Accounts of Royal Brompton & Harefield NHS Foundation Trust for the Year ended 31 March 2012

FOREWORD TO THE ACCOUNTS

These accounts for the year ended 31 March 2012 have been prepared by the Royal Brompton & Harefield NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.

R.Bell ....

Robert J Bell
Chief Executive

30th May 2012

ACCOUNTS FOR THE PERIOD

1 April 2011 to 31 March 2012

Trust name:	Royal Brompton & Harefield NHS Foundation Trust
This year	Year to 31 March 2012
Last year	Year to 31 March 2011
This year end	31 March 2012
Last year end	31 March 2011 (restated)
Prior Year End	1 April 2010 (restated)
This year beginning	01 April 2011

Royal Brompton and Harefield NHS Foundation Trust - for the Year to 31 March 2012

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR TO 31 MARCH 2012

	NOTE	Year to 31 March 2012 £000	Year to 31 March 2011 £000
Revenues from patient care activities	4	**267,165**	253,484
Other operating revenues	5	**32,995**	32,690
Operating expenses	6-9	**(293,260)**	(276,794)
OPERATING SURPLUS		**6,900**	9,380
Investment income	11	**33**	32
Revaluation gain on investment properties	12	**1,327**	4,028
Finance costs	13	**(46)**	(45)
Unwinding of Discount	26	**(20)**	(20)
SURPLUS FOR THE FINANCIAL PERIOD		**8,194**	13,375
Dividends payable on Public Dividend Capital		**(6,387)**	(6,509)
RETAINED SURPLUS FOR THE PERIOD		**1,807**	6,866
OTHER COMPREHENSIVE INCOME:			
Impairments	14	**(1,356)**	(5,892)
Revaluation gain on Operating Properties	14	**1,177**	947
Total comprehensive income for the period		**1,628**	1,921

The notes on pages 5 to 34 form part of these accounts.

All revenue and expenditure is derived from continuing operations.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

	NOTE	31 March 2012 £000	31 March 2011 (restated) £000	1 April 2010 (restated) £000
NON-CURRENT ASSETS				
Property, plant and equipment	14	**185,815**	189,224	183,612
Investment properties	16	**27,155**	25,828	21,800
TOTAL NON-CURRENT ASSETS		**212,970**	215,052	205,412
CURRENT ASSETS				
Inventories	19	**9,974**	10,843	9,317
Trade and other receivables	20	**15,414**	18,551	20,731
Cash and cash equivalents	22	**22,598**	16,679	13,023
TOTAL CURRENT ASSETS		**47,986**	46,073	43,071
TOTAL ASSETS		**260,956**	261,125	248,483
CURRENT LIABILITIES				
Trade and other payables	23	**(36,475)**	(32,766)	(32,182)
Borrowings	24	**(5,251)**	(12,959)	(2,520)
Provisions	26	**(2,552)**	(143)	(184)
TOTAL CURRENT LIABILITIES		**(44,278)**	(45,868)	(34,886)
NET CURRENT ASSETS		**3,708**	205	8,185
TOTAL ASSETS LESS CURRENT LIABILITIES		**216,678**	215,257	213,597
NON-CURRENT LIABILITIES				
Borrowings	24	**(62)**	(210)	(488)
Provisions	26	**(985)**	(1,047)	(1,028)
TOTAL NON-CURRENT LIABILITIES		**(1,047)**	(1,257)	(1,516)
TOTAL ASSETS EMPLOYED		**215,631**	214,000	212,081
FINANCED BY:				
TAXPAYERS' EQUITY				
Public dividend capital (PDC)		**104,759**	104,759	104,759
Retained earnings		**54,085**	52,275	46,387
Revaluation reserve		**56,787**	56,966	60,935
TOTAL TAXPAYERS' EQUITY		**215,631**	214,000	212,081

The financial statements on pages 1 to 34 were approved by the Board on, and signed on its behalf by :

Chief Executive : R.J.Bell .... Date : 30 May 2012

Robert J Bell

Royal Brompton and Harefield NHS Foundation Trust - for the Year to 31 March 2012

Statement of Changes in Taxpayers' Equity

Year to 31 March 2012	Public dividend capital £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Total £000
Opening Balance at 1 April 2011	104,759	52,275	56,966	0	214,000
Changes in taxpayers' equity for the year to 31 March 2012					
Gain (loss) on revaluation of property, plant and equipment	-	-	1,177	-	1,177
Impairments	-	-	(1,356)	-	(1,356)
Other	-	3	-	-	3
Retained surplus for the year	-	1,807	-	-	1,807
Balance at 31 March 2012	104,759	54,085	56,787	0	215,631

Year to 31 March 2011	Public dividend capital £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Total £000
Opening Balance at 1 April 2010	104,759	33,181	60,935	13,206	212,081
Prior Period Adjustment		12,230	976	(13,206)	0
Opening Balances at 1 April 2010 (restated)	104,759	45,411	61,911	0	212,081
Changes in taxpayers' equity for the year to 31 March 2011					
Net (loss) on revaluation of property, plant and equipment	-	-	(4,945)	-	(4,945)
Other	-	(2)	-	-	(2)
Retained surplus for the year	-	6,866	-	-	6,866
Balance at 31 March 2011	104,759	52,275	56,966	0	214,000

Summary of Prior Period Adjustment

The SOFP effect of the Prior Period Adjustment undertaken in 2011/12 is given in the above note.

In addition, there were consequential changes arising on values presented for 2010/11 in the Statement of Comprehensive Income. These are summarised:

	Original Statement	Change	Restated Statement
RETAINED SURPLUS FOR THE PERIOD	4,708		4,708
Deduct: Income from Reduction of Donation Reserve		(2,861)	(2,861)
Add: Donated Contributions to Capital Expenditure		5,015	5,015
Rounding Correction	4		4
RESTATED RETAINED SURPLUS FOR THE PERIOD	4,712	2,154	6,866
OTHER COMPREHENSIVE INCOME:			
Impairments	(5,892)		(5,892)
Revaluation gain on Operating Properties	947		947
Reduction of Donation Reserve as a result of Depreciation, Impoairments etc	(2,861)	2,861	0
Contributions to Capital Expenditure by Donation	5,015	(5,015)	0
Total comprehensive income for the period	1,921	0	1,921

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2012

	Note	Year to 31 March 2012	Year to 31 March 2011 (restated)
		£000	£000
Cash flows from operating activities			
Operating surplus		**6,900**	9,380
Depreciation	14	**17,520**	15,089
(Increase)/decrease in inventories		**869**	(1,526)
(Increase)/decrease in trade and other receivables		**3,137**	2,228
Increase/(decrease) in trade and other payables		**3,156**	478
Other movements in Operating cash flows		**(3,356)**	9
(Decrease) in provisions		**2,327**	(22)
Net cash inflow from operating activities		**30,553**	25,636
Cash flows from investing activities			
Interest received	11	**33**	32
Proceeds of Asset Disposals	14	**464**	0
Net payments for property, plant and equipment	14	**(10,635)**	(25,647)
Net cash outflow from investing activities		**(10,138)**	(25,615)
Net cash inflow before financing		**20,415**	21
Cash flows from financing activities			
Capital element of finance leases		(216)	(278)
Borrowing from (Repayment of) Working Capital Facility	24	(5,000)	5,000
Increase (decrease) in Overdraft	24	(2,640)	5,439
Interest paid	13	(46)	(45)
Dividend paid		(6,594)	(6,481)
Net cash (outflow)/inflow from financing		**(14,496)**	**3,635**
Net increase in cash and cash equivalents		**5,919**	3,656
Cash and cash equivalents at the beginning of the financial period		**16,679**	13,023
Cash and cash equivalents at the end of the financial period		**22,598**	16,679

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

Monitor has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the NHS Foundation Trust Annual Reporting Manual, which shall be agreed with HM Treasury. Consequently, these financial statements have been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2011/12 issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Foundation Trust Annual Reporting Manual 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 fair view has been selected. The particular policies adopted by the Trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Care Trust designation

The Trust is not a 'Care Trust' for the purposes of this note.

