ACCOUNTS FOR THE YEAR

1 April 2012 to 31 March 2013

Trust name:	Royal Brompton & Harefield NHS Foundation Trust
This period	Year ended 31 March 2013
Last year	Year ended 31 March 2012
Last Year (alternate)	Year ended 31 March 2012 (as now considered)
This period end	31 March 2013
Last year end	31 March 2012
Prior Year End	31 March 2011
This year beginning	1 April 2012

Royal Brompton and Harefield NHS Foundation Trust - for the Year ended 31 March 2013

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2013

	NOTE	**Year ended 31 March 2013**	Year ended 31 March 2012
		£000	£000
Revenues from patient care activities	4	**282,495**	268,962
Other operating revenues	5	**34,363**	32,995
Operating expenses	6-9	**(306,568)**	(295,057)
OPERATING SURPLUS		**10,290**	6,900
Investment income	11	**45**	33
Revaluation gain on investment properties	12	**-**	1,327
Finance costs	13	**(35)**	(46)
Unwinding of Discount	26	**(17)**	(20)
SURPLUS FOR THE FINANCIAL YEAR		**10,283**	8,194
Dividends payable on Public Dividend Capital		**(6,192)**	(6,387)
RETAINED SURPLUS FOR THE YEAR		**4,091**	1,807
OTHER COMPREHENSIVE INCOME:			
Impairments	14	**(3,069)**	(1,356)
Revaluation Gain on Investment Properties	14	**-**	1,177
Total comprehensive income for the year		**1,022**	1,628

The notes on pages 5 to 38 form part of these accounts.

All revenue and expenditure is derived from continuing operations.

The comparative values for Revenues from Patient Care Activities and Operating Expenses have been restated, increasing each by £1,797k, to present all provisions against income receivable as an expense. The Trust considers this provides a more consistent and comparable treatment of income and cost.

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2013

	NOTE	31 March 2013 £000	31 March 2012 £000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**183,465**	185,815
Investment properties	16	**27,155**	27,155
TOTAL NON-CURRENT ASSETS		**210,620**	212,970
CURRENT ASSETS			
Inventories	19	**11,279**	9,974
Trade and other receivables	20	**20,365**	15,414
Cash and cash equivalents	22	**22,416**	22,598
TOTAL CURRENT ASSETS		**54,060**	47,986
TOTAL ASSETS		**264,680**	260,956
CURRENT LIABILITIES			
Trade and other payables	23	**(38,944)**	(34,921)
Borrowings	24	**(4,856)**	(5,251)
Provisions	26	**(1,781)**	(4,106)
TOTAL CURRENT LIABILITIES		**(45,581)**	(44,278)
NET CURRENT ASSETS		**8,479**	3,708
TOTAL ASSETS LESS CURRENT LIABILITIES		**219,099**	216,678
NON-CURRENT LIABILITIES			
Borrowings	24	**-**	(62)
Provisions	26	**(2,446)**	(985)
TOTAL NON-CURRENT LIABILITIES		**(2,446)**	(1,047)
TOTAL ASSETS EMPLOYED		**216,653**	215,631
FINANCED BY:			
TAXPAYERS' EQUITY			
Public dividend capital (PDC)		**104,759**	104,759
Retained earnings		**58,176**	54,085
Revaluation reserve		**53,718**	56,787
TOTAL TAXPAYERS' EQUITY		**216,653**	215,631

The comparative values for Trade and other payables have been reduced and Provisions have been increased, in each case by £1,554k, to better represent the uncertainty inherent in estimated potential future liabilities. The Trust considers this provides a more consistent and comparable disclosure of its total liabilities.

The financial statements on pages 1 to 38 were approved by the Board on, and signed on its behalf by :

Chief Executive : …………………………………………………………….. Date : dd mmm yyyy

Robert J Bell

Royal Brompton and Harefield NHS Foundation Trust - for the Year ended 31 March 2013

Statement of Changes in Taxpayers' Equity

Year ended 31 March 2013	Public dividend capital £000	Retained earnings £000	Revaluation reserve £000	**Total £000**
Opening Balance at 1 April 2012	104,759	54,085	56,787	**215,631**
Changes in taxpayers' equity for the year to 31 March 2013				
Impairments	-	-	(3,069)	**(3,069)**
Retained surplus for the year	-	4,091	-	**4,091**
Balance at 31 March 2013	104,759	58,176	53,718	216,653

Year ended 31 March 2012	Public dividend capital £000	Retained earnings £000	Revaluation reserve £000	**Total £000**
Opening Balance at 1 April 2011	104,759	52,275	56,966	**214,000**
Changes in taxpayers' equity for the year to 31 March 2012				
Gain 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	**215,631**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

