

**9.3 Staff sickness absence**

	2010/11	2009/10
	Number	Number
Total days lost	26,945	41,303
Total staff years	3,327	3,406
Average working days lost	8.10	12.13

Data used in this calculation is on a calendar year basis, for the years ended 31 December 2009 and 31 December 2010 and are used as approximations of the information related to the financial years.

**9.4 Management Costs**

	2010/11	2009/10
	£000	£000
Management costs	8,876	8,738
Income	215,806	223,170
Management costs as a percentage of income	4.1%	3.9%

The Trust is actively reviewing its management costs to ensure that they remain low. The main cause of the increase in management costs as a percentage of income is a reduction in NHS Primary Care Trust income of £5,124,000. Management costs as a percentage of income remains lower than in 2008/09 (4.2%).

**10. 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](http://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 (until 2004, every five years) and an accounting valuation every year. An outline of these follows:

**a) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004.

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

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

**b) Accounting valuation**

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

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

The valuation of the scheme liability as at 31 March 2011, is based on detailed membership data as at 31 March 2008 (the latest midpoint) updated to 31 March 2010 with summary global member and accounting data.

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

**c) Scheme provisions**

In 2009/10 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:

### **Annual Pensions**

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 3 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".

### **Pensions Indexation**

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.

### **Lump Sum Allowance**

A lump sum is payable on retirement which is normally three times the annual pension payment.

### **Ill-Health Retirement**

Early payment of a pension, with enhancement in certain circumstances, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity.

### **Death Benefits**

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.

### **Additional Voluntary Contributions (AVCs)**

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

### **Transfer between Funds**

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.

### **Preserved Benefits**

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 retirement age.

### **Compensation for Early Retirement**

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

## **11. Retirements due to ill-health**

At 31 March 2011 there were 5 individuals who had taken early retirements from the NHS Trust agreed on the grounds of ill-health (31 March 2010: 5). The estimated additional pension liabilities of these ill-health retirements will be £642,919 (31 March 2010: £606,460). The cost of these ill-health retirements are borne by the NHS Business Services Authority - Pensions Division and recharged to the Trust on a quarterly basis.

## 12. Better Payment Practice Code

### 12.1 Better Payment Practice Code - measure of compliance

	2010/11		2009/10	
	Number	£000	Number	£000
Total Non-NHS trade invoices paid in the year	60,926	64,507	65,513	62,655
Total Non NHS trade invoices paid within target	57,902	59,338	62,257	56,472
Percentage of Non-NHS trade invoices paid within target	95%	92%	95%	90%
Total NHS trade invoices paid in the year	2,418	33,453	2,452	24,971
Total NHS trade invoices paid within target	2,189	30,919	2,250	20,240
Percentage of NHS trade invoices paid within target	91%	92%	92%	81%

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

### 12.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2010/11 £000	2009/10 £000
Amounts included in finance costs from claims made under this legislation	1	1
Compensation paid to cover debt recovery costs under this legislation	0	0
<b>Total</b>	<b>1</b>	<b>1</b>

## 13. Investment revenue

	2010/11 £000	2009/10 £000
Interest revenue:		
Bank accounts	29	48
<b>Total</b>	<b>29</b>	<b>48</b>

## 14. Other gains and losses

	2010/11 £000	2009/10 £000
Gain/(loss) on disposal of property, plant and equipment	27	(40)
Change in fair value of financial assets carried at fair value through profit and loss	56	18
<b>Total</b>	<b>83</b>	<b>(22)</b>

## 15. Finance Costs

	2010/11 £000	2009/10 £000
Interest on loans and overdrafts	958	1,370
Interest on obligations under finance leases	31	48
Interest on late payment of commercial debt	1	1
<b>Total interest expense</b>	<b>990</b>	<b>1,419</b>
Other finance costs (unwinding of discount on provisions, see Note 29)	24	14
<b>Total</b>	<b>1,014</b>	<b>1,433</b>