1.4 Pooled Budgets

There are no pooled budget arrangements in place within the Trust.

1.5 Critical accounting judgements and key sources of estimation uncertainty

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

1.5.1 Critical judgements in applying accounting policies

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

Provisions
A provision is recognised when the trust has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. In addition to widely used estimation techniques, judgement is required when determining the probable outflow of economic benefits relating to early voluntary retirement pension and injury benefit liabilities.

Provision for impairment of receivables
Management will use their judgement to decide when to write-off revenue or to provide against the probability of not being able to collect debt.

Impairments, estimated asset lives and revaluations
The Trust is required to review property, plant and equipment for impairment. In between formal valuations by qualified surveyors, management make judgements about the condition of assets and review their estimated lives. Estimates are used to assess the fair value of land and buildings assets at each year end, in comparison to the carrying value, which may result in revaluation surpluses being accounted.

1.5.2 Key sources of estimation uncertainty

Management has made the following critical judgement in the process of applying the entity's accounting policies and this has had a significant effect on the amounts recognised in the accounts:

1) The use of estimated asset lives in calculating depreciation (see note 14)
2) Provisions for early voluntary retirement pension contributions and injury benefit obligations are estimated using expected life tables and discounted at the pensions rate of 1.8%. (see note 1.20)

1.6 Revenue

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

Revenue is recognised on partially completed patient episodes in progress at each 31 March based on estimated costs at the balance sheet date insofar as commissioning NHS bodies agree to recognise the corresponding expenditure.

The Trust's activities include only immaterial values from the selling of goods.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and interest rate applicable.

1.7 Employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

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 by the Trust 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.

1.8 Other expenses

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

1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:
- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably;

and
- the item has cost of at least £5,000; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- the 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 of Operating Properties

Land and buildings used for the Trust's services or for administrative purposes are stated in the balance sheet at their revalued amounts, Under IAS 16 this is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the balance sheet date. Fair values are determined as follows:

Land and non-specialised buildings - market value for existing use

Specialised buildings - depreciated replacement cost

Until 31 March 2008, the depreciated replacement cost of specialised buildings was estimated for an exact replacement of the asset in its present location. Since then, 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.

Land and buildings were most recently independently valued as at 31 March 2010. Valuation was conducted by Drivers Jonas LLP who performed this in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual and in accordance with International Financial Reporting requirements. The assets were valued by reference to the market conditions prevailing at the valuation date.

At 31 March 2012, the carrying valuation, as updated for movements arising in 2011/12, was considered by the Director of Capital Projects and Development (a qualified Chartered Surveyor) who has provided the Trust Board with assurance that property values are not unfairly stated in these financial statements.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and any direct borrowing cost charged by third parties as part of financing arrangements associated with construction of the asset, but not borrowing cost incurred by the Trust which might otherwise be attributable to the provision of the asset, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

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

Any 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. A revaluation decrease 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. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Income.

Subsequent expenditure

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

1.10 Intangible assets

Recognition

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

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

The Trust applies the same principles to the amortisation of any intangible assets it may have as it applies to the depreciation of tangible assets.

1.11 Depreciation, amortisation and impairments

Freehold land and properties under construction are not depreciated.

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

At each reporting period end, the Trust checks whether there is any indication that any of its tangible 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.

If there has been an impairment loss arising from market movements, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Where an impairment loss arises due to consumption of economic benefits, the loss arising is charged to operating expenses and a transfer is made from revaluation reserve to income and expenditure reserve to the extent that there is revaluation reserve available.

1.12 Donated assets and Restatement of Accounting Policy

Donated non-current assets are capitalised at their fair value on receipt. They are valued, depreciated and impaired as described above for purchased assets.

Until 31 March 2010, a credit to match the capitalised value of the asset was made to the donation reserve. Subsequent gains and lossed on revaluation and impairments of assets donated were taken to the donation reserve and, each year, an amount equal to the depreciation charge on the asset was released from the donation reserve to offset the expenditure.

From 1 April 2010, the value of the asset donated is treated as operating income of the Trust from the point at which any conditions associated with the donation are met. In the majority of cases, the meeting of these conditions consists in bringing a defined asset into operational use within the Trust.

This change of accounting policy has required restatement of amounts in the year ended 31 March 2011, and of the financial position at 1 April 2010. These accounts are so presented.

1.13 Government grants

Government grants are grants from government bodies which are not revenue from NHS bodies for the provision of services. They are of two types: revenue (that is, to fund the ongoing costs of aspects of services provided by the Trust eg research) and capital (that is, to fund the acquisition of non-current assets by the Trust). Both types of grant are commonly granted conditionally, that is the funding should be applied in accordance with the intentions of the granting body. Non-current assets purchased using government grant funding are valued, depreciated and impaired as described above for purchased assets.

Until 31 March 2010, revenue grants were treated as deferred income initially and, over time, credited to income to match the expenditure to which they relate over the period in which the relative expenditure was incurred. Capital grants were similarly creditied to deferred income and releases made each year from this reserve to offset depreciation and impairment costs associated with the relative assets.

From 1 April 2010, the value of the grant receivable is treated as operating income of the Trust from the point at which any conditions associated with the grant are met. For revenue grants, the amount of the grant is treated as Trust income in the year in which it is received. For capital grants, the grant is recognised as income of the Trust as soon as the conditions of grant are met, which is typically the bringing of a defined asset into operational use within the Trust.

This change of accounting policy has required restatement of amounts in the year ended 31 March 2011. These accounts are so presented.

1.14 Non-current assets held for sale

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

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

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

1.15 Leases

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

The Trust as lessee
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 of interest on the remaining balance of the liability. Finance charges are recognised in calculating the Trust's surplus/deficit.

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

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

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

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

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

The Trust does not currently lease assets under finance leases as lessor, but does lease investment property under operating leases as a lessor.

1.16 Private Finance Initiative (PFI) transactions

The Trust has no PFI transactions to report.

1.17 Investment properties

Investment property is defined in IAS 40 as property (land or a building or part of a building, or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:
(a) use in the production or supply of goods or services or for administrative purposes; or
(b) sale in the ordinary course of business.
Properties rented out for the purpose of staff or relatives accommodation or insignificant parts of buildings rented out under an operating lease are not classified as investment property.