	Note	**Year ended 31 March 2013**	Year ended 31 March 2012
		£000	£000
Cash flows from operating activities			
Operating surplus		**10,290**	6,900
Depreciation	14	**16,822**	17,520
(Increase)/decrease in inventories		**(1,305)**	869
(Increase)/decrease in trade and other receivables		**(4,941)**	3,286
Increase in trade and other payables		**3,961**	1,456
Other movements in Operating cash flows		**-**	(1,600)
Increase/(Decrease) in provisions		**(881)**	3,881
Net cash inflow from operating activities		**23,946**	32,312
Cash flows from investing activities			
Interest received	11	**45**	33
Proceeds of Asset Disposals	14	**-**	464
Net payments for property, plant and equipment	14	**(17,479)**	(12,394)
Net cash outflow from investing activities		**(17,434)**	(11,897)
Net cash inflow before financing		**6,512**	20,415
Cash flows from financing activities			
Capital element of finance leases		**(163)**	(216)
(Repayment of) Working Capital Facility	24	**-**	(5,000)
Net Drawdown of Loan Finance	24	**1,127**	-
(Decrease) in Other Bank Borrowing	24	**(1,421)**	(2,640)
Interest paid	13	**(35)**	(46)
Dividend paid		**(6,202)**	(6,594)
Net cash (outflow) from financing		**(6,694)**	**(14,496)**
Net increase (decrease) in cash and cash equivalents		**(182)**	5,919
Cash and cash equivalents at the beginning of the financial period		**22,598**	16,679
Cash and cash equivalents at the end of the financial period		**22,416**	22,598

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 2012/13 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 judgements in the process of applying the entity's accounting policies where 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)
3) The Trust has capitalised the costs of redevelopment work undertaken where it believes that it will derive future economic benefit from that work. These benefits will be influenced by the decisions of certain third parties where some uncertainty must at this stage remain. The Trust has therefore provided against these costs in full. (See Note 14)
4) Following confirmation by the Director of Capital Projects and Development that there has been no significant volatility since the last external valuation carried out at 31 March 2012, and as permitted by current accounting policies, the Board has agreed not to revalue its Investment properties this year. (See Note 14)

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.

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 amount 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
● 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
● 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 or other factors, 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.

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

1.12 Donated assets

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

The value of donated non-current assets is recognised in full in the Statement of Comprehensive Income at the date of receipt.

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.

The value of granted non-current assets is recognised in full in the Statement of Comprehensive Income at the date of receipt.

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.

Under IAS 40 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.
Gains and losses arising from the revaluation of Investment properties are recognised in the surplus for the year.

1.18 Inventories

Inventories are stated 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 charge is recognised when the Trust has developed a detailed formal plan for restructuring at the balance sheet date 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.

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 has 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 PDC 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 32 (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 first effective at a subsequent reporting period:

IFRS 7 Financial Instruments; disclosures amendments

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 19 (Revised 2011) Employee Benefits

IAS 27 Separate Financial Statements

IAS 28 Associates and Joint Ventures

IAS 32 Financial Instruments; disclosures amendments

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.

1.33 Disclosures

Prior year disclosures are presented on a comparable basis to current year.

2. Segmental Analysis

The segmental analysis below reflects the format of contribution reporting by the three clinical divisions of the Trust that is made monthly to the Trust Board.

	Actual (£000s)			
Full Year	**RBH Heart**	**HH Heart**	**Lung**	**Total**
NHS Clinical Income	100,896	78,313	66,322	245,531
Non NHS Income	14,496	3,671	5,228	23,395
Non Clinical Income	1,083	304	361	1,748
Total Income	**116,474**	**82,288**	**71,912**	**270,673**
Pay	(61,754)	(40,819)	(26,984)	(129,557)
Non Pay	(34,586)	(25,219)	(14,964)	(74,769)
Total Expenditure	**(96,339)**	**(66,038)**	**(41,948)**	**(204,326)**
Contribution	**20,135**	**16,249**	**29,963**	**66,348**
Contribution % Actual	17%	20%	42%	25%
Indirect				(19,514)
Corporate Directorates				(37,884)
Central Income/ Contingencies				12,505
EBITDA				**21,455**
Capital Charges/ Other				(17,364)
Surplus/ (Deficit)				**4,091**

2.1 Revenue analysis by customer type

	Year ended 31 March 2013				Year to 31 March 2012
	English NHS bodies	Other UK NHS bodies	Non NHS	Total	Total
	£000	£000	£000	£000	£000
Patient care activities	**248,297**	**4,873**	**535**	**253,705**	239,845
Private patient healthcare	**-**	**-**	**28,790**	**28,790**	29,117
Other non patient care services to other bodies	**100**	**-**	**228**	**328**	241
Education, training and research	**12,821**	**-**	**4,093**	**16,914**	19,228
Charitable funding	**-**	**-**	**8,088**	**8,088**	4,692
Income from ancillary services	**3,918**	**-**	**5,115**	**9,033**	8,834
	265,136	**4,873**	**46,849**	**316,858**	301,957

Income from Patient Care Activities in 2011/12 has been grossed up by £1,797k as per the note on the SOCI.