16. Property, plant and equipment

2010/11:	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2010	34,090	91,087	2,921	2,327	36,518	224	9,229	173	176,569
Additions purchased	0	3,964	220	5,432	2,110	0	822	0	12,548
Additions donated	0	8	0	1,476	408	0	0	0	1,892
Reclassifications	0	1,727	76	(1,817)	22	0	(7)	(1)	0
Reclassified as held for sale	0	0	0	0	(80)	(109)	(60)	0	(249)
Disposals other than by sale	0	0	0	0	(6,649)	(58)	(2,744)	(51)	(9,502)
Revaluation	3,494	38	0	0	0	0	0	0	3,532
Impairments recognised in Revaluation Reserve	0	(757)	(29)	0	0	0	0	0	(786)
<b>At 31 March 2011</b>	<b>37,584</b>	<b>96,067</b>	<b>3,188</b>	<b>7,418</b>	<b>32,329</b>	<b>57</b>	<b>7,240</b>	<b>121</b>	<b>184,004</b>
Depreciation at 1 April 2010	0	922	63	0	23,526	171	5,968	83	30,733
Reclassifications	0	(4)	4	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	(43)	(84)	(43)	0	(170)
Disposals other than by sale	0	0	0	0	(6,649)	(58)	(2,744)	(51)	(9,502)
Impairments recognised in earnings	0	52	0	0	0	0	0	0	52
Charged during the year	0	3,475	62	0	3,577	11	1,409	29	8,563
<b>Depreciation at 31 March 2011</b>	<b>0</b>	<b>4,445</b>	<b>129</b>	<b>0</b>	<b>20,411</b>	<b>40</b>	<b>4,590</b>	<b>61</b>	<b>29,676</b>
<b>Net book value</b>	<b>37,584</b>	<b>89,096</b>	<b>3,059</b>	<b>5,923</b>	<b>9,805</b>	<b>17</b>	<b>2,602</b>	<b>60</b>	<b>148,146</b>
Purchased	0	2,526	0	1,495	2,113	0	48	0	6,182
Donated	0	0	0	0	0	0	0	0	0
<b>Total at 31 March 2011</b>	<b>37,584</b>	<b>91,622</b>	<b>3,059</b>	<b>7,418</b>	<b>11,918</b>	<b>17</b>	<b>2,650</b>	<b>60</b>	<b>154,328</b>
<b>Asset financing</b>									
Owned	37,584	91,622	3,059	7,418	11,323	17	2,650	60	153,733
Finance Leased	0	0	0	0	595	0	0	0	595
<b>Total 31 March 2011</b>	<b>37,584</b>	<b>91,622</b>	<b>3,059</b>	<b>7,418</b>	<b>11,918</b>	<b>17</b>	<b>2,650</b>	<b>60</b>	<b>154,328</b>
<b>Non-current assets held for sale</b>									
Assets held for sale at 1 April 2010	0	0	0	0	0	0	0	0	0
Assets held for sale in year	0	0	0	0	37	25	17	0	79
Assets sold in year	0	0	0	0	(37)	(25)	(17)	0	(79)
Assets held for sale at 31 March 2011	0	0	0	0	0	0	0	0	0
<b>Revaluation reserve balance for property, plant and equipment</b>									
At 1 April 2010	3,406	33,289	561	0	0	0	0	0	37,256
In-year movements	3,494	(1,752)	(41)	0	0	0	0	0	1,701
<b>At 31 March 2011</b>	<b>6,900</b>	<b>31,537</b>	<b>520</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,957</b>