Investment property is initially valued at cost and thereafter stated at fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Investment property was valued as at 31 March 2010. The valuation was conducted by Drivers Jonas LLP (an independent valuer) who performed this in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual and in accordance with International Financial Reporting requirements. The assets were valued by reference to the market conditions prevailing at the valuation date.
At 31 March 2012, the carrying valuation, as updated for movements arising in 2011/12, was considered by the Director of Capital Projects and Development (a qualified Chartered Surveyor) who has provided the Trust Board with assurance that property values are not unfairly stated in these financial statements.
Under IAS 40 revaluations will be performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the balance sheet date.
Gains and losses arising from the revaluation of Investment properties are recognised in the surplus for the year.

1.18 Inventories

Inventories are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress but as receivables. This is because partially completed patient episodes are verified between NHS providers and commissioners as part of the intra-NHS Debtor/Creditor balances agreement exercise.

1.19 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.

1.20 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% in real terms or 1.8% for pension related liabilities.
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.
Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received under it.
A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.21 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to the income statement. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 26.

1.22 Non-clinical risk pooling

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

1.23 Contingencies

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

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

1.24 Financial Assets

Financial assets are initially recognised at fair value. This is determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market prices.
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instrument.

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

Financial assets at fair value through profit and loss

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

The Trust has not into entered any contracts that have different risks and characteristics to their host contract.

Held to maturity investments

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

The Trust does not hold any held to maturity investments and it is thought that any NHS trust is unlikely to have these.

Available for sale financial assets

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

The Trust does not hold any 'available for sale' financial assets.

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.

Other than for current trade receivables, fair value is determined by reference to quoted market prices where possible, otherwise by discounted cash flow 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 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 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.

1.25 Financial liabilities

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

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities

Financial liabilities at fair value through profit and loss

Derivatives and contracts with embedded derivatives that are separable from the host contract under IAS 39 but whose separate value cannot be ascertained are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the income statement. The net gain or loss recognised in the income statement incorporates any interest paid on the financial liability.

The Trust has not entered into any such contracts.

Other financial liabilities

Other financial liabilities including borrowings are initially measured at fair value, less transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

1.26 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.

1.27 Foreign currencies

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

1.28 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 31 to the accounts.

1.29 Public Dividend Capital (PDC) and PDC dividend

Public Dividend Capital is a type of public sector equity finance based on the excess of assets over liabilities at the time of the establishment of the predecessor NHS Trust. HM Treasury have determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the NHS foundation trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average net relevant assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets, less the value of all liabilities, except for (i) donated assets; (ii) net cash balances held with the Government Banking Service (GBS), excluding cash balances held in GBS accounts that relate to a short-term working capital facility; and (iii) any PDC dividend balance receivable or payable. 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 net relevant 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 of the audit of the annual accounts.

1.30 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 each individual case is 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 foundation trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). Note 33 (Losses and Special Payments) is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.31 Going concern

The accounts have been prepared on a going concern basis since the Directors are satisfied that the activities of the Trust are sustainable for the foreseeable future.

1.32 Accounting standards issued but not yet effective

The following standards, amendments and interpretations have been issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) but have not yet been adopted in the Annual Reporting Manual. Monitor does not permit the early adoption of accounting standards, amendments and interpretations that are in issue at the reporting date but effective at a subsequent reporting period.

Change

IFRS 7 Financial Instruments; disclosures amendments (transfers of financial assets)

IFRS 9 Financial Instruments

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IAS 1 Presentation of Financial Statements (amendments to other comprehensive income (OCI))

IAS 12 Income Taxes (amendment)

IAS 27 Separate Financial Statements

IAS 28 Associates and Joint Ventures

The directors do not expect that the adoption of these standards and interpretations will have a material impact on the financial statements in future periods. All other revised and new standards have not been listed here as they are not considered to have an impact on the Trust.

2. Segmental Analysis

Service line reporting is currently being implemented and will enable the Trust to produce more detailed information relating to income and expenditure by operating segments. The system is expected to become fully operational during 2012/13. However, the Trust considers that it has only a single segment of activity, the provision of healthcare services, for reporting purposes.

2.1 Revenue analysis by customer type

	Year to 31 March 2012				Year to 31 March 2011 (restated)
	English NHS bodies	Other UK NHS bodies	Non NHS	Total	Total
	£000	£000	£000	£000	£000
Patient care activities	233,552	4,206	290	238,048	229,062
Private patient healthcare	-	-	29,117	29,117	24,422
Other non patient care services to other bodies	5	-	236	241	284
Education, training and research	13,927	-	5,301	19,228	18,287
Income from ancillary services	3,812	-	5,022	8,834	7,650
Charitable funding	-	-	4,692	4,692	6,469
	251,296	4,206	44,658	300,160	286,174

Revenue from ancillary services consists of:	£000	£000
Clinical excellence awards	2,664	2,633
Rental revenue from staff accommodation	1,120	1,146
Rental revenue from operating leases	1,351	1,088
Catering revenue	1,237	1,219
Childcare services	778	623
Car parking	150	151
Other	1,534	790
	8,834	7,650

The majority of funding is provided via Primary Care Trusts which accounted for 10% or more of the Trust's total income for the year to 31 March 2012 (all PCTs are classed as a single customer because they are under common control). Revenue for patient care and other operating activities from this body was as follows:

	Year to 31 March 2012	Year to 31 March 2011 (restated)
	£000	£000
Primary Care Trusts	212,997	202,116
Percentage of total revenue	71%	71%

3 Private patient income

	Year to 31 March 2012	Base year 2002/03	Year to 31 March 2011 (restated)
	£000	£000	£000
Private patient income	29,117	15,708	24,422
Total patient related income	267,165	109,452	253,484
Proportion (as a percentage)	10.9%	14.4%	9.6%

Section 44 of the National Health Service Act 2006 requires that the proportion of private patient income to the total patient related income of NHS foundation trusts should not exceed its proportion whilst the body was an NHS Trust in 2002/03 (the Private Patient Cap). This cap has been relaxed by the Health and Social Care Act 2012 which will, subject to certain conditions, permit Foundation Trusts to raise their proportion of private patient income to a maximum of 49%

4. Revenues from patient care activities

	Year to 31 March 2012	Year to 31 March 2011
	£000	£000
Strategic Health Authorities	15,931	16,478
NHS Trusts	2,213	2,857
Primary Care Trusts *	212,997	202,116
Foundation Trusts	2,411	1,995
NHS Other	4,206	5,215
Non NHS:		
- Private patients	29,117	24,422
- Overseas patients (non-reciprocal)	279	387
- Ancillary services	11	14
	267,165	253,484

* Income from Primary Care Trusts includes £4,743,000 at 31 March 2012 (2011 - £3,561,000) recognised for partially completed patient episodes.

5. Other Operating Revenues

	Year to 31 March 2012	Year to 31 March 2011
	£000	£000
Education, training and research	19,228	18,287
Charitable and other contributions to expenditure	1,333	1,454
Charitable Contributions to Capital Expenditure	3,359	5,015
Non-patient care services to other bodies	241	284
Other revenue	8,834	7,650
	32,995	32,690

Revenue is almost totally from the supply of healthcare services. Revenue from the sale of goods, other than as part of healthcare provision, is immaterial.