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 2013 (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 ended 31 March 2013	Year to 31 March 2012
	£000	£000
Primary Care Trusts Healthcare Income	**225,903**	212,997
Percentage of total revenue	**71%**	71%

3 Private Patient Income

The limitiation regarding the proportion of private patient income earned by the Trust ("the private patient cap") was repealed by the Health and Social Care Act 2012. The Trust is no longer required to report the proportion.

4. Revenues from patient care activities

	Year ended 31 March 2013	Year ended 31 March 2012
	£000	£000
Strategic Health Authorities	**18,243**	15,931
NHS Trusts	**1,737**	2,326
Primary Care Trusts *	**225,903**	212,997
Foundation Trusts	**2,414**	2,298
NHS Other	**4,873**	6,003
Non NHS:		
- Private patients	**28,790**	29,117
- Overseas patients (non-reciprocal)	**395**	279
- Ancillary services	**140**	11
	282,495	268,962

* Income from Primary Care Trusts includes £4,685,000 at 31 March 2013 (2012 - £4,743,000) recognised for partially completed patient episodes.

Income from NHS Other in 2011/12 has been grossed up by £1,797k as per the note on the SOCI.

5. Other Operating Revenues

	Year ended 31 March 2013	Year ended 31 March 2012
	£000	£000
Education, training and research	**16,914**	19,228
Charitable and other contributions to revenue expenditure	**1,484**	1,333
Charitable Contributions to Capital Expenditure	**6,604**	3,359
Non-patient care services to other bodies	**328**	241
Rental Revenue	**1,317**	1,362
Other revenue:		
Clinical excellence awards	**2,483**	2,664
Rental revenue from staff accommodation	**1,084**	1,120
Catering revenue	**1,321**	1,237
Childcare services	**842**	778
Car parking	**168**	150
Other	**1,818**	1,523
	34,363	32,995

6. Operating Expenses

Operating expenses comprise:

	Year ended 31 March 2013	Year ended 31 March 2012
	£000	£000
Non-Executive Directors' costs	166	186
Executive Directors' costs	867	898
Staff costs	176,120	169,490
Supplies and services - clinical	80,097	74,418
Supplies and services - general	9,372	9,273
Professional services	1,846	2,634
Establishment	7,024	5,674
Transport	1,627	1,522
Premises	9,541	8,196
Increase in provision for impairment of receivables	1,106	350
Other provision in respect of income	(245)	2,400
Depreciation	16,822	17,520
Audit fees	116	134
Clinical negligence	1,309	1,048
Education and training	885	701
Other	(85)	613
	306,568	295,057

The Increase in provision for impairment of receivables and Other provision in respect of income in 2011/12 have been adjusted as per the note on the SOCI.

Staff costs include £495,000 (2012 - £422,000) incurred under the Mutually Agreed Resignation Scheme (MARS) to enable restructuring of the Trust.

Exit packages included in staff costs above are summarised:

	Year ended 31 March 2013			Year ended 31 March 2012
Exit Package Cost Band	No of Compulsory Redundancies	No of Other Departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	-	15	15	10
£10,000 - £25,000	-	16	16	13
£25,001 - £50,000	-	8	8	10
>£50,000	-	3	3	8
Total No of exit packages by type	-	42	42	41
Total Value of Exit Packages (£'000)	-	964	964	1,196

7 Operating leases

7.1 As Lessee

The Trust was a party to seven operating leases with a total expenditure of £186,000 during the year to 31 March 2013. 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 ended 31 March 2013	Year to 31 March 2012
	£000	£000
Minimum lease payments	**186**	181

Total future minimum lease payments

	Equipment Leases	Equipment Leases
	At 31 March 2013	At 31 March 2012
	£000	£000
Operating leases which expire:		
Within 1 year	**41**	75
Between 1 and 5 years	**14**	54
	55	129

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 Operating Revenues.