**16. Property, plant and equipment (continued)**

2009/10:	Land £000	Buildings excluding dwellings (Restated) £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total (Restated) £000
Cost or valuation at 1 April 2009	48,673	107,890	3,853	205	43,231	204	11,050	2,170	217,276
Additions purchased	0	6,026	0	2,238	2,067	20	568	53	10,972
Additions donated	0	13	0	7	438	0	0	0	458
Reclassifications	0	793	0	(109)	(684)	0	34	0	34
Reclassified as held for sale	0	0	0	0	(967)	0	0	0	(967)
Disposals other than by sale	0	(6,076)	(685)	(14)	(7,567)	0	(2,418)	(2,050)	(18,810)
Impairments recognised in Revaluation Reserve	(14,583)	(17,559)	(247)	0	0	0	(5)	0	(32,394)
<b>At 31 March 2010</b>	<b>34,090</b>	<b>91,087</b>	<b>2,921</b>	<b>2,327</b>	<b>36,518</b>	<b>224</b>	<b>9,229</b>	<b>173</b>	<b>176,569</b>
Depreciation at 1 April 2009	0	0	0	0	28,107	152	6,951	1,547	36,757
Reclassifications	0	240	0	0	(240)	0	19	0	19
Reclassified as held for sale	0	0	0	0	(859)	0	0	0	(859)
Disposals other than by sale	0	(6,730)	0	0	(7,862)	0	(2,420)	(1,798)	(18,810)
Impairments recognised in earnings	0	4,402	0	0	0	0	0	0	4,402
Charged during the year	0	3,010	63	0	4,380	19	1,418	334	9,224
<b>Depreciation at 31 March 2010</b>	<b>0</b>	<b>922</b>	<b>63</b>	<b>0</b>	<b>23,526</b>	<b>171</b>	<b>5,968</b>	<b>83</b>	<b>30,733</b>
<b>Net book value</b>	<b>34,090</b>	<b>90,165</b>	<b>2,858</b>	<b>2,327</b>	<b>12,992</b>	<b>53</b>	<b>3,261</b>	<b>90</b>	<b>145,836</b>
Purchased	34,090	87,549	2,858	2,301	10,675	53	3,183	90	140,799
Donated	0	2,616	0	26	2,317	0	78	0	5,037
<b>Total at 31 March 2010</b>	<b>34,090</b>	<b>90,165</b>	<b>2,858</b>	<b>2,327</b>	<b>12,992</b>	<b>53</b>	<b>3,261</b>	<b>90</b>	<b>145,836</b>
<b>Asset financing</b>									
Owned	34,090	90,165	2,858	2,327	12,024	53	3,261	90	144,868
Finance Leased	0	0	0	0	968	0	0	0	968
<b>Total at 31 March 2010</b>	<b>34,090</b>	<b>90,165</b>	<b>2,858</b>	<b>2,327</b>	<b>12,992</b>	<b>53</b>	<b>3,261</b>	<b>90</b>	<b>145,836</b>
<b>Non-current assets held for sale</b>									
Assets held for sale at 1 April 2009	0	0	0	0	0	0	0	0	0
Assets held for sale in year	0	0	0	0	108	0	0	0	108
Assets sold in year	0	0	0	0	(108)	0	0	0	(108)
Assets held for sale at 31 March 2010	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Revaluation reserve balance for property, plant and equipment</b>									
At 1 April 2009	17,743	50,774	785	0	0	0	0	0	69,302
In-year movements	(14,337)	(17,485)	(224)	0	0	0	0	0	(32,046)
<b>At 31 March 2010</b>	<b>3,406</b>	<b>33,289</b>	<b>561</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,256</b>

The gross value and depreciation for Buildings excluding dwellings has been restated to reduce both by £6,076,000. This is a result of the completion of the revaluation exercise, with no effect on the net book value.

## 16. Property, plant and equipment (continued)

### Revaluation

In accordance with the requirements of the Department of Health, the Trust's estate was revalued at 1 April 2009. As there were indications of further reductions in value during the year, the Trust undertook an impairment review at 31 March 2010 which resulted in further reductions to the value of the Estate. The valuation was carried out by Mr SM Boshier MRICS, of Boshier and Company, Faversham, Kent, an independent valuer, in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury.

The valuation was carried out on the basis of Depreciated Replacement Cost for specialised operational property using the Modern Equivalent Asset methodology and Existing Use Value for non-specialised operational property. The value of land for existing use purposes is assessed at Existing Use Value. For non-operational properties including surplus land, the valuations are carried out at Open Market Value.

Following the revaluation exercise conducted at 1 April 2009, land and buildings have been restated to current value by the use of indices to 31 March 2010, and to 31 March 2011. The buildings index is based on the All in Tender Price Index published by the Building Cost Information Service (BCIS). The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office.

### Asset lives

The economic lives for the Trust's main categories of property, plant and equipment fall between the ranges indicated below:

Buildings and dwellings: Between 5 and 50 years

Plant and machinery: Between 3 and 20 years

Transport equipment: Between 5 and 7 years

Information technology: Over 5 years

Furniture and fittings: Between 5 and 10 years

There have been no significant changes made to these lives during the financial year.

