 0 |

NHS Area Team Transactions are in respect of healthcare service provision by the Trust.

Local Authorities

| | | | | |
|--|----|----|-------|-----|
| Bedford Unitary Authority | 0 | 11 | 1,166 | 0 |
| Central Bedfordshire Unitary Authority | 73 | 18 | 104 | 811 |

Healthcare service provision by the Trust

Government Departments

| | | | | |
|--|-------|---|---|--------|
| HM Revenue and Customs Trust Statement | 2,242 | 0 | 0 | 6,849 |
| National Health Service Pension Scheme | 0 | 0 | 0 | 10,025 |
| NHS Blood and Transplant | 74 | 0 | 0 | 854 |

Charitable Funds

| | | | | |
|---|---|---|-----|-----|
| Bedford Hospital Trust Charitable Funds | 0 | 0 | 288 | 309 |
|---|---|---|-----|-----|

Prior year Comparators

The table below shows all the related party organisations with which the Trust had material transactions in the year to 31 March 2015 i.e. Transactions over £250,000 in any of the four categories analysed below:

| | Payables to Related Party £000s | Receivables from Related Party £000s | Revenue £000s | Receivables from Related Party £000s |
|-------------------------------------|--|--|------------------|---|
| CCGs | | | | |
| Bedfordshire CCG | | | | |
| Cambridgeshire And Peterborough CCG | 0 | 2,181 | 122,760 | 0 |
| East And North Hertfordshire CCG | 0 | 16 | 505 | 0 |
| Luton CCG | 10 | 0 | 350 | 0 |
| Milton Keynes CCG | 0 | 290 | 871 | 0 |
| Nene CCG | 0 | 461 | 2,426 | 0 |
| | 0 | 110 | 936 | 0 |

CCG transactions are in respect of healthcare service provision by the Trust.

NHS Foundation Trusts

| | | | | |
|---|-------|-----|-------|-------|
| Cambridge Univ Hosp NHS Foundation Trust | 467 | 38 | 156 | 575 |
| Luton And Dunstable University Hospital NHS Foundation Trust | 156 | 53 | 439 | 697 |
| Moorfields Eye Hospital NHS Foundation Trust | 1,315 | 888 | 3,969 | 8,156 |
| Norfolk And Norwich University Hospitals NHS Foundation Trust | 0 | 20 | 330 | 0 |
| South Essex Partnership NHS Foundation Trust | 332 | 608 | 2,037 | 369 |

Moorfields Eye Hospital NHS FT is a sub contractor for the provision of ophthalmology at the Trust.
All other Foundation Trusts transactions are in respect of clinical and non clinical services.

Special Health Authorities

| | | | | |
|--------------------------|---|-----|-------|-------|
| Health Education England | 0 | 230 | 5,032 | 0 |
| Public Health England | 0 | 28 | 59 | 0 |
| NHS Litigation Authority | 0 | 0 | 0 | 4,090 |

NHS Area Teams

| | | | | |
|--------------------------------------|----|-----|--------|---|
| East Anglia | 83 | 0 | 10,072 | 0 |
| Hertfordshire and the South Midlands | 0 | 282 | 5,174 | 0 |
| Leicestershire and Lincolnshire | 0 | 157 | 897 | 0 |

NHS Area Team Transactions are in respect of healthcare service provision by the Trust.

Local Authorities

| | | | | |
|--|---|----|-------|-----|
| Bedford Unitary Authority | 0 | 0 | 1,116 | 0 |
| Central Bedfordshire Unitary Authority | 0 | 28 | 86 | 797 |

Healthcare service provision by the Trust

Government Departments

| | | | | |
|--|-------|-----|-----|-------|
| HM Revenue and Customs Trust Statement | 2,083 | 298 | 0 | 6,435 |
| National Health Service Pension Scheme | 1,333 | 0 | 0 | 9,335 |
| NHS Property Services | 77 | 3 | 408 | 77 |
| NHS Blood and Transplant | 0 | 5 | 0 | 894 |