Rental Revenue

	Year ended 31 March 2013	At 31 March 2012
	£000	£000
Basic rent	**1,317**	1,362

Total future minimum lease payments receivable

	At 31 March 2013	At 31 March 2012
	£000	£000
Receivable within one year	**613**	613

8. Employee costs and numbers

8.1 Employee costs

	Year ended 31 March 2013			Year to 31 March 2012
	Permanently Employed	**Agency Staff**	**Total**	Total
	£000	**£000**	**£000**	£000
Salaries and wages	128,070	20,317	**148,387**	142,924
Social Security costs	12,938	-	**12,938**	12,246
Employer contributions to NHS BSA- Pensions Division	14,698	-	**14,698**	14,022
Termination costs (inc Restructuring cost of £495,000 in 2012/13 and £422,000 in 2011/12)	964	-	**964**	1,196
	156,670	**20,317**	**176,987**	170,388

8.2 Average numbers of persons employed

	Year ended 31 March 2013			Year to 31 March 2012
	Permanently Employed	**Agency Staff**	**Total**	Total
	Number	**Number**	**Number**	Number
Medical	407	30	**437**	405
Administration and estates	667	41	**708**	695
Healthcare assistants and other support staff	101	30	**131**	132
Nursing, midwifery and health visiting staff	1,205	132	**1,337**	1,281
Scientific, therapeutic and technical staff	497	17	**514**	495
Total	**2,877**	**250**	**3,127**	3,008

8.3 Retirements due to ill-health

During the period there was one (2011/12 - two) early retirement 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, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2013, is based on the valuation data as 31 March 2012, updated to 31 March 2013 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

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

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

c) Scheme provisions

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

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.
With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) will be used to replace 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. The Late Payment of Commercial Debts (Interest) Act 1998

There was no interest paid for late payments in the year to 31 March 2013 (year to 31 March 2012 - Nil).

11. Investment income

	Year ended 31 March 2013 £000	Year to 31 March 2012 £000
Interest revenue:		
Bank accounts	**45**	33
	45	33

12. Other gains and losses

	Year ended 31 March 2013	Year to 31 March 2012
	£000	£000
Revaluation gain on investment properties (note 16)	**-**	1,327
	-	1,327

13. Interest payable

	Year ended 31 March 2013	Year to 31 March 2012
	£000	£000
Interest on obligations under finance leases	**(11)**	(23)
Other interest and finance costs	**(24)**	(23)
Total	**(35)**	(46)

14. Property, plant and equipment

2012/2013 :	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 2012	48,763	121,184	5,907	4,529	67,958	19,117	267,458
Additions purchased	-	-	-	12,742	-	-	12,742
Additions donated	-	-	-	4,799	-	-	4,799
Reclassifications	-	10,209	138	(18,506)	5,771	2,388	-
Impairments (note 17)	(161)	(2,844)	(64)				(3,069)
Balance at 31 March 2013	**48,602**	**128,549**	**5,981**	**3,564**	**73,729**	**21,505**	**281,930**
Depreciation at 1 April 2012	-	21,680	1,603	-	45,750	12,610	81,643
Charged during the year	-	6,511	510	1,081	6,010	2,710	16,822
Balance at 31 March 2013	**-**	**28,191**	**2,113**	**1,081**	**51,760**	**15,320**	**98,465**
Net book value at 31 March 2013	**48,602**	**100,358**	**3,868**	**2,483**	**21,969**	**6,185**	**183,465**
Net book value at 31 March 2013							
Purchased	48,602	94,208	3,868	2,483	11,646	4,675	165,482
Finance Leased	-	-	-	-	186	-	186
Donated	-	6,150	-	-	10,137	1,510	17,797
Balance at 31 March 2013	**48,602**	**100,358**	**3,868**	**2,483**	**21,969**	**6,185**	**183,465**
Net book value at 31 March 2013							
Protected assets	47,115	95,010	-	-	-	-	142,125
Unprotected assets	1,487	5,348	3,868	2,483	21,969	6,185	41,340
Balance at 31 March 2013	**48,602**	**100,358**	**3,868**	**2,483**	**21,969**	**6,185**	**183,465**

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 2013, the carrying valuation 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.

A provision for impairment of £1,081,000 (2012 - Nil) has been recorded against the value of professional fees carried within Assets under Construction in relation to the intended redevelopment of the Trust's Chelsea Campus. This is to reflect the uncertainty regarding the value of this investment in the light of necessary future changes to the Trust's redevelopment plans.

Additions to donated assets have been mainly funded by Royal Brompton and Harefield Charitable Funds.

14. Property, plant and equipment (continued)

Year to 31 March 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 year	-	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
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							
Protected assets	47,276	93,569	0	0	0	0	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**

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 2013	Land £000	Buildings £000	Total £000
Fair value at 1 April 2012 and 31 March 2013	**14,000**	**13,155**	**27,155**

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

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 2013, the carrying valuation 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 ended 31 March 2013	Year ended 31 March 2012
	£000	**£000**
Impairments charged to the revaluation reserve.	(3,069)	(1,356)

18. Capital Commitments

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

	31 March 2013 £000	31 March 2012 £000
Property, plant and equipment	**2,476**	3,318

19. Inventories

	31 March 2013 £000	31 March 2012 £000
Drugs	**1,113**	1,071
Consumables	**10,166**	8,903
Total	**11,279**	9,974

£78,101,000 of inventory cost was recognised in the operations of 2012/13. (2011/12 - £73,019,000)

20. Trade and other receivables

20.1 Trade and other receivables

	31 March 2013 £000	31 March 2012 £000
Amounts falling due within one year:		
Receivables from Related Parties	**2,295**	5,721
VAT	**269**	211
Dividend Recoverable	**159**	149
Prepayments	**2,020**	997
Accrued income	**10,903**	3,151
Other trade receivables	**8,592**	7,586
Provision for impairment of receivables (note 20.2)	**(3,873)**	(2,401)
Total	**20,365**	**15,414**

Receivables include £4,493,000 (31 March 2012 £4,743,000) as the value of partially completed patient episodes at 31 March 2013.