### Fully depreciated assets

The gross value of fully depreciated assets included in the Trust accounts at 31 March 2011 are as follows:

Buildings : £237,148 (2009/10 : £0)

Plant and machinery: £9,766,561 (2009/10: £8,246,967)

Information technology: £779,214 (2009/10: £2,436,813)

Transport equipment: £37,533 (2009/10: £91,587)

Furniture and fittings: £8,561 (2009/10: £28,571)

### Donated assets

During 2010/11, the Trust received donations from which assets were purchased to the value of £1,892,145. These donations were mainly made as follows:

£1,561,439: Royal United Hospital Bath Charitable Funds (2009/10: £153,845)

£126,636: Friends of the Royal United Hospital (2009/10: £303,619)

£204,071: Bath Cancer Support Group (2009/10: £nil)

These three charities are registered with the Charity Commission in England and Wales, and further details are available on [www.ruh.nhs.uk](http://www.ruh.nhs.uk).

Donations were mainly for the purchase of medical equipment, but a contribution of £625,982 was made by the Royal United Hospital Bath Charitable Funds to the building of a Neonatal Intensive Care Unit which is included as an Asset Under Construction at 31 March 2011.

### Other

All of the values included for property, plant and equipment relate to their value for continuing NHS use. Consequently none of the values are at open market value.

There are no material assets which were temporarily idle at 31 March 2011.

The Trust acts as a lessor for a number of operating leases as disclosed in Note 8. At 31 March 2011, the assets had gross values of £3,154,000 (31 March 2010: £2,858,000). The assets suffered an impairment charge of £29,000 during the year (2009/10: £247,000) and depreciation of £62,000 was charged (2009/10: £63,000).



## 17. Intangible assets

17. Intangible assets	2010/11	2009/10	
	Computer software - purchased £000	Licences and Trademarks	Total £000
Gross cost at 1 April 2010	738	207	945
Additions purchased	24	107	131
Reclassifications	0	0	0
Disposals other than by sale	(3)	(13)	(16)
Gross cost at 31 March 2011	759	301	1,060
Amortisation at 1 April 2010	60	125	185
Reclassifications	0	0	0
Disposals other than by sale	(3)	(13)	(16)
Charged during the year	145	40	185
Amortisation at 31 March 2011	202	152	354
Net book value			
Purchased	541	149	690
Donated	16	0	16
Total at 31 March 2011	557	149	706
		Computer software - purchased £000	Licences and Trademarks £000
			</

Intangible assets are held at depreciated purchase costs and were not subject to revaluation during the year. All intangible assets have an estimated life of 5 years (2009/10: 5 years).

All intangible assets are owned, and have either been purchased or donated to the Trust. No intangible assets have been purchased with government grants (2009/10: none).

Licences and trademarks include £74,000 of assets which are held at nil net book value (2009/10: £12,869). There is no computer software held at nil net book value (2009/10: £3,000).

### 17.1 Revaluation reserve balance for intangible assets

Intangible assets have not been revalued and consequently there is no related revaluation reserve (2009/10: nil).

# 18. Impairments

During the year, a number of projects came into operational use, and were subject to an impairment review at that point. The effect of these impairments has been a charge of £786,000 to the Revaluation and Donated Asset reserves and a charge of £52,000 to earnings. During 2009/10, all land, buildings and dwellings owned by the Trust were revalued by an external valuer which resulted in a significant downward valuation. The comparative information for 2009/10 was therefore an impairment charge of £32,394,000 made to the Revaluation and Donated Asset reserves and a charge of £4,402,000 to earnings.

# 19. Commitments

## 19.1 Capital commitments

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

	31 March 2011 £000	31 March 2010 £000
Property, plant and equipment	2,641	3,857
Intangible assets	0	0
<b>Total</b>	<b>2,641</b>	<b>3,857</b>

A balance of £951,000 at 31 March 2011 (31 March 2010: £3,443,000) relates to capital commitments for the building of a Neonatal Intensive Care Unit. This commitment will be funded by donations from the Royal United Hospital Bath Charitable Fund.

## 19.2 Other financial commitments

The Trust has entered into non-cancellable contracts which are not leases or other service concession arrangements for the provision of support for the Picture Archiving and Communications System. The Trust is therefore committed to the following payments:

	31 March 2011 £000	31 March 2010 £000
Not later than one year	963	963
Later than one year and not later than five years	642	1,605
Later than five years	0	0
	<b>1,605</b>	<b>2,568</b>

The contractual arrangement for the provision of a Picture Archiving and Communications System (PACS) to the Trust has been arranged on its behalf by NHS Connecting for Health, a part of the Department of Health's Informatics Directorate, and is not cancellable by the Trust. The current contract is due to terminate on 30 November 2013.