6. Operating Expenses

Operating expenses comprise:

	Year to 31 March 2012	Year to 31 March 2011
	£000	£000
Non-Executive Directors' costs	186	169
Executive Directors' costs	898	758
Staff costs	169,490	163,996
Supplies and services - clinical	74,418	69,706
Supplies and services - general	9,273	9,098
Professional services	2,727	1,453
Establishment	5,581	4,271
Transport	1,522	1,558
Premises	8,196	8,021
Increase in provision for impairment of receivables	953	281
Depreciation	17,520	15,089
Audit fees	134	147
Clinical negligence	1,048	1,137
Education and training	701	717
Other	613	393
	293,260	276,794

Staff costs include £422,000 (2011 - £851,000) incurred under the Mutually Agreed Resignation Scheme (MARS) to enable restructuring of the Trust.

Exit packages included in staff costs above are summarised:

Exit Package Cost Band	No of Compulsory Redundancies	No of Other Departures agreed	Total number of exit packages by cost band
<£10,000		10	10
£10,000 - £25,000		13	13
£25,001 - £50,000		10	10
>£50,000		8	8
Total No of exit packages by type	0	41	41
Total Value of Exit Packages (£'000)	0	1,196	1,196

7 Operating leases

7.1 As Lessee

The Trust was a party to seven operating leases with a total expenditure of £181,000 during the year to 31 March 2012. Terms of renewal or extension to leases are agreed towards the end of the contract at market rent.

Purchase options are not included in operating lease contracts. Any decision to purchase the asset at the end of the lease period would be based on market prices at the time.

In the case of any dispute between the Trust and the lessor regarding the condition of the assets when returned to the lessor a jointly appointed expert will be used to arbitrate and to deliver a binding decision. Early termination sums are generally payable in respect of the period up to the end of the full contract, for the full contract price discounted at 4% per annum, and in the event of total loss of the asset, the discounted residual value of the asset.

There were no contingent rents or sub leases payable.

Payments recognised as an expense

	Year to 31 March 2012	Year to 31 March 2011 (restated)
	£000	£000
Minimum lease payments	**181**	160

Total future minimum lease payments

	Equipment Leases	Equipment Leases
	Year to 31 March 2012	Year to 31 March 2011 (restated)
	£000	£000
Operating leases which expire:		
Within 1 year	**75**	115
Between 1 and 5 years	**54**	-
After 5 years	**-**	-
	129	115

7.2 As Lessor

The Trust has six investment properties on the Brompton and Harefield sites that are leased out under operating leases. Up to 31 March 2011, the leases were typically for 5 to 10 years and rents were received quarterly.

Each lease is subject to the Landlord and Tenant Act 1954 and the 1995 Landlord and Tenant (Covenants) Act and will be renegotiated at market rate at the end of the lease term. None of the lease agreements provides for an option to purchase.

From 1 April 2011, new operating leases were agreed, involving a minimum occupancy period of two years, thereafter either party being able to provide six months' notice to terminate.

The relative income is shown within Note 5 at Other Revenue.

Rental Revenue

	Year to 31 March 2012	Year to 31 March 2011 (restated)
	£000	£000
Basic rent	**1,362**	1,088
Contingent rent	**-**	-
Total	**1,362**	1,088

Total future minimum lease payments receivable

	Year to 31 March 2012	Year to 31 March 2011 (restated)
	£000	£000
Receivable within one year	**613**	613
Receivable between 1 and 5 years	**-**	613
Payable after 5 years	**-**	-
Total	**613**	1,226

8. Employee costs and numbers

8.1 Employee costs

	Year to 31 March 2012			Year to 31 March 2011 (restated)
	Permanently Employed	Agency Staff	Total	Total
	£000	£000	£000	£000
Salaries and wages	126,009	16,915	**142,924**	138,323
Social Security costs	12,246	-	**12,246**	11,528
Employer contributions to NHS BSA- Pensions Division	14,022	-	**14,022**	13,615
Termination costs (inc Restructuring cost of £422,000 in 2011/12 and £851,000 2010/11)	1,196		**1,196**	1,288
	153,473	16,915	170,388	164,754

8.2 Average numbers of persons employed

	Year to 31 March 2012			Year to 31 March 2011 (restated)
	Permanently Employed	Agency Staff	Total	Total
	Number	Number	Number	Number
Medical	369	36	**405**	391
Administration and estates	659	36	**695**	719
Healthcare assistants and other support staff	102	30	**132**	136
Nursing, midwifery and health visiting staff	1,172	109	**1,281**	1,255
Scientific, therapeutic and technical staff	482	13	**495**	483
Total	2,784	224	3,008	2,984

8.3 Retirements due to ill-health

During the period there were 4 (2010/11 - 2) early retirements on the grounds of ill-health. The cost of ill-health retirements is borne by the NHS Business Services Authority - Pensions Division.

9 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, 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.

The Scheme is subject to a full actuarial valuation every four years by the Government Actuary (until 2004, based on a five year valuation cycle) and an accounting valuation every year.

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date.

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the Scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

Scheme provisions from 1 April 2008

The Scheme is a "final salary" scheme and is split into two Pension 'sections':

• the "1995 section", which has an annual pension based on the 1/80th of the best of the last 3 years' service and a lump sum normally equivalent to 3 years pension for staff with pensionable service pre-April 2008 and less than a 5 year gap in service.

• the "2008 section" which has an annual pension based on 1/60th of the best 3 out of the last 10 years' pensionable pay for each year of service. No lump sum is payable on retirement.

Staff have been provided with the opportunity to remain in the 1995 section or move into the 2008 section.

General

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. This will be based on consumer prices with effect from 1 April 2012.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through mental or physical infirmity. A death gratuity is payable for death in service or after retirement, the terms of which differ depending on the section to which the member belonged.

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 income and expenditure account at the time the Trust commits itself to the retirement, regardless of the method of payment.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions provided by an approved panel of life companies. Under the arrangement employees can make additional contributions to enhance their pension benefits. The benefits payable relate directly to the value of the investments made.

Scheme members have the option to transfer their pension between the NHS Pension Scheme and another scheme when they move into or out of NHS employment.

Where a scheme member ceases NHS employment with more than two years' service they can preserve their accrued NHS pension for payment when they reach the scheme's retirement age.

Where a scheme member is made redundant they may be entitled to early receipt of their pension plus enhancement, at the employer's cost.

Further details of both schemes, including the changes made in 2008, can be found on the NHS Pensions website www.nhsbsa.nhs.uk/pensions.