Receivables include £1,389,000 from Royal Brompton and Harefield Hospital Charitable Fund (31 March 2012 £232,000).

20.2 Provision for impairment of receivables

	31 March 2013 £000	31 March 2012 £000
Balance brought forward	2,401	4,451
Amount written off during the year	(286)	(2,400)
Transfers	652	-
Increase in receivables impaired	1,106	350
Balance carried forward	3,873	2,401

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 2013 £000	31 March 2012 £000
By up to 3 months	4,388	2,833
By 3 to 6 months	238	459
Total	4,626	3,292

21 Other financial or current assets

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

22 Cash and cash equivalents

	31 March 2013 £000	31 March 2012 £000
Balance as at 1 April	22,598	16,679
Net change in period	(182)	5,919
Balance carried forward at 31 March	22,416	22,598

The cash and cash equivalents balance comprises:

Cash with Government Banking Service accounts	22,396	22,570
Commercial banks and cash in hand	20	28
Total cash and cash equivalents	22,416	22,598

23 Trade and other payables

	Current	
	31 March 2013	31 March 2012
	£000	£000
Payables to Related Parties	**5,001**	5,673
Non-NHS trade payables	**4,632**	3,248
Social Security Costs	**1,925**	1,835
Income taxes payable	**2,197**	2,126
Accruals	**15,127**	13,042
Other	**6,301**	6,186
Deferred Income	**3,761**	2,811
Total trade and other payables	**38,944**	34,921

Payables include £2,004,000 outstanding pension contributions at 31 March 2013 (31 March 2012 £1,778,000).

As noted on SOFP, comparitive values have been restated by £1,554,000.

There were no non-current trade and other payables.

24 Borrowings

	31 March 2013	31 March 2012
	£000	£000
Current		
Finance lease liabilities	**109**	210
Loan Finance	**1,127**	-
Other bank borrowing	**3,620**	5,041
Total current borrowings	**4,856**	5,251
Non-Current		
Finance lease liabilities	-	62
Other Borrowing	-	-
Total non-current borrowings	**-**	62
Total borrowings	**4,856**	5,313

Loan finance represents the balance outstanding of the loan obtained during the year to construct the Trust's Acorn Ward at Harefield Hospital.

The Trust has a Prudential Borrowing Limit of £52.4 million (at 31 March 2012 - £55.9 million) as authorised by Monitor, against which £Nil had been drawn down at 31 March 2013 (31 March 2012 - £0.062 million). Prudential Borrowing Limit is discontinued as a measure of financial control with effect from 1 April 2013.

The Trust also has a Working Capital Facility of £22 million (at 31 March 2012 - £22 million) as authorised by Monitor, against which £Nil had been drawn down at 31 March 2013 (31 March 2012 - £Nil).

25 Finance lease obligations

Amounts payable under finance leases:

	Minimum lease payments		**Present value of minimum lease payments**	
Plant and equipment	**31 March 2013**	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Within one year	**119**	225	**109**	210
Between one and five years	**-**	67	**-**	62
Less future finance charges	**(10)**	(20)	**-**	-
Present value of minimum lease payments	**109**	272	**109**	272
Included in:				
Current borrowings	**109**	210	**109**	210
Non-current borrowings	**-**	62	**-**	62
Total	**109**	272	**109**	272

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 are 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 lease.

26 Provisions

	Current	
	31 March 2013	31 March 2012
	£000	£000
Pensions relating to staff	**79**	76
Legal claims	**28**	76
Other	**1,674**	3,954
	1,781	4,106

	Non current	
	31 March 2013	31 March 2012
	£000	£000
Pensions relating to staff	**815**	985
Other	**1,631**	-
	2,446	985

Summary of movements in Provisions 2012/13:

	Pensions relating to staff	Legal claims	Other	**Total**
	£000	£000	£000	**£000**
At 1 April 2012	1,061	76	3,954	5,091
Arising during the period	55	-	1,751	1,806
Utilised during the period	(79)	-	(581)	(660)
Reversed Unused	(160)	(48)	(1,819)	(2,027)
Unwinding of discount	17	-	-	17
Balance at 31 March 2013	894	28	3,305	4,227
Expected timing of cash flows:				
Within one year	79	28	1,674	1,781
Between one and five years	316	-	1,631	1,947
After five years	499	-	-	499

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.

