The Mid Yorkshire Hospitals NHS
NHS Trust

THE MID YORKSHIRE HOSPITALS NHS TRUST

ANNUAL STATUTORY ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	NOTE	2010-11 £000	Restated 2009-10 £000	Original 2009-10 £000
Income				
Revenue from patient care activities	4	**379,969**	359,431	359,431
Other operating revenue	6	**29,414**	31,063	30,969
Income in respect of PFI transitional support	6	**21,034**	5,475	5,475
		430,417	395,969	395,875
Operating expenses	8	**(421,492)**	(392,292)	(392,292)
Impairments	18	**(62,566)**	(36,013)	(35,699)
Operating surplus/(deficit)		**(53,641)**	(32,336)	(32,116)
Finance costs:				
Investment revenue	13	**666**	1,239	1,239
Other gains and losses	14	**(12)**	(148)	(148)
Finance costs	15	**(2,815)**	(1,501)	(1,501)
Surplus/(deficit) for the financial year		**(55,802)**	(32,746)	(32,526)
Public dividend capital dividends payable		**(3,852)**	(5,670)	(5,670)
Retained surplus/(deficit) for the year		**(59,654)**	(38,416)	(38,196)
Other comprehensive income				
Impairments and reversals		**(2,340)**	(33,608)	(33,922)
Gains on revaluations		**2,223**	13,451	13,451
Receipt of donated/government granted assets		**629**	1,128	1,128
Reclassification adjustments:				
- Transfers from donated and government grant reserves		**(491)**	(745)	(651)
Total comprehensive income for the year		**(59,633)**	(58,190)	(58,190)

The notes on pages 6 to 49 form part of these accounts.

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

	2010-11 £000	Restated 2009-10 £000	Original 2009-10 £000
Retained surplus/(deficit) for the year	**(59,654)**	(38,416)	(38,196)
IFRIC 12 adjustment	**(1,754)**	3,368	3,368
Impairments	**62,391**	35,919	35,699
Reported NHS financial performance position [Adjusted retained surplus/(deficit)]	**983**	871	871

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

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

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

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	NOTE	31 March 2011 £000	31 March 2010 £000
Non-current assets			
Property, plant and equipment	16	**453,968**	245,019
Intangible assets	17	**1,769**	702
Trade and other receivables	21.1	**259**	376
Total non-current assets		**455,996**	246,097
Current assets			
Inventories	20.1	**7,935**	8,166
Trade and other receivables	21.1	**19,090**	29,804
Cash and cash equivalents	22	**15,167**	25,321
		42,192	63,291
Non-current assets held for sale	23	**1,399**	107
Total current assets		**43,591**	63,398
Total assets		**499,587**	309,495
Current liabilities			
Trade and other payables	24	**(35,977)**	(39,689)
DH working capital loan	25	**0**	(10,468)
DH capital loan	25	**(1,000)**	0
Borrowings	25	**(6,762)**	(5,507)
Provisions	29	**(3,327)**	(2,476)
Net current assets/(liabilities)		**(3,475)**	5,258
Total assets less current liabilities		**452,521**	251,355
Non-current liabilities			
DH capital loan	25	**(13,500)**	0
Borrowings	25	**(328,259)**	(79,131)
Trade and other payables	24	**(1,517)**	(1,686)
Provisions	29	**(6,501)**	(8,161)
Total assets employed		**102,744**	162,377
Financed by taxpayers' equity:			
Public dividend capital		**133,990**	133,990
Retained earnings		**(110,321)**	(51,688)
Revaluation reserve		**73,968**	75,041
Donated asset reserve		**2,422**	2,349
Other reserves		**2,685**	2,685
Total taxpayers' equity		**102,744**	162,377

The financial statements on pages 1 to 49 were approved by the Board on 26th May 2011 and signed on its behalf by:

Signed: ....(Chief Executive)   Date: 26-5-11

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

	Public dividend capital (PDC) £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Government grant reserve £000	Other reserves £000	Total £000
Changes in taxpayers' equity for 2010-11							
Balance at 1 April 2010	133,990	(51,688)	75,041	2,349	0	2,685	162,377
Total comprehensive income for the year							
Retained surplus/(deficit) for the year		(59,654)					(59,654)
Transfers between reserves		1,021	(1,021)	0	0	0	0
Impairments and reversals			(2,275)	(65)	0		(2,340)
Net gain on revaluation of property, plant, equipment			2,223	0	0		2,223
Net gain on revaluation of intangible assets			0	0	0		0
Net gain on revaluation of financial assets			0				0
Receipt of donated/government granted assets				629	0		629
Net gain/loss on other reserves (e.g. defined benefit pension scheme)						0	0
Movements in other reserves							0
Reclassification adjustments:							
- transfers from donated asset/government grant reserve				(491)	0		(491)
- on disposal of available for sale financial assets			0				0
Reserves eliminated on dissolution		0	0	0	0	0	0
Originating capital for trust establishment in year	0						0
New PDC received	0						0
PDC repaid in year	0						0
PDC written off	0						0
Other movements in PDC in year	0						0
Balance at 31 March 2011	133,990	(110,321)	73,968	2,422	0	2,685	102,744

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

	Public dividend capital (PDC) £000	Retained earnings - restated £000	Revaluation reserve - restated £000	Donated asset reserve - restated £000	Government grant reserve £000	Other reserves £000	Total £000
Balance at 31 March 2009							
As previously stated	133,990	(14,322)	95,587	2,627	0	2,685	220,567
Prior period adjustment							0
Restated balance	133,990	(14,322)	95,587	2,627	0	2,685	220,567
Changes in taxpayers' equity for 2009-10							
Total comprehensive income for the year:							
Retained surplus/(deficit) for the year - restated		(38,416)					(38,416)
Transfers between reserves - restated		1,050	(1,050)	0	0	0	0
Impairments and reversals			(32,898)	(710)	0		(33,608)
Net gain on revaluation of property, plant, equipment			13,402	49	0		13,451
Receipt of donated/government granted assets				1,128	0		1,128
Reclassification adjustments:							
- transfers from donated asset - restated				(745)	0		(745)
Balance at 31 March 2010	133,990	(51,688)	75,041	2,349	0	2,685	162,377

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

	Public dividend capital (PDC) £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Government grant reserve £000	Other reserves £000	Total £000
Balance at 31 March 2009							
As previously stated	133,990	(14,322)	95,587	2,627	0	2,685	220,567
Prior period adjustment							0
Restated balance	133,990	(14,322)	95,587	2,627	0	2,685	220,567
Changes in taxpayers' equity for 2009-10							
Total comprehensive income for the year:							
Retained surplus/(deficit) for the year		(38,196)					(38,196)
Transfers between reserves		830	(830)	0	0	0	0
Impairments and reversals			(33,118)	(804)	0		(33,922)
Net gain on revaluation of property, plant, equipment			13,402	49	0		13,451
Receipt of donated/government granted assets				1,128	0		1,128
Reclassification adjustments:							
- transfers from donated asset				(651)	0		(651)
Balance at 31 March 2010	133,990	(51,688)	75,041	2,349	0	2,685	162,377

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

	NOTE	2010-11 £000	Restated 2009-10 £000	Original 2009-10 £000
Cash flows from operating activities				
Operating surplus/(deficit)		**(53,641)**	(32,336)	(32,116)
Depreciation and amortisation		**18,803**	14,152	14,152
Impairments and reversals		**62,566**	35,699	35,699
Net foreign exchange gains/(losses)		**0**	0	0
Transfer from donated asset reserve		**(491)**	(745)	(651)
Interest paid		**(2,808)**	(1,444)	(1,444)
Dividends paid		**(3,937)**	(5,706)	(5,706)
(Increase)/decrease in inventories		**231**	(923)	(923)
(Increase)/decrease in trade and other receivables		**10,757**	11,575	11,575
Increase/(decrease) in trade and other payables		**(3,266)**	5,402	5,402
Increase/(decrease) in provisions		**(959)**	252	252
Net cash inflow/(outflow) from operating activities		**27,255**	25,926	26,240
Cash flows from investing activities				
Interest received		**667**	1,246	1,246
(Payments) for property, plant and equipment		**(36,898)**	(20,211)	(20,211)
Proceeds from disposal of plant, property and equipment		**41**	94	94
(Payments) for intangible assets		**(415)**	(60)	(60)
Proceeds from disposal of intangible assets		**0**	0	0
(Payments) for investments with DH		**0**	0	0
Proceeds from disposal of investments with DH		**0**	0	0
Revenue rental income		**0**	0	0
Net cash inflow/(outflow) from investing activities		**(36,605)**	(18,931)	(18,931)
Net cash inflow/(outflow) before financing		**(9,350)**	7,309	7,309
Cash flows from financing activities				
Loans received from the DH		**15,000**	0	0
Loans repaid to the DH		**(10,968)**	(10,466)	(10,466)
Other capital receipts		**788**	1,033	1,033
Capital element of finance leases and PFI		**(5,624)**	(1,539)	(1,539)
Net cash inflow/(outflow) from financing		**(804)**	(10,972)	(10,972)
Net increase/(decrease) in cash and cash equivalents		**(10,154)**	(3,663)	(3,663)
Cash (and) cash equivalents (and bank overdrafts) at the beginning of the financial year		**25,321**	28,984	28,984
Effect of exchange rate changes on the balance of cash held in foreign currencies		**0**	0	0
Cash (and) cash equivalents (and bank overdrafts) at the end of the financial year	22	**15,167**	25,321	25,321