10 Better Payment Practice Code

10.1 Better Payment Practice Code - measure of compliance

	Number	£000
Total non-NHS trade invoices paid in the year	**62,244**	**131,640**
Total non-NHS trade invoices paid within target	**31,065**	**54,071**
Year to 31 March 2012	**50%**	**41%**
Total non-NHS trade invoices paid in the year	61,916	138,788
Total non-NHS trade invoices paid within target	27,459	49,362
Year to 31 March 2011	44%	36%
Total NHS trade invoices paid in the year	**2,602**	**36,195**
Total NHS trade invoices paid within target	**949**	**25,599**
Year to 31 March 2012	**36%**	**71%**
Total NHS trade invoices paid in the year	2,060	32,597
Total NHS trade invoices paid within target	518	23,205
Year to 31 March 2011	25%	71%

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

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

There was no interest paid for late payments in the year to 31 March 2012 (year to 31 March 2011 - Nil).

11. Investment income

	Year to 31 March 2012 £000	Year to 31 March 2011 (restated) £000
Interest revenue:		
Bank accounts	**33**	32
	33	32

12. Other gains and losses

	Year to 31 March 2012 £000	Year to 31 March 2011 £000
Revaluation gain on investment properties (note 16)	**1,327**	4,028
	1,327	4,028

13. Interest payable

	Year to 31 March 2012 £000	Year to 31 March 2011 £000
Interest on obligations under finance leases	**(23)**	**(38)**
Other interest and finance costs	**(23)**	**(7)**
Total	**(46)**	(45)

14. Property, plant and equipment

2011/2012 :	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Information technology	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2011	47,586	115,786	6,352	4,081	62,560	17,003	253,368
Additions purchased	-	-	-	11,395	-	-	11,395
Additions donated	-	-	-	3,359	-	-	3,359
Reclassifications	-	6,733	61	(14,306)	5,398	2,114	-
Disposals	-	-	(485)	-	-	-	(485)
Revaluation gains	1,177	-	-	-	-	-	1,177
Impairments (note 17)	-	(1,335)	(21)	-	-	-	(1,356)
Balance at 31 March 2012	48,763	121,184	5,907	4,529	67,958	19,117	267,458
Depreciation at 1 April 2011	-	12,370	1,128	-	40,814	9,832	64,144
Disposals	-	-	(21)	-	-	-	(21)
Charged during the period	-	9,310	496	-	4,936	2,778	17,520
Balance at 31 March 2012	-	21,680	1,603	-	45,750	12,610	81,643
Net book value at 31 March 2012	48,763	99,504	4,304	4,529	22,208	6,507	185,815
Net book value at 31 March 2012							
Purchased	48,763	96,657	4,304	3,968	12,099	4,256	170,047
Finance Leased					375		375
Donated	-	2,847	-	561	9,734	2,251	15,393
Balance at 31 March 2012	48,763	99,504	4,304	4,529	22,208	6,507	185,815
Net book value at 31 March 2012							
Protected assets	47,276	93,569	-	-	-	-	140,845
Unprotected assets	1,487	5,935	4,304	4,529	22,208	6,507	44,970
Total at 31 March 2012	48,763	99,504	4,304	4,529	22,208	6,507	185,815

Specialised buildings are valued at depreciated replacement cost, and whilst there is no direct market for these they were referenced to the current costings in the market and the demands of healthcare providers in the market.

Land and non specialised buildings are valued at Existing Use Value (i.e. fair value assuming ongoing use) which will have reference to market conditions.

Internally let accommodation (i.e. nurses accommodation) has been valued on an Existing Use Value for Social Housing.

Additions to donated assets have been mainly funded by Royal Brompton and Harefield Charitable Funds.
See note 1.9 for further details on the valuation methods applied.

14. Property, plant and equipment (continued)

Year to 31 March 2011 :	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Information technology	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2010	46,639	100,534	6,352	10,387	53,720	15,315	232,947
Additions purchased	-	-	-	20,631	-	-	20,631
Additions donated	-	-	-	5,015	-	-	5,015
Reclassifications	-	21,144	-	(31,952)	9,120	1,688	-
Disposals other than by sale	-	-	-	-	(280)	-	(280)
Revaluation gains	947	-	-	-	-	-	947
Impairments (note 17)	-	(5,892)	-	-	-	-	(5,892)
Balance at 31 March 2011	**47,586**	**115,786**	**6,352**	**4,081**	**62,560**	**17,003**	**253,368**
Depreciation at 1 April 2010	-	4,550	605	-	36,859	7,321	49,335
Disposals other than by sale	-	-	-	-	(280)	-	(280)
Charged during the period	-	7,820	523	-	4,235	2,511	15,089
Balance at 31 March 2011	**-**	**12,370**	**1,128**	**-**	**40,814**	**9,832**	**64,144**
Net book value at 31 March 2011	**47,586**	**103,416**	**5,224**	**4,081**	**21,746**	**7,171**	**189,224**
Disposals other than by sale							
Purchased	47,586	100,476	5,224	3,983	11,801	4,238	173,308
Finance Leased					622		622
Donated	-	2,940	-	98	9,323	2,933	15,294
Net book value at 31 March 2011	**47,586**	**103,416**	**5,224**	**4,081**	**21,746**	**7,171**	**189,224**
Net book value at 31 March 2011							
Protected assets	45,986	96,924	-	-	-	-	142,910
Unprotected assets	1,600	6,492	5,224	4,081	21,746	7,171	46,314
Total at 31 March 2011	**47,586**	**103,416**	**5,224**	**4,081**	**21,746**	**7,171**	**189,224**

14. Property, plant and equipment (continued)

14.1 Economic lives of property, plant and equipment

Asset lives for each class of asset generally fall within the following ranges:

	Minimum life in years	Maximum life in years
Buildings excluding dwellings	25	40
Dwellings	25	40
Plant and machinery	4	7
Transport Equipment	2	7
Information Technology	2	5
Furniture and fittings	4	7

15. Intangible assets

The Trust has no intangible assets to report.

16 Investment properties

Investment Properties owned by the Trust are leased out on operating leases. The asset values are as follows:

At 31 March 2012	**Land £000**	**Buildings £000**	**Total £000**
Fair value at 31 March 2011	**13,350**	**12,478**	**25,828**
Revaluation	**650**	**677**	**1,327**
Fair value at 31 March 2012	**14,000**	**13,155**	**27,155**

At 31 March 2011	**Land £000**	**Buildings £000**	**Total £000**
Valuation at 1 April 2010	12,200	9,600	21,800
Revaluation	1,150	2,878	4,028
Fair value at 31 March 2011	13,350	12,478	25,828

At 31 March 2012, the carrying valuation, as updated for movements arising in 2011/12, was considered by the Director of Capital Projects and Development (a qualified Chartered Surveyor) who has provided the Trust Board with assurance that property values are not unfairly stated in these financial statements.

The rental terms are typically for 5 to 10 years.

The properties are leased out on tenants repairing leases (meaning that the lessee retains responsibility for repairs and maintenance). The Trust incurs only small costs in this respect, which are not considered material.