As noted on SOFP, comparitive values have been restated by £1,554,000.

A provision of £1,574,000 (2012 - £2,400,000) has been established in respect of contractual disputes.

£32,350,000 is included in the provisions of the NHS Litigation Authority at 31 March 2013 in respect of clinical negligence liabilities of the Trust (31 March 2012 £22,919,000).

27 Contingencies

One of the continuing major challenges that faced the Trust during 2012/13 was the threat to our Children's Services posed by the review of children's congenital heart services undertaken at the request of Sir Bruce Keogh, NHS medical director. Following the decision made in 2012 to decommission children's heart surgery, the matter was referred, by the Secretary of State for Health, to the Independent Reconfiguration Panel (IRP) for review. Concurrently Save our Surgery Ltd, which supports parents using the Leeds centre (also scheduled for closure), won a judicial review action taken against the JCPCT. NHS England, as the successor body to the JCPCT, is currently seeking leave to appeal the decision made at first instance. The outcomes of both the Leeds legal action and the IRP process are currently awaited. The Trust will review its options based on the final outcome of these deliberations, but continues to believe in, and strive for, a London-wide single network solution which involves all three London centres.

28 Financial Instruments

28.1 Financial assets

	Loans and receivables	Total
	£000	£000
NHS receivables	**2,295**	**2,295**
Non NHS receivables	**18,070**	**18,070**
Cash at bank and in hand	**22,416**	**22,416**
Total at 31 March 2013	**42,781**	**42,781**
NHS receivables	5,721	5,721
Non NHS receivables	9,693	9,693
Cash at bank and in hand	22,598	22,598
Total at 31 March 2012	38,012	38,012

28.2 Financial liabilities

	Measured at amortised cost	Total
	£000	£000
NHS payables	(33,943)	(33,943)
Non NHS payables	(5,001)	(5,001)
Borrowings (bank debt)	(3,620)	(3,620)
Borrowings (Loans & finance lease obligations)	(1,236)	(1,236)
Total at 31 March 2013	(43,800)	(43,800)
NHS payables	(29,248)	(29,248)
Non NHS payables	(5,673)	(5,673)
Borrowings (bank debt)	(5,041)	(5,041)
Borrowings (Loans & finance lease obligations)	(272)	(272)
Total at 31 March 2012	(40,234)	(40,234)

Management considers that the carrying value of financial assets and liabilities as reported above is equal to 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 NHS Commissioners and the way those Commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which 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, the Trust may borrow from Government and commercial sources. During the year, the Trust drew down funds to finance a small part of its capital expenditure. The related interest cost is fixed. 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 2013 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 NHS Commissioners, which are financed from resources voted annually by Parliament. The Trust primarily funds its capital programme from donation and its own resources.

29 Events after the balance sheet date

There were no disclosable post balance sheet events.

30 Prudential Borrowing Limit (PBL)

	31 March 2013 Authorised £000	31 March 2013 Actual £000
Total long term borrowing	**52,400**	**-**
Working capital facility	**22,000**	**-**
Total	**74,400**	**-**

Prudential Borrowing Limit is discontinued with effect from 1 April 2013.

30.1 Financial Ratios

	2012/13 Approved PBL Ratio	**Year to 31 March 2013 Actual PBL Ratio**	Year to 31 March 2012 Actual PBL Ratio
Minimum dividend cover (times)	**> 1x**	**4.1x**	3.8x
Minimum interest cover (times)	**> 3x**	**501x**	370x
Minimum debt service cover (times)	**> 2x**	**28x**	113x
Maximum debt service to revenue (%)	**< 2.5%**	**0.3%**	<0.1%

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

Third Party Assets

Under the Tenancy Deposit Scheme, at 31 March 2013 the Trust held £109,987 (31 March 2012 £107,697) 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.

Losses and Special Payments

There were 100 cases of losses and special payments totalling £169,000 during the period to 31 March 2013 (year to 31 March 2012 - 96 cases; £101,000). These amounts are reported on an accruals basis when identified but exclude provisions for future losses.