Charitable Funds

| | | | | |
|--|---|---|-----|---|
| Bedford Hospital the Trust Charitable Fund | 0 | 0 | 260 | 0 |
|--|---|---|-----|---|

32. Losses and special payments

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

| | Total Value of Cases £s | Total Number of Cases |
|--|--|----------------------------------|
| Losses | 232,131 | 71 |
| Special payments | 11,192 | 19 |
| Total losses and special payments | 243,323 | 90 |

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

| | Total Value of Cases £s | Total Number of Cases |
|--|--|----------------------------------|
| Losses | 340,712 | 992 |
| Special payments | 13,505 | 17 |
| Total losses and special payments | 354,217 | 1,009 |

In the year ended 31 March 2015, the Trust wrote off a number of invoices that had been provided against in full. These invoices covered a number of years and are included within the 992 population for the number of cases but because they cover several years adversely distort the reported numbers as compared to the previous year.

No individual cases exceeded £300,000

33. Financial performance targets

The figures given for periods prior to 2009-10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

33.1. Breakeven performance

| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|---------------|--------------|--------------|--------------|--------------|--------------|---------------|----------------|-----------------|-----------------|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Turnover | 114,529 | 116,892 | 126,513 | 134,959 | 143,694 | 212,893 | 223,009 | 158,810 | 164,094 | 174,407 |
| Retained surplus/(deficit) for the year | 3,513 | 2,234 | 2,118 | 1,351 | (3,286) | 1,053 | 987 | (9,467) | (20,235) | (18,023) |
| Adjustment for: | | | | | | | | | | |
| Timing/non-cash impacting distortions: | | | | | | | | | | |
| Adjustments for impairments | | | 0 | (739) | 3,560 | (457) | 234 | 764 | 0 | 0 |
| Adjustments for impact of policy change re donated/government grants assets | | | | | | (399) | 3 | 0 | 481 | 83 |
| Other agreed adjustments | 12,120 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Break-even in-year position | 15,633 | 2,234 | 2,118 | 612 | 274 | 197 | 1,224 | (8,703) | (19,754) | (17,940) |
| Break-even cumulative position | 3,513 | 5,747 | 7,865 | 8,477 | 8,751 | 8,948 | 10,172 | 1,469 | (18,285) | (36,225) |

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

| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------------|---------------|
| | % | % | % | % | % | % | % | % | % | % |
| Materiality test (i.e. is it equal to or less than 0.5%): | | | | | | | | | | |
| Break-even in-year position as a percentage of turnover | 13.65 | 1.91 | 1.67 | 0.45 | 0.19 | 0.09 | 0.55 | -5.48 | -12.04 | -10.29 |
| Break-even cumulative position as a percentage of turnover | 3.07 | 4.92 | 6.22 | 6.28 | 6.09 | 4.20 | 4.56 | 0.93 | -11.14 | -20.77 |

The amounts in the above tables in respect of financial years 2005/06 to 2008/09 inclusive have **not** been restated to IFRS and remain on a UK GAAP basis.

33.2. Capital cost absorption rate

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

33.3. External financing

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

| | 2015-16 | 2014-15 |
|---------------------------------------|----------------|---------|
| | £000s | £000s |
| External financing limit (EFL) | 16,820 | 24,035 |
| Cash flow financing | 15,726 | 23,830 |
| Finance leases taken out in the year | 728 | 0 |
| External financing requirement | 16,454 | 23,830 |
| Under/(over) spend against EFL | 366 | 205 |

33.4. Capital resource limit

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

| | 2015-16 | 2014-15 |
|---|----------------|---------|
| | £000s | £000s |
| Gross capital expenditure | 6,516 | 9,028 |
| Less: book value of assets disposed of | (396) | 0 |
| Less: donations towards the acquisition of non-current assets | (171) | (243) |
| Charge against the capital resource limit | 5,949 | 8,785 |
| Capital resource limit | 7,622 | 8,789 |
| (Over)/underspend against the capital resource limit | 1,673 | 4 |

34. Third party assets

There were no third party assets held by the Trust as at 31 March 2016 or 31 March 2015.