17. Impairments to Fixed Assets

	Year to 31 March 2012 £000	Year to 31 March 2011 **£000**
Impairments charged to the revaluation reserve.	(1,356)	(5,892)

18. Capital Commitments

Contracted capital commitments not otherwise included in these financial statements are:

	31 March 2012 £000	31 March 2011 £000
Property, plant and equipment	3,318	2,966

19. Inventories

	31 March 2012 £000	31 March 2011 £000
Drugs	1,071	1,060
Consumables	8,903	9,783
Total	9,974	10,843

£73,036,000 of inventory cost was recognised in the operations 2011/12. (2010/11 - £68,588,000)

20. Trade and other receivables

20.1 Trade and other receivables

	31 March 2012 £000	31 March 2011 £000
Amounts falling due within one year:		
NHS & other related party receivables	2,866	3,458
VAT	211	639
Dividend Recoverable	149	-
Prepayments	997	871
Accrued income	6,003	11,606
Other trade receivables	7,589	6,428
Provision for impairment of receivables	(2,401)	(4,451)
Total	15,414	18,551

Accrued Income includes £4,743,000 (31 March 2011 £3,561,000) as the value of partially completed patient episodes at 31 March 2012.

Receivables include £232,000 from the Royal Brompton and Harefield Hospital Charitable Fund (31 March 2011 £325,000).

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

20.2 Provision for impairment of receivables

	31 March 2012 £000	31 March 2011 (restated) £000
Balance brought forward	4,451	6,335
Amount written off during the period	(3,003)	(2,165)
Increase in receivables impaired	953	281
Balance carried forward	2,401	4,451

Receivables written off in the year represent debts where management have come to the view that all appropriate means and methods of collection have been exhausted.

20.3 Receivables past due date but not impaired

	31 March 2012 £000	31 March 2011 (restated) £000
By up to 3 months	2,833	4,127
By 3 to 6 months	459	890
By more than 6 months	0	126
Total	3,292	5,143

21 Other financial or current assets

The Trust has no other financial or current assets to report.

22 Cash and cash equivalents

	31 March 2012 £000	31 March 2011 (restated) £000
Balance as at 1 April	16,679	13,023
Net change in period	5,919	3,656
Balance carried forward at 31 March	22,598	16,679

The cash and cash equivalents balance comprises:

	31 March 2012 £000	31 March 2011 (restated) £000
Cash with Government Banking Service accounts	22,570	16,673
Commercial banks and cash in hand	28	6
Total cash and cash equivalents	22,598	16,679

23 Trade and other payables

	Current	
	31 March 2012	31 March 2011 (restated)
	£000	£000
NHS payables	**1,092**	2,951
Non-NHS trade payables	**3,248**	5,345
Tax and social security costs	**5,739**	5,444
Accruals	**14,929**	9,918
Dividend Payable	**0**	58
Other	**8,656**	4,963
Deferred Income	**2,811**	4,087
Total trade and other payables	**36,475**	32,766

Payables include £1,778,000 outstanding pension contributions at 31 March 2012 (31 March 2011 £1,761,000).

Accruals include £1,360,000 of capital expenditure which is to be financed by bank lending. On completion of the relative projects, the financing requirement of the completed project is to be converted to borrowing, repayment terms yet to be finalised with the financing institution.

There were no non-current trade and other payables.

24 Borrowings

	31 March 2012	31 March 2011 (restated)
	£000	£000
Current		
Finance lease liabilities	**210**	278
Bank borrowing - Working Capital Facility	**0**	5,000
Bank borrowing - Other	**5,041**	7,681
Total current borrowings	**5,251**	12,959
Non-Current		
Finance lease liabilities	**62**	210
Total non-current borrowings	**62**	210
Total borrowings	**5,313**	13,169

The Trust benefits from a Prudential Borrowing Limit of £55.9 million (at 31 March 2011 - £47.1 million) as authorised by Monitor, against which £0.062 million had been drawn down at 31 March 2012 (2011 - £0.210 million).

The Trust also benefits from a Working Capital Facility of £22 million (at 31 March 2011 - £18 million) as authorised by Monitor, against which £Nil had been drawn down at 31 March 2012 (2011 - £5 million).

25 Finance lease obligations

Amounts payable under finance leases:

	Minimum lease payments		Present value of minimum lease payments	
Plant and equipment	**31 March 2012**	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
Within one year	**225**	278	**210**	278
Between one and five years	**67**	245	**62**	210
After five years	**-**	-	**-**	-
Less future finance charges	**(20)**	(35)	**-**	-
Present value of minimum lease payments	**272**	488	**272**	488
Included in:				
Current borrowings	**210**	278	**210**	278
Non-current borrowings	**62**	210	**62**	210
Total	**272**	488	**272**	488

The Trust has not entered into any finance leases for the use of land or buildings and no contingent rents are payable.

The finance lease terms typically do not contain options to purchase the equipment and where leases are renewed, they are renegotiated towards the end of the lease term.

Early termination sums are payable by the Trust where contracts are terminated early.

In the majority of cases, it is the responsibility of the Trust to keep the goods serviced, maintained and repaired and in good working order.

All lease contracts are governed and construed according to English law.

The total future minimum lease payments is discounted by the interest rate inherent in the leases at their inception to arrive at the present value of minimum lease payments. The difference between the two figures represents the finance charge to be treated as interest payable over the remaining term of the leases.

26 Provisions

	Current		Non current	
	31 March 2012	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
Pensions relating to other staff	**76**	42	**985**	1,047
Legal claims	**76**	101	**-**	-
Other	**2,400**	0	**-**	-
	2,552	143	**985**	1,047

	Pensions relating to staff	Legal claims	Other	**Total**
	£000	£000	£000	**£000**
At 1 April 2011	1,089	101	-	1,190
Arising during the period	28	-	2,400	2,428
Utilised during the period	(76)	(25)	-	(101)
Unwinding of discount	20	-	-	20
Balance at 31 March 2012	1,061	76	2,400	3,537
Expected timing of cash flows:				
Within one year	76	76	2,400	2,552
Between one and five years	304	-	-	304
After five years	681	-	-	681

The provision for pensions is calculated using expected life tables and is discounted over the estimated period of the pension recipient. They are therefore subject to a degree of uncertainty in amount and timing.

A provision of £2,400,000 has been established in respect of contractual disputes.

£22,919,000 is included in the provisions of the NHS Litigation Authority at 31 March 2012 in respect of clinical negligence liabilities of the Trust (31 March 2011 £19,655,000).

27 Contingencies

During 2010/11 a review of children's cardiac surgery services in England was launched on behalf of the Joint Committee of Primary Care Trusts (JCPCT). The Trust sought a judicial review of the JCPCT's consultation process and the business case underpinning it but lost this action at the Court of Appeal on 19 April 2012. The outcome of the consultation exercise remains pending. The Trust will consider its options at that time, anticipated to be in July 2012. However, whatever the result there should be no significant impact on the Trust's financial results prior to 1 April 2013.