NOTES TO THE ACCOUNTS

1. Accounting policies

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

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Critical accounting judgements and key sources of estimation uncertainty

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

1.3.1 Critical judgements in applying accounting policies

In Section 1.3.3 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.

1.3.2 Key sources of estimation uncertainty

In Section 1.3.3 are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1.3.3 Summary of critical judgements and estimation uncertainty

In preparing the Financial Statements, management of the Trust are required to make estimates and judgements. A summary of significant areas of estimation and judgements in preparing the statements are described below:

Revenue

The Trust received revenue in respect of a Financially Challenged Trust Agreement. The key judgement made was how and when to recognise the income and the corresponding asset. Further detail is provided in note 5.

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

1.3.3 Summary of critical judgements and estimation uncertainty (Continued)

Revaluation of Property, Plant and Equipment
Intangible and tangible assets are revalued on a periodic basis and tested for indications of impairment. Judgements are required to make an assessment as to whether there is an indication of impairment. The impairment tests involve estimation to determine the value in use of an asset.

The Trust has sought independent valuation advice from the office of the District Valuer. Professional valuations are carried out by the District Valuers of the Revenue and Customs Government Department.

Private Finance Initiative (PFI) scheme
The PFI scheme has been accounted for on the basis of current detailed guidance issued by the Department of Health. The Trust has used judgement in adopting the guidance.

The operators PFI model has been used as the basis for estimating the value and profiling of service costs and lifecycle costs for each year of the contract with the remaining value of the unitary payment being allocated to finance lease rental. The finance lease rental is split further into repayment finance lease principal, finance costs and contingent rental representing inflation increase. The calculation of the implicit interest rate within the finance lease and contingent rental are based on estimates and uncertainties.

The commercial aspects of the PFI agreement mean that judgements and estimates are made in assessing the nature and scale of outstanding commercial settlements.

Details of the scheme are in note 28 and the accounting policies are in note 1.13.

Dual Accounting as measured in the Trust's breakeven duty
The Trust is permitted to make an adjustment for Dual Accounting on the Trust's Breakeven Duty in order to recognise the difference between PFI costs recorded under IFRS accounting compared to costs recorded under UK GAAP accounting. The Trust uses judgements to maintain a separate accounting assessment of the costs that would otherwise have been recorded under the UK GAAP regime.

Details are provided in note 33.1.

Provisions
Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event (Notes 1.16 and 29). The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change.

Estimates of the amounts of provisions recognised can differ to the actual outflows due to uncertain future events and changes in laws, regulations and conditions. The carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

In determining the amounts of the provisions, the directors have taken legal advice. In circumstances where it is extremely rare to form a best estimate of the matter, existence of the matter is disclosed in contingent liabilities.

Leasing arrangements
In applying IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease judgements have been made to assess whether an arrangement is or contains an operating or finance lease.

Where the implicit interest rate cannot be determined in an arrangement containing a lease the long term real rate of interest from Treasury Tables has been used as an estimate.

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

1.3.3 Summary of critical judgements and estimation uncertainty (Continued)

Deferred income
The Trust has exercised judgement in deferring income based on its understanding of future services to be provided and costs to be incurred before it earns the right to consideration.

Accruals and accrued income
Revenue and expenditure for transactions or events that have occurred during the year are initially estimated where the actual amount is unknown at the date of preparing the financial statements. Actual inflows and outflows can differ from estimates as a result of uncertainties inherent in the estimation techniques.

Operating segments
The Trust has made a judgement to report a single segment of healthcare, as revenue is reported to Trust Board on a Trust-wide basis.