# 20. Inventories

20.1. Inventories	31 March 2011 £000	31 March 2010 £000
Drugs	952	818
Consumables	2,120	2,169
Energy	86	133
Other	24	19
<b>Total</b>	<b>3,182</b>	<b>3,139</b>
Of which held at net realisable value:	0	0

The Trust does not hold any non-current inventories (2009/10: £nil).

20.2 Inventories recognised in expenses	31 March 2011 £000	31 March 2010 £000
Impairment of inventories (including losses)	56	97
<b>Total</b>	<b>56</b>	<b>97</b>

# 21. Trade and other receivables

21.1 Trade and other receivables	Current		Non-current	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
		(Restated)		
NHS receivables-revenue	5,685	6,581	0	0
Non-NHS receivables-revenue	1,847	1,568	1,798	1,911
Provision for the impairment of receivables	(223)	(150)	(172)	(149)
Prepayments and Accrued income	1,670	2,536	0	0
VAT recoverable	453	385	0	0
Other receivables	138	106	0	0
<b>Total</b>	<b>9,570</b>	<b>11,026</b>	<b>1,626</b>	<b>1,762</b>

Receivables have been restated to reflect a re-analysis of 'Other receivables'.

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



<b>21.2 Receivables past their due date but not impaired</b>	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>£000</b>	<b>£000</b>
By up to three months	633	2,781
By three to six months	198	503
By more than six months	10	296
<b>Total</b>	<b>841</b>	<b>3,580</b>

The Trust does not hold any collateral as value against receivables which are due to the Trust.

<b>21.3 Provision for impairment of receivables</b>	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>(299)</b>	<b>(232)</b>
Amount written off during the year	5	6
Amount recovered during the year	74	101
Increase in receivables impaired	(175)	(174)
<b>Balance at 31 March</b>	<b>(395)</b>	<b>(299)</b>

<b>22. Other financial assets</b>	<b>Current</b>		<b>Non-current</b>	
	<b>31 March 2011</b>	<b>31 March 2010</b>	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Financial assets carried at fair value through profit and loss	82	61	82	121
<b>Total</b>	<b>82</b>	<b>61</b>	<b>82</b>	<b>121</b>

Other financial assets include the Trust's holding of European Union Emission Trading Scheme allowances.

<b>23. Cash and cash equivalents</b>	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	690	1,470
Net change in year	1,310	(780)
<b>Balance at 31 March</b>	<b>2,000</b>	<b>690</b>
<b>Made up of</b>		
Cash with the Government Banking Service	1,992	552
Cash in hand and with Commercial banks	8	138
<b>Cash and cash equivalents as in statement of financial position</b>	<b>2,000</b>	<b>690</b>
<b>Cash and cash equivalents as in statement of cash flows</b>	<b>2,000</b>	<b>690</b>

<b>24. Trade and other payables</b>	<b>Current</b>		<b>Non-current</b>	
	<b>31 March 2011</b>	<b>31 March 2010</b>	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
		(Restated)		
NHS payables - revenue	1,566	1,549	0	0
NHS payables - capital	0	1	0	0
Non NHS trade payables - revenue	2,112	3,737	0	0
Non NHS trade payables - capital	302	614	0	0
Accruals and deferred income	5,069	4,070	0	0
Social Security	1,339	0	0	0
Tax	1,574	3	0	0
Other	76	99	0	0
<b>Total</b>	<b>12,038</b>	<b>10,073</b>	<b>0</b>	<b>0</b>

Accruals as at 31 March 2010 have been restated to reflect a reassessment of liabilities. This has resulted in a decrease in accruals of £785,000 and a corresponding increase in provisions (See Note 29).

25. Borrowings	Current		Non-current	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
Loans from:				
Department of Health	7,200	7,000	6,500	13,700
Finance lease liabilities	231	233	345	497
<b>Total</b>	<b>7,431</b>	<b>7,233</b>	<b>6,845</b>	<b>14,197</b>

The Trust's Loan Balance represents a balance owed to the Department of Health. In 2007/08 the Department of Health granted the Royal United Hospital Bath NHS Trust a loan of £38,000,000 at a fixed rate of 5.05%, to be repaid in instalments over 20 years. In March 2008, the terms of the loan were renegotiated such that the Trust will make annual repayments in line with the schedule above. The interest rate remains the same, and the loan is scheduled to be repaid in full by March 2013.