33 Intra-Government and Other Balances

At 31 March 2013	No of Bodies in cohort	No Dealt with	Current receivables £'000	Current payables £'000
NHS				
Department of Health	1	1	159	0
Strategic Health Authorities	10	1	-	679
of which:				
London SHA				679
sub-total			-	679
%				
Primary Care Trusts	152	60	7,131	862
of which:				
Croydon PCT			330	0
Ealing PCT			196	15
Hampshire PCT			761	0
Hillingdon PCT			1,112	0
Kensington & Chelsea PCT			-	37
South East Essex PCT			863	0
West Kent PCT			813	0
sub-total			4,075	52
%			57%	6%
Foundation Trusts	145	31	554	662
NHS Trusts	117	33	613	635
Other NHS Bodies	12	2	154	76
TOTAL NHS	437	128	8,611	2,914
Other Whole of Government				
Central Government Departments	378	7	477	6,208
of which:				
HMRC			269	2,197
National Insurance Fund				1,925
NHS Pension Scheme				2,004
sub-total			269	6,126
%			56%	99%
Local Government	605	-	-	-
TOTAL OTHER WGA	983	7	477	6,208
Other (non-WGA) Related Parties				
Corporate Trustee	1	1	1,389	-
Other	3	3	40	-
TOTAL NON-WGA	4	4	1,429	-
TOTAL RELATED PARTIES	1,424	139	10,517	9,122
Total Other			9,848	29,822
TOTAL BALANCES			**20,365**	**38,944**

33 Intra-Government and Other Balances (continued)

At 31 March 2012	No of Bodies in cohort	No Dealt with	Current receivables £'000	Current payables £'000
NHS				
Department of Health	1	1	149	15
Strategic Health Authorities	10	2	796	26
of which:				
London SHA			796	26
sub-total			796	26
%			100%	100%
Primary Care Trusts	152	115	5,668	2,503
of which:				
Croydon PCT			409	-
Ealing PCT			614	10
Hampshire PCT			-	71
Hillingdon PCT			940	-
Kensington & Chelsea PCT			126	-
South East Essex PCT			1,761	-
West Kent PCT			-	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	7,712	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	-
TOTAL RELATED PARTIES	1,211	271	8,784	9,634
Total Other			6,630	25,287
TOTAL BALANCES			**15,414**	**34,921**

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 33.

Transactions with the principal Related Parties are summarised:

Year ended 31 March 2013	No of Bodies in cohort	No Dealt with	Income	Expenditure
			£'000	£'000
NHS				
Department of Health	1	1	5,286	-
Strategic Health Authorities	10	2	23,217	29
of which:				
London SHA			23,217	26
sub-total			23,217	26
%			100%	90%
Primary Care Trusts	152	74	230,356	17
of which:				
Croydon PCT			13,947	
Ealing PCT			10,770	
Hampshire PCT			26,708	
Hillingdon PCT			16,082	
Kensington & Chelsea PCT			17,520	
South East Essex PCT			50,938	
West Kent PCT			23,113	
sub-total			159,078	-
%			69%	0%
Foundation Trusts	143	44	3,042	2,382
NHS Trusts	114	41	3,235	1,905
Other NHS Bodies	18	5	1,923	4,464
TOTAL NHS	438	167	267,059	8,797
Other Whole of Government				
Central Government Departments	378	5	2,545	27,672
of which:				
HMRC				
National Insurance Fund				12,938
NHS Pension Scheme				14,698
sub-total			-	27,636
%			0%	100%
Local Government	394	2		1,262
TOTAL OTHER WGA	772	7	2,545	28,934
Other (non-WGA) Related Parties				
Corporate Trustee	1	1	3,039	
TOTAL NON-WGA	1	1	3,039	-
TOTAL RELATED PARTIES	1,211	175	272,643	37,731

Contractual arrangements for 2012/13 are currently being negotiated with the relative individual bodies, principally NHS England, which is expected to commission c85% of the Trust's 2013/14 NHS Patient Care Income.

The Trust has also accounted for revenue and capital receipts and receivables from Royal Brompton & Harefield Hospital Charitable Fund (registered charity number 1053584). £1,389,000 was owed to the Trust by the charity on 31 March 2013 (31 March 2012 - £232,000) 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.

34 Related Party Transactions (continued)

Year ended 31 March 2012	No of Bodies in cohort	No Dealt with	Income	Expenditure
			£'000	**£'000**
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	11
of which:				
Croydon PCT			14,961	
Ealing PCT			10,435	10
Hampshire PCT			27,885	
Hillingdon PCT			14,137	
Kensington & Chelsea PCT			16,743	
South East Essex PCT			48,766	
West Kent PCT			21,310	
sub-total			154,237	10
%			71%	91%
Foundation Trusts	143	63	2,858	2,001
NHS Trusts	114	77	3,876	2,054
Other NHS Bodies	18	5	1,919	3,801
TOTAL NHS	438	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	-
TOTAL RELATED PARTIES	1,211	271	259,823	35,470

Contractual arrangements for 2012/13 are currently being negotiated with the relative individual bodies, principally NHS England, which is expected to commission c85% of the Trust's 2013/14 NHS Patient Care Income.