Retention of Employment Model for affected staff in the PFI scheme
Under the PFI Project Agreement, some designated cohorts of Trust staff work under a nationally agreed framework called Retention of Employment ("RoE").

These members of staff work under instruction from Project Co but retain contractual rights as a Mid Yorkshire Hospitals NHS Trust employee. Project Co pay all the payroll costs associated with such employees and charges a monthly service fee to the Trust (an arms length Unitary Charge for the costs described in the PFI Project Agreement).

Prior period adjustments
The Trust has made a judgement in determining the impact of changes in accounting guidance on previous year's accounts in compiling comparative information. Prior Period Adjustments have been made for changes to the accounting policy for economic impairments (Note 38).

Inventories

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

Financial position
In preparing the financial statements the directors have considered the Trust's overall financial position and expectation of future financial support. It is recognised within the local health economy that transitional support of up to £14m will be required during 2011-12. Further additional support maybe required to cover operational needs. The Trust has a good track record in financial delivery having achieved a surplus in each of the previous four years. However, the challenging demands on the health service going forward will require a significant cost improvement to be delivered in 2011-12 and beyond. The Trust has formed a Financial Recovery Board to oversee the process of delivering financial efficiencies and service transformation and is in active discussions with NHS Yorkshire and Humber and the local health economy to secure appropriate support. The Trust’s future position is dependent on obtaining the required level of support.

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

1.4 Income

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs or goods have been transferred and is measured at the fair value of the consideration receivable. The main source of revenue for the Trust is from commissioners for healthcare services. Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the end of the reporting period compared to expected total length of stay.

Income received from funders that cannot be directly related to the provision of goods and services, is recognised when entitlement to the income is established. Income due to the Trust under the Financially Challenged Trust agreement has been credited to income at the time entitlement to the income was established.

Funding received for capital projects is credited to deferred income and released to match the depreciation charges on the assets funded.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred. PFI transitional support funding is credited to income to match expenditure as it is incurred, on the additional running and set up costs for the new hospitals over the transitional period. Amounts received in excess of amounts spent are accounted for as deferred income to be matched against expenditure in subsequent periods.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

1.5 Employee Benefits

Short-term employee benefits

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

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs

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

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

1.6 Other expenses

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

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

1.7 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes

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

Valuation

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

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

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

PFI assets have been valued as described in note 1.13

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The Trust applied these new valuation requirements as at 1 April 2009 based on the MEA equivalent of existing-sites and existing services using an 'instant build' approach.

A revaluation exercise has been undertaken during the year (and in 2009/10) to ensure the carrying amounts are appropriate.

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

Assets scheduled for closure as a result of being replaced by the new PFI hospitals have been valued at their remaining economic value.

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

1.7 Property, plant and equipment (Continued)

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. Prior to 2008/09 an annual uplift to reflect the change in the GDP inflator was applied to the net current replacement cost of operational equipment, other than IT equipment which was considered to have nil indexation. From 1 April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

The Trust has obtained an independent valuation from the Office of the District Valuer for assets where both the remaining lives are greater than 5 years and a remaining net book value of greater than £250,000 to ensure that such high-value and long-life assets are carried at fair-value.

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

The Trust does not hold negative revaluation reserve balances.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure is incurred on an asset to restore operational capacity through replacing components of the original asset the expenditure is capitalised and the carrying value of the replaced parts is written out and charged to expenses.

1.8 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust’s business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Trust; where the cost of the asset can be measured reliably and where the cost is at least £5k.

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

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 amortised replacement cost as an estimate of fair value.

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

1.9 Depreciation, amortisation and impairments

Freehold land, properties under construction, and assets held for sale are not depreciated.

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

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

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

1.10 Donated assets

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

1.11 Non-current assets held for sale

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

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

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

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

1.12 Leases

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

The Trust as lessee

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

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

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

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases. This is a change in accounting policy from previous years where leased land was always treated as an operating lease.

The Trust as lessor

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

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

1.13 Private Finance Initiative (PFI) transactions

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

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

a) Payment for the fair value of services received
b) Payment for the PFI asset, including finance costs and

c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

The cost to the Trust of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

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

1.13 Private Finance Initiative (PFI) transactions (Continued)

PFI Asset

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

PFI liability

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

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

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

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred.