26. Other liabilities	Current		Non-current	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
Amounts payable to buy out liabilities arising under early retirement	0	24	0	0
<b>Total</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>0</b>

Other liabilities held at 31 March 2010 included £24,000 payable in 2010/11 under arrangements to buy out the liability for 1 early retirement over 5 instalments. This has been fully settled during the year. No other balances are outstanding.

## 27. Finance lease obligations

The Trust holds a number of finance leases, which are neither individually or collectively material to the Trust. These all relate to plant, machinery or equipment. None of the leases relate to land or buildings (31 March 2010: none).

Amounts payable under finance leases:	Minimum lease payments		Present value of minimum lease payments	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
Within one year	252	261	231	233
Between one and five years	338	436	305	401
After five years	41	104	40	96
Less future finance charges	(55)	(71)	0	0
<b>Present value of minimum lease payments</b>	<b>576</b>	<b>730</b>	<b>576</b>	<b>730</b>
Included in:				
Current borrowings			231	233
Non-current borrowings			345	497
			<b>576</b>	<b>730</b>

All leases relate to equipment, plant and machinery. There are no finance leases relating to either land or buildings (2009/10: none). There are no future sublease payments which are expected to be received.

No contingent rentals have been recognised in expenditure (2009/10: £nil).

## 28. Finance lease commitments

The Trust does not have any finance lease commitments at the 31 March 2011 (31 March 2010: none).

**29. Provisions**

	<b>Current</b>		<b>Non-current</b>	
	<b>31 March 2011</b>	<b>31 March 2010</b>	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Pensions relating to staff other than former directors	65	62	797	782
Legal claims	69	60	0	0
EU Emissions Trading Directive	82	61	82	121
Other (see below)	1,517	1,661	1,187	885
<b>Total</b>	<b>1,733</b>	<b>1,844</b>	<b>2,066</b>	<b>1,788</b>

	<b>Pensions relating to staff other than directors</b>	<b>Legal claims</b>	<b>EU Emissions Trading Directive</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>(Restated) £000</b>	<b>£000</b>
<b>At 1 April 2009</b>	<b>619</b>	<b>58</b>	<b>220</b>	<b>1,021</b>	<b>1,918</b>
Arising during the year	271	30	18	1,889	2,208
Used during the year	(60)	(11)	(56)	(464)	(591)
Reversed unused	0	(17)	0	0	(17)
Unwinding of discount	14	0	0	0	14
<b>At 1 April 2010</b>	<b>844</b>	<b>60</b>	<b>182</b>	<b>2,446</b>	<b>3,532</b>
Arising during the year	102	57	56	898	1,113
Used during the year	(64)	(13)	(74)	(640)	(791)
Reversed unused	(44)	(35)	0	0	(79)
Unwinding of discount	18	0	0	0	18
Change in discount rate	6	0	0	0	6
<b>At 31 March 2011</b>	<b>862</b>	<b>69</b>	<b>164</b>	<b>2,704</b>	<b>3,799</b>

**Expected timing of cash flows:**

In the remainder of the spending review period to 31

March 2012	65	69	82	1,519	1,735
Between 1 April 2012 and 31 March 2017	241	0	82	1,185	1,508
Between 1 April 2017 and 31 March 2022	556	0	0	0	556
Thereafter	0	0	0	0	0

£8,282,213 is included in the provisions of the NHS Litigation Authority at 31 March 2011 in respect of clinical negligence liabilities of the Trust (31 March 2010: £7,486,581).

Pension provisions relating to other staff represent the remaining liabilities for pre 1995 pensions on early retirement and entitlements to injury benefits. The provision is calculated based on present payments and anticipated life spans, discounted at the pensions discount rate published by HM Treasury. The rate applicable at 31 March 2011 was 2.9%. At 31 March 2010, the equivalent rate was 1.8%. However, the Trust applied the general provisions discount rate of 2.2% in line with guidance at the time provided with the Department of Health. Comparative balances have not been restated, as the effect is not material.

Amounts provided for legal claims represent the estimated excesses on legal claims, as advised by the NHS Litigation Authority.

Amounts provided for under the EU Emissions Trading Directive is matched by purchased EU Emissions Trading allowances included within 'Other financial assets'.