28 Financial Instruments

28.1 Financial assets

	At 'fair value through profit and loss'	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
NHS receivables	-	2,866	-	2,866
Non NHS receivables	-	12,548	-	12,548
Cash at bank and in hand	-	22,598	-	22,598
Total at 31 March 2012	-	38,012	-	38,012
NHS receivables	-	3,458	-	3,458
Non NHS receivables	-	15,093	-	15,093
Cash at bank and in hand	-	16,679	-	16,679
Total at 31 March 2011	-	35,230	-	35,230

28.2 Financial liabilities

	At 'fair value through profit and loss'	Measured at amortised cost	Total
	£000	£000	£000
NHS payables	-	(1,092)	(1,092)
Non NHS payables	-	(35,383)	(35,383)
Borrowings (bank debt)	-	(5,041)	(5,041)
Borrowings (finance lease obligations)	-	(272)	(272)
Total at 31 March 2012	-	(41,788)	(41,788)
NHS payables	-	(2,951)	(2,951)
Non NHS payables	-	(29,815)	(29,815)
Borrowings (bank debt)	-	(12,681)	(12,681)
Borrowings (finance lease obligations)	-	(488)	(488)
Total at 31 March 2011	-	(45,935)	(45,935)

Management considers that the carrying value of financial assets and liabilities as reported above is synonymous with their fair value.

28.3 Financial risk management

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

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the Board of Directors. 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 minimal exposure to currency rate fluctuations.

Interest-rate risk

Where appropriate and subject to it's approved borrowing limits (Note 24), the Trust may borrow from Government and commercial sources. During the year, the Trust drew down funds against its working capital facility on one occasion. The related interest cost is based on LIBOR; however, the total interest cost from this arrangement did not exceed £25,000 in the year. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, it has low exposure to credit risk. The maximum exposure as at 31 March 2012 is in receivables from other customers, as disclosed in Note 20.

Liquidity risk

Most of the Trust's operating costs are incurred under contract with Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust currently funds its capital expenditures from its own resources and from grants from external bodies.

29 Events after the balance sheet date

Other than the matter described under Note 27, there were no disclosable post balance sheet events.

30 Prudential Borrowing Limit (PBL)

	31 March 2012 Authorised £000	Actual £000
Total long term borrowing	55,900	62
Working capital facility	22,000	-
Total	77,900	62

30.1 Financial Ratios

	2011/12 Approved PBL Ratio	Year to 31 March 2012 Actual PBL Ratio	Year to 31 March 2011 Actual PBL Ratio
Minimum dividend cover (times)	> 1x	3.8x	4.0x
Minimum interest cover (times)	> 3x	370x	454x
Minimum debt service cover (times)	> 2x	113x	71x
Maximum debt service to revenue (%)	< 2.5%	<0.1%	0.1%

The Trust's actual performance for the period was within the ranges set by Monitor for the PBL financial ratios disclosed above.

The Trust is required to comply and remain within a prudential borrowing limit. This is made up of two elements:

- The maximum cumulative amount of long term borrowing. This is set by reference to the four ratio tests set out in Monitor's Prudential Borrowing Code. The financial risk rating set under Monitor's Compliance Framework determines one of the ratios and therefore can impact on the long term borrowing limit; and
- The amount of any working capital facility approved by Monitor.

Further information on the NHS Foundation Trusts Prudential Borrowing Code and Compliance Framework can be found on the website of Monitor, the Independent Regulator of Foundation Trusts.

31 Third Party Assets

Under the Tenancy Deposit Scheme, at 31 March 2012 the Trust held £107,697 (31 March 2011 £107,665) in a deposit account for tenants renting accommodation owned by the Trust. These arrangements are not recognised in the accounts as the Trust has no beneficial interest in them.

32 Intra-Government and Other Balances

At 31/03/2012	No of Bodies in cohort	No Dealt with	Current receivables	Current payables
NHS				
Department of Health	1	1		15
Strategic Health Authorities	10	2	796	26
of which:				
London SHA			795	26
sub-total			796	26
%			100%	100%
Primary Care Trusts	152	115	5,668	2,503
of which:				
Croydon PCT			409	0
Ealing PCT			614	10
Hampshire PCT			0	71
Hillingdon PCT			940	0
Kensington & Chelsea PCT			126	0
South East Essex PCT			1,761	0
West Kent PCT			0	93
sub-total			3,850	174
%			68%	7%
Foundation Trusts	143	63	599	482
NHS Trusts	114	77	498	737
Other NHS Bodies	18	5	2	121
TOTAL NHS	438	263	7,563	3,884
Other Whole of Government				
Central Government Departments	378	5	840	5,750
of which:				
HMRC			211	2,126
National Insurance Fund				1,835
NHS Pension Scheme				1,778
sub-total			211	5,739
%			25%	100%
Local Government	394	2		
TOTAL OTHER WGA	772	7	840	5,750
Other (non-WGA) Related Parties				
Corporate Trustee	1	1	232	
TOTAL NON-WGA	1	1	232	0
TOTAL RELATED PARTIES	1,211	271	8,635	9,634
Total Other			6,779	26,841
TOTAL BALANCES			15,414	36,475

At 31/03/2011	No of Bodies in cohort	No Dealt with	Current receivables	Current payables
NHS				
Department of Health	1	1		2
Strategic Health Authorities	10	2	99	5
of which:				
London SHA			99	0
sub-total			99	0
%			100%	0%
Primary Care Trusts	152	115	12,015	776
of which:				
Croydon PCT			1,644	0
Ealing PCT			1,514	10
Hampshire PCT			631	0
Hillingdon PCT			1,404	1
Kensington & Chelsea PCT			528	0
South East Essex PCT			2,276	0
West Kent PCT			406	0
sub-total			8,603	11
%			72%	1%
Foundation Trusts	143	63	947	593
NHS Trusts	114	77	779	1,050
Other NHS Bodies	18	5		1,247
TOTAL NHS	438	263	13,840	3,673
Other Whole of Government				
Central Government Departments	378	5	639	5,444
of which:				
HMRC			639	2,004
National Insurance Fund				1,679
NHS Pension Scheme				1,761
sub-total			639	5,444
%			100%	100%
Local Government	394	2		
TOTAL OTHER WGA	772	7	639	5,444
Other (non-WGA) Related Parties				
Corporate Trustee	1	1	325	0
TOTAL NON-WGA	1	1	325	0
TOTAL RELATED PARTIES	1,211	271	14,804	9,117
Total Other			3,747	23,649
TOTAL BALANCES			18,551	32,766

33 Losses and Special Payments

There were 96 cases of losses and special payments totalling £101,000 during the year to 31 March 2012 (2011 - 86 cases; £37,000). These amounts are reported on an accruals basis when identified but exclude provisions for future losses.

34 Related Party Transactions

The Royal Brompton and Harefield NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

During the period none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions, other than in respect of remuneration, with the Trust.

The Department of Health is regarded as a related party. During the period the Royal Brompton and Harefield NHS Foundation Trust has had numerous material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are Strategic Health Authorities, Primary Care Trusts, NHS Trusts, the NHS Litigation Authority and the NHS Supply Chain.

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with Imperial College of Science, Technology and Medicine (relating to research projects) and the London Borough of Hillingdon and the Royal Borough of Kensington and Chelsea (relating to National Non-Domestic Rates). The Trust operates in close collaboration with the National Heart and Lung Institute of Imperial College of Science, Technology and Medicine to deliver education, research and medical care.