Lifecycle replacement

Under DH guidance, components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

Component assets replaced by the operator during the contract are not currently expected to meet the Trusts criteria for capital expenditure. "Lifecycle replacement" costs are currently expected to be recognised as an expense.

Assets contributed by the Trust to the operator for use in the scheme

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

Other assets contributed by the Trust to the operator

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

1.14 Inventories

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

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

1.15 Cash and cash equivalents

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

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

1.16 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury’s discount rate of 2.2% in real terms.

The discount rate applied to early retirement liabilities changed in 2010-11 from using the general provisions discount rate of 2.2% to a pensions specific discount rate of 1.8%. This constitutes a change in accounting policy. A prior year adjustment has not been made as it does not have a material impact.

On 9 February 2011 HM Treasury revised the pension specific discount rate from 1.8% to 2.9%. This is a change in accounting estimate impacting in 2010-11.

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

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.17 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 29.

1.18 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.

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

1.19 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.

1.20 Financial assets

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

Financial assets are initially recognised at fair value.

The classification of Financial Assets depends on the nature and purpose of the financial asset and is determined at the time of initial recognition. The Trust has financial assets in the category of loans and receivables.

Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques detailed in note 31, Financial Instruments.

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 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.

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

1.21 Financial liabilities

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

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

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

1.22 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.

1.23 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.

1.24 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 35 to the accounts.

1.25 Public Dividend Capital (PDC) and PDC dividend

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

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

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

1.26 Losses and Special Payments

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

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.27 Subsidiaries

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

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

For 2009-10 and 2010-11 in accordance with the directed accounting policy from the Secretary of State, the Trust does not consolidate the NHS charitable funds for which it is the corporate trustee.

1.28 Joint operations

Joint operations are activities undertaken by the Trust in conjunction with one or more other parties but which are not performed through a separate entity. The Trust records its share of the income and expenditure, gains and losses, assets and liabilities and cashflows.

1.29 Research and Development

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

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

Neither the Treasury FReM nor the Department of Health's Manual for Accounts require the following Standards and Interpretations to be applied in 2010-11. The application of the Standards as revised would not have a material impact on the Trust accounts in 2010-11, were they applied in that year:

IFRS 7 - Financial Instruments: Disclosures (amendment) - Transfers of financial assets (effective 2012/13)
IFRS 9 - Financial Instruments: Financial Assets: Financial Liabilities Uncertain
IAS 12 - Income Taxes amendment (effective 2012/13)
IAS 24 - (Revised) Related Party Disclosures (2011/12)
IFRIC 14 - amendment (2011/12)
IFRIC 19 - Extinguishing financial liabilities with Equity instruments (2011/12)

2. Operating segments

The Trust's services, processes, type of customers and regulatory environment are similar across the organisation. The Trust reports revenues on a Trust wide basis in its internal reports and therefore deems there to be a single segment, healthcare.

Revenue from external customers is for patient care activities and other operating revenue, note 4. Revenue received in respect of a Financial Challenged Trust Agreement is disclosed in note 5.

Revenue from Primary Care Trusts amount to more than 10% of total revenue, details are in note 4.

3. Income generation activities

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. Income generation activities are not considered to be material and no one activity had a full cost over £1m.

4. Revenue from patient care activities

	2010-11	2009-10
	£000	£000
Strategic health authorities	**0**	0
NHS trusts	**0**	0
Primary care trusts	**375,037**	355,609
Foundation trusts	**0**	0
Local authorities	**0**	0
Department of Health	**12**	6
NHS other	**0**	0
Non-NHS:		
Private patients	**121**	120
Overseas patients (non-reciprocal)	**63**	28
Injury costs recovery	**3,248**	2,629
Other	**1,488**	1,039
	379,969	359,431

Injury cost recovery income is subject to a provision for impairment of receivables of 9.6% (2009/10: 7.8%) to reflect expected rates of collection.

5. Revenue from Financially Challenged Trust Agreement

The final transactions were made, during the year in respect of the Financially Challenged Trust Agreement. Details of the agreement are summarised below. The Trust recognised £937k (2009-10: £2,036k) in revenue to match interest payable on the loan adjusted for discounting of the debtor.

In 2007/08 the Mid Yorkshire Hospitals NHS Trust was designated as "financially challenged" being one of 17 trusts nationally who had a significant working capital loan requirement but were not in a position to repay over a reasonable period.