The Trust has also accounted for revenue and capital receipts and receivables from Royal Brompton & Harefield Hospital Charitable Fund (registered charity number 1053584). £1,389,000 was owed to the Trust by the charity on 31 March 2013 (31 March 2012 - £232,000) 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 Subsidiaries, Associates and Joint Ventures

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 .

Joint Ventures are those companies over which the Trust holds an interest on a long-term basis and which are jointly controlled by the Trust and one or more other venturers under a contractual agreement. Joint Control is generally demonstrated if none of the entities alone can control, but all together can do so and decisions on financial and operating policy essential to the activities, economic performance and financial position of that venture require each venturer's consent.

With effect from November 2011 the Trust has had a 50:50 joint venture in The Institute of Cardiovascular Medicine and Science Limited ("ICMS"), a company limited by guarantee, founded with Liverpool Heart and Chest Hospital NHS Foundation Trust. The founding partners have each contributed £50,000 to the initial funding of ICMS.

Using the equity accounting method, the investment would be recognised initially at cost in the Trust's Statement of Financial Position and increased or decreased each year to reflect the Trust's share of the surplus or deficit, with the gain or loss being recognised in the Trust's Statement of Comprehensive Income.

However, the Trust has decided not to reflect any surplus or deficit from the associate in the Trust accounts as the Trust deems the impact to be immaterial. The Trust has expensed contributions made to date of £50,000.

The Trust has established, in collaboration with Imperial College and other local trusts, a Company limited by guarantee "Imperial College Healthcare Partners Limited". The company will provide central services to the Imperial Academic Health Science Partnership, in which the Trust participates. The Trust has contributed £82,500 to this Company during the year, which has been fully expensed.

Consolidated Accounts have not been prepared.

36 Remuneration Report

36.1 Salary and Pension entitlements of directors

Remuneration

£'000 unless otherwise stated	1st April 2012-31st March 2013					1st April 2011-31st March 2012			
	Salary	Performance Related Pay	Other Remuneration	Benefits in Kind	Expenses	Salary	Performance Related Pay	Other Remuneration	Benefits in Kind
	(bands of £5000)	(bands of £5000)	(bands of £5000)	Rounded to the nearest £100	Rounded to the nearest £100	(bands of £5000)	(bands of £5000)	(bands of £5000)	Rounded to the nearest £100
Sir Robert Finch, Chairman	60 - 65				4	60 - 65			
Robert J. Bell, Chief Executive	235 - 240	10 - 15			4	220 - 225			
Prof. T Evans, Medical Director	45 - 50	75 - 80	135 - 140		10	40 - 45	75 - 80	130 - 135	
Robert Craig, Chief Operating Officer	140 – 145					130 - 135			
C. Shuldham, Director of Nursing, Governance and Informatics	105 – 110				2	105 -110			
M Lambert, Director of Finance and Performance (to 30/09/11)	-					75 - 80		50 - 55	
Richard Paterson, Associate Chief Executive - Finance (from 01/10/11)	165 - 170				1	85 - 90		50 - 55	
J Hill, Non-Executive Director	15 - 20					15 - 20			
Prof. A. Newman-Taylor, Non-Executive Director (resigned 30/06/12)	0 - 5					10 - 15			
Richard Hunting, Non-Executive Director	10 - 15					10 - 15			
Nicholas Coleman, Non-Executive Director (resigned 28/02/13)	15 - 20				4	15 - 20			
Kate Owen, Non-Executive Director	10 - 15					10 - 15			
Neil Lerner, Non-Executive Director	20 - 25				2	20 - 25			
Dr A Vallance-Owen Non-Executive Director (from 26/02/13)	0 - 5					-			
L Alexander Non-Executive Director (from 26/02/13)	0 - 5					-			

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.

	2012/13	2011/12
Pay of Median Trust Officer	34,164	35,357

The highest paid officer of the trust (total remumeration £255k-£260k, 2012 £250k-£255k) represented a multiple of 7.5 times that of the median Trust employee (2012 - 7.1).

36.2 Pension entitlements of directors

Pension Benefits

Name and title	Real increase (decrease) in pension and related lump sum at retirement age at 31 March 2013 (bands of £2,500) £000	Total accrued pension and related lump sum at retirement age at 31 March 2013 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2013 £000	Cash Equivalent Transfer Value at 31 March 2012 £000	Real Increase/(Decrease) in Employer Funded Cash Equivalent Transfer Value £000
Robert J. Bell, Chief Executive	20.0 - 22.5	55 - 60	525	341	167
Prof. T Evans, Medical Director	n/a	n/a	n/a	2,148	n/a
Robert Craig,Chief Operating Officer	7.5 – 10.0	170 - 175	694	616	46
C. Shuldham, Director of Nursing & Quality	(0.0) - (2.5)	210 - 215	1,206	1,132	15

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

Prof. T Evans has withdrawn from the NHS Pension Scheme.

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.