Balances with the relative bodies are summarised at Note 32

Transactions with the principal Related Parties are summarised

2011/12	No of Bodies in cohort	No Dealt with	Income	Expenditure
NHS				
Department of Health	1	1	6,140	90
Strategic Health Authorities	10	2	21,004	33
of which:				
London SHA			21,004	31
sub-total			21,004	31
%			100%	94%
Primary Care Trusts	152	115	217,410	10
of which:				
Croydon PCT			14,951	
Ealing PCT			10,435	10
Hampshire PCT			27,655	
Hillingdon PCT			14,137	
Kensington & Chelsea PCT			15,743	
South East Essex PCT			43,765	
West Kent PCT			21,310	
sub-total			154,237	10
%			71%	100%
Foundation Trusts	143	63	2,858	2,001
NHS Trusts	114	77	3,876	2,055
Other NHS Bodies	18	5	1,919	3,801
TOTAL NHS	435	263	253,207	7,990
Other Whole of Government				
Central Government Departments	378	5	3,406	26,302
of which:				
HMRC				
National Insurance Fund				12,246
NHS Pension Scheme				14,022
sub-total			0	26,268
%			0%	100%
Local Government	394	2		1,178
TOTAL OTHER WGA	772	7	3,406	27,480
Other (non-WGA) Related Parties				
Corporate Trustee	1	1	3,210	
TOTAL NON-WGA	1	1	3,210	0
TOTAL RELATED PARTIES	1,211	271	259,823	35,470

Related Parties	No of Bodies i	No Dealt with	Income	Expenditure
NHS				
Department of Health	1	1	3,548	1
Strategic Health Authorities	10	2	21,602	5
of which:				
London SHA			21,602	
sub-total			21,602	0
%			100%	0%
Primary Care Trusts	152	116	206,447	35
of which:				
Croydon PCT			11,560	
Ealing PCT			9,043	10
Hampshire PCT			27,134	
Hillingdon PCT			13,684	1
Kensington & Chelsea PCT			16,769	
South East Essex PCT			43,265	
West Kent PCT			20,179	
sub-total			147,605	11
%			71%	31%
Foundation Trusts	143	48	2,048	1,762
NHS Trusts	114	52	4,201	1,748
Other NHS Bodies	18	11	1,882	7,324
TOTAL NHS	438	230	239,728	10,875
Other Whole of Government				
Central Government Departments	378	4	654	25,144
of which:				
HMRC				
National Insurance Fund				11,528
NHS Pension Scheme				13,616
sub-total			0	25,144
%			0%	100%
Local Government	394	2		1,170
TOTAL OTHER WGA	772	6	654	26,314
Other (non-WGA) Related Parties				
Corporate Trustee	1	1	6,469	
TOTAL NON-WGA	1	1	6,469	0
TOTAL RELATED PARTIES	1,211	237	247,051	37,189

Contractual arrangements for 2012/13 are currently being negotiated with the relative individual bodies. Contract values are expected to be close to 2011/12 values in each case

The Trust has also accounted for revenue and capital receipts and receivables from Royal Brompton & Harefield Hospital Charitable Fund (registered charity number 1053584). £232,000 was owed to the Trust by the charity on 31 March 2012 (31 March 2011 - £325,000) and this is included in the Trust's debtors figure (see Note 20). Until 31 March 2012 the Trust acted as the corporate trustee of the charitable fund, whose audited accounts are available separately. Since that date the role of corporate trustee to the charity has been assumed by Royal Brompton & Harefield Charity Trustee, a company limited by guarantee.

35 Interest in Subsidiary

The Royal Brompton and Harefield NHS Foundation Trust owns 100 per cent of the ordinary share capital of The Chelsea Private Hospital Ltd. The cost of this investment is £100. The Chelsea Private Hospital Ltd is a dormant company . Group accounts have not been prepared.

36 Remuneration Report

Salary and Pension entitlements of directors

Remuneration

	1st April 2011-31st March 2012			1st April 2010-31st March 2011		
	Salary	Other Remuneration	Benefits in Kind	Salary	Other Remuneration	Benefits in Kind
	(bands of £5000)	(bands of £5000)	Rounded to the nearest £100	(bands of £5000)	(bands of £5000)	Rounded to the nearest £100
Sir Robert Finch, Chairman	60 - 65			60 - 65		
Robert J. Bell, Chief Executive	220 - 225			215 - 220		
Prof. T Evans, Medical Director	40 - 45	210 - 215*		40 - 45	210 - 215*	
Robert Craig, Chief Operating Officer	130 – 135			125 - 130		
C. Shuldham, Director of Nursing, Governance and Informatics	105 – 110			105 -110		
M Lambert, Director of Finance and Performance (to 30/09/11)	75 - 80	50 - 55		140 - 145		
Richard Paterson, Associate Chief Executive - Finance (from 01/10/11)	85 - 90	50 - 55		-		
J Hill, Non-Executive Director	15 - 20			15 - 20		
Prof. A. Newman-Taylor, Non-Executive Director	10 - 15			10 - 15		
Richard Hunting, Non-Executive Director	10 - 15			10 - 15		
C Croft, Non-Executive Director (resigned 31/10/10)	-			5 - 10		
Nicholas Coleman, Non-Executive Director	15 - 20			15 - 20		
Kate Owen, Non-Executive Director	10 - 15			5 - 10		
Neil Lerner, Non-Executive Director	20 - 25			20 - 25		

* of which £75,000 to £80,000 is National Award (2011 - £75,000 - £80,000) and £130,000 to £135,000 remuneration as hospital consultant (2011 - £130,000 - £135,000).

Mark Lambert stepped down from his Board duties on 30 September due to illness. Other remuneration represents his pay as a Trust officer subsequent to that date.
Richard Paterson was co-opted to the Board on 1 October 2011. Other remuneration represents his pay as a Trust officer prior to that date.

Pay of Median Trust Officer	35,357	34,164

The highest paid officer of the trust (total remuneration £250k-£255k, 2011 £250k-£255K) represented a multiple of 7.1 times that of the median Trust employee (2011 - 7.4).

Pension entitlements of directors

Pension Benefits

Name and title	Real increase (decrease) in pension and related lump sum at retirement age at 31 March 2012 (bands of £2,500) £000	Total accrued pension and related lump sum at retirement age at 31 March 2012 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2012 £000	Cash Equivalent Transfer Value at 31 March 2011 £000	Real Increase/(Decrease) in Employer Funded Cash Equivalent Transfer Value £000
Robert J. Bell, Chief Executive	(17.5) – (20.0)	30 - 35	341	n/a	n/a
Prof. T Evans, Medical Director	(5.0) – (7.5)	390 - 395	2,148	2,042	(60)
Robert Craig,Chief Operating Officer	7.5 – 10.0	155 - 160	616	482	(17)
C. Shuldham, Director of Nursing & Quality	0.0 - 2.5	200 - 205	1,132	1,068	(32)
M Lambert, Director of Finance and Performance*	n/a	n/a	n/a	105	n/a

Pension calculations are provided by NHS Pensions Agency (NHSPA).

M Lambert sadly died in service during 2011/12.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

There is no CETV for employees who have reached retirement age as defined by the scheme of which they are a member. Officers who were over the retirement age for "the 1995 section", and who have now changed to "the 2008 section" with its higher retirement age, will have acquired a CETV during the year.

Real increase (decrease) in CETV - This reflects the change in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.