Amounts provided under 'Other' represent anticipated costs of staff pay arrears; redundancies and provisions for employment tribunal cases. Other provisions have been restated to reflect a reassessment of liabilities which were previously recognised as accruals. This has resulted in an increase in provisions of £885,000 and a corresponding reduction in accruals (See Note 24).

### 30. Contingencies

The Trust has been informed of 5 potential early retirements caused by ill-health which arose before 31 March 2011 (31 March 2010: one). The NHS Pension Agency have not determined the value of the provision that may be required and as such the Trust is unable to provide for the potential liability.

The Trust has been informed of its member contingent liability of £33,861 (31 March 2010 : £23,293) in respect of the Liabilities to Third Party Scheme per note 1.17.

There are no contingent assets at the 31 March 2011 (31 March 2010: nil).

### 31. Financial Instruments

<b>31.1 Financial assets</b>	<b>At fair value through profit and loss £000</b>	<b>Loans and receivables £000</b>	<b>Total £000</b>
Non-current receivables	0	1,911	1,911
Cash at bank and in hand	0	690	690
Other financial assets	182	0	182
<b>Total at 31 March 2010</b>	<b>182</b>	<b>2,601</b>	<b>2,783</b>
Non-current receivables	0	1,798	1,798
Cash at bank and in hand	0	2,000	2,000
Other financial assets	164	0	164
<b>Total at 31 March 2011</b>	<b>164</b>	<b>3,798</b>	<b>3,962</b>

Non-current receivables are included before deducting a provision for irrecoverable debts.

<b>31.2 Financial liabilities</b>	<b>At fair value through profit and loss £000</b>	<b>Other £000</b>	<b>Total £000</b>
Finance lease obligations	0	(730)	(730)
Other borrowings	0	(20,700)	(20,700)
<b>Total at 31 March 2010</b>	<b>0</b>	<b>(21,430)</b>	<b>(21,430)</b>
Finance lease obligations	0	(576)	(576)
Other borrowings	0	(13,700)	(13,700)
<b>Total at 31 March 2011</b>	<b>0</b>	<b>(14,276)</b>	<b>(14,276)</b>

**31.3 Financial risk management**

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

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

**Currency risk**

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

**Interest rate risk**

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the strategic health authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

**Credit risk**

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2011 are in receivables from customers, as disclosed in the Trade and other receivables note.

**Liquidity risk**

The Trust's operating costs are incurred under contracts with Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

**31.4 Maturity of financial liabilities**

	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>£000</b>	<b>£000</b>
In one year or less	<b>7,431</b>	7,233
In more than one year but not more than two years	<b>6,590</b>	7,601
In more than two years but not more than five years	<b>215</b>	6,596
Over more than five years	<b>40</b>	0
<b>Total</b>	<b>14,276</b>	21,430

**32. Events after the reporting period**

There are no significant events which have occurred after 31 March 2011 which would have a material effect on the financial statements.

### 33. Financial performance targets

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

#### 33.1 Breakeven Performance

	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000
Turnover	177,619	194,221	210,149	223,356	216,361
Retained surplus for the year	144	1,900	5,600	1,398	4,143
Adjustment for:					
Adjustments for impairments	0	0	1,805	4,402	52
Break-even in-year surplus	144	1,900	7,405	5,800	4,195
Break-even cumulative deficit	(31,979)	(30,079)	(22,674)	(16,874)	(12,679)

The Trust's recovery plan, approved by the SHA aims to achieve cumulative break-even in 2012/13.

	2006/07 %	2007/08 %	2008/09 %	2009/10 %	2010/11 %
Materiality test (equal to, or less than 0.5% of turnover):					
Break-even in-year position as a percentage of turnover	0%	1%	4%	3%	2%
Break-even cumulative position as a percentage of turnover	(18%)	(15%)	(11%)	(8%)	(6%)



### 33.2 Capital cost absorption rate

The Trust is required by the Department of Health to pay a dividend based on the average of the relevant net assets at the start and end of the financial year, multiplied by 3.5%. This rate is recognised as the Capital cost absorption rate. Relevant net assets are calculated as the Trust's net asset position, less the balance held in the donated asset reserve and cash held within the Government Banking Service.

### 33.3 External financing

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

	2010/11	2009/10
£000	£000	£000
		(Restated)
External financing limit	<b>(1,126)</b>	(2,814)
Cash flow financing	(2,246)	(2,727)
Finance leases taken out in the year	99	39
Other capital receipts	(1,216)	(458)
External financing requirement	<b>(3,363)</b>	(3,146)
<b>Undershoot</b>	<b>2,237</b>	332

The Trust has restated the comparative information for 2009/10, in line with the change made to the Cash Flow Statement on page 15. This has not had a net effect on the Trust's restated performance against its external financing limit.

The Trust has undershot its external financing limit during the year (2009/10: undershoot) as permitted by the Department of Health.

### 33.4 Capital Resource Limit

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

	2010/11	2009/10
	£000	£000
Gross capital expenditure	<b>14,571</b>	12,025
Less: book value of assets disposed of	<b>(79)</b>	(108)
Plus: loss on disposal of donated assets	<b>0</b>	41
Less: donations towards the acquisition of non-current assets	<b>(1,892)</b>	(458)
Charge against the capital resource limit	<b>12,600</b>	11,500
Capital resource limit	<b>12,600</b>	11,500
<b>Under/(over)spend against the capital resource limit</b>	<b>0</b>	0

### **34. Related party transactions**

The Royal United Hospital Bath NHS Trust is a body corporate established by order of the Secretary of State for Health.

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

The Department of Health is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

#### **Strategic Health Authorities**

NHS South West

#### **Primary Care Trusts**

NHS Wiltshire  
NHS Bath and North East Somerset  
NHS Somerset  
NHS North Somerset  
NHS Bristol  
NHS South Gloucestershire  
NHS Gloucestershire  
NHS Swindon  
NHS Hampshire  
NHS Devon  
NHS Dorset

#### **NHS Trusts**

North Bristol NHS Trust  
University Hospitals Bristol NHS Foundation Trust  
Royal National Hospital for Rheumatic Diseases NHS Foundation Trust  
Salisbury NHS Foundation Trust  
Oxfordshire and Buckinghamshire Mental Health NHS Foundation Trust  
Portsmouth Hospitals NHS Trust  
Avon and Wiltshire Mental Health Partnership Trust

#### **Other agencies**

NHS Litigation Authority  
NHS Business Services Authority  
NHS Blood and Transplant  
Health Protection Agency

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 Her Majesty's Revenue and Customs in relation to Value Added Tax, National Insurance Contributions and Income Taxes.

The Trust has also received revenue and capital payments from the Royal United Hospital Bath NHS Trust Charitable Funds, for which the Trust Board acts as Corporate Trustee. The audited accounts of the Charitable Funds are available at [www.ruh.nhs.uk](http://www.ruh.nhs.uk).

### 35. Third Party Assets

The Trust held no cash or cash equivalents at 31 March 2011 (31 March 2010: nil) which relates to monies held by the NHS Trust on behalf of patients.

### 36. Intra-Government and Other Balances

	Current receivables £000	Non-current receivables £000	Current payables £000	Non-current payables £000
Balances with other Central Government Bodies	4,539	0	1,036	0
Balances with Local Authorities	50	0	0	0
Balances with NHS Trusts and Foundation Trusts	1,146	0	550	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Intra Government balances	5,735	0	1,586	0
Balances with bodies external to Government	3,835	1,626	10,452	0
<b>At 31 March 2011</b>	<b>9,570</b>	<b>1,626</b>	<b>12,038</b>	<b>0</b>

	(Restated)		(Restated)	
Balances with other Central Government Bodies	5,323	0	1,253	0
Balances with Local Authorities	30	0	0	0
Balances with NHS Trusts and Foundation Trusts	1,260	0	297	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Intra Government balances	6,613	0	1,550	0
Balances with bodies external to Government	4,413	1,762	8,423	0
<b>At 31 March 2010</b>	<b>11,026</b>	<b>1,762</b>	<b>9,973</b>	<b>0</b>

Current receivables have been restated to reflect the correct allocation of Foundation Trusts from 'other Central Government Bodies' to 'NHS Trusts and Foundation Trusts'. Current payables have been restated to reflect a decrease in accruals and an increase in provisions as explained in notes 24 and 29.

### 37. Losses and Special Payments

There were 88 cases of losses and special payments (2009/10: 59 cases) totalling £163,690 (2009/10: £33,424) accrued during 2010/11.

There were no individual cases exceeding £250,000 (2009/10: none).