5. Revenue from Financially Challenged Trust Agreement (Continued)
The Trust had a working capital cash requirement of £77m and accumulated retained earnings deficit for statutory break even duty purposes of £63m. In 2006-07 the Department of Health provided temporary PDC to fund the Trust's working capital cash requirement, which was still in place at 31 March 2008. Note 33.1 provides further detail of the statutory breakeven duty.

In May 2008 a Financially Challenged Trust Agreement was reached between the Mid Yorkshire Hospitals NHS Trust, NHS Wakefield (formerly Wakefield District PCT), NHS Kirklees (formerly Kirklees PCT), NHS Yorkshire and the Humber and the Department of Health.

The key elements of the agreement were as follows:

a) £46m temporary PDC was converted to permanent (non repayable) PDC.

b) £31m temporary PDC was converted to a repayable, interest bearing loan repayable over three years. This was effected through the repayment of PDC and the drawing down of a loan on the same day.

c) The NHS Wakefield District (formerly known as Wakefield District PCT) and NHS Kirklees (formerly known as Kirklees PCT) have provided revenue investment to cover the additional loan repayments and interest charges borne by the Mid Yorkshire Hospitals in respect of this loan.

d) The accumulated retained earnings deficit to be managed in the medium to longer term through any surpluses delivered by the Trust.

6. Other operating revenue

	2010-11	Restated 2009-10	2009-10
	£000	£000	£000
Patient transport services	**0**	0	0
Education, training and research	**12,156**	11,717	11,717
Charitable and other contributions to expenditure	**497**	623	623
Transfers from donated asset reserve	**491**	745	651
Transfers from government grant reserve	**0**	0	0
Non-patient care services to other bodies	**7,874**	8,386	8,386
Income generation	**5,038**	4,870	4,870
Rental revenue from finance leases	**0**	0	0
Rental revenue from operating leases	**278**	327	327
Other revenue	**3,080**	4,395	4,395
	29,414	31,063	30,969
Income in respect of PFI transitional support	**21,034**	5,475	5,475
	50,448	**36,538**	**36,444**

Other operating revenue includes income received from PCTs that cannot be directly related to the provision of goods and services. This includes income in respect of PFI transitional support of £21,034k (2009/10: £5,475k).

7. Revenue

	2010-11	2009-10
	£000	£000
The split of revenue between services and sale of goods is detailed below:		
From rendering of services	**429,801**	395,136
From sale of goods	**616**	739

8. Expenses

	2010-11	2009-10
	£000	£000
8.1 Operating expenses		
Services from other NHS trusts	**0**	3,335
Services from PCTs	**1,105**	1,421
Services from other NHS bodies	**0**	0
Services from foundation trusts	**0**	0
Purchase of healthcare from non NHS bodies	**9,379**	7,875
Trust chair and non executive directors	**74**	61
Employee benefits	**273,846**	260,804
Supplies and services - clinical	**63,308**	59,093
Supplies and services - general	**5,333**	5,769
Consultancy services	**1,389**	1,468
Establishment	**5,148**	4,218
Transport	**804**	730
Premises	**18,982**	16,161
Provision for impairment of receivables	**967**	366
Inventories write down	**8**	33
Depreciation	**18,588**	13,972
Amortisation	**215**	180
Audit fees	**196**	203
Other auditor's remuneration	**0**	0
Clinical negligence	**7,956**	7,345
Research and development	**0**	0
Education and Training	**1,101**	1,000
Other	**13,093**	8,258
	421,492	392,292

Other costs include the costs of PFI services of £11m (2009/10: £6.2m) delivered to the PFI hospitals as part of the Project Agreement.

8.2 Impairments

	2010-11	Restated 2009-10	2009-10
	£000	£000	£000
Impairments and reversals of property, plant and equipment	**62,566**	36,013	35,699
Impairments and reversals of intangible assets	**0**	0	0
Impairments and reversals of non current assets held for sale	**0**	0	0
	62,566	**36,013**	**35,699**

Further details are in note 18.

9. Operating leases

9.1 As lessee

Payments recognised as an expense	**2010-11**	2009-10
	£000	£000
Minimum lease payments	**727**	943
Contingent rents	**0**	0
Sub-lease payments	**0**	0
	727	943

	2010-11	2009-10
Total future minimum lease payments	**Other**	Other
	£000	£000
Payable:		
Not later than one year	**346**	551
Between one and five years	**340**	293
After 5 years	**0**	0
Total	**686**	844

Total future sublease payments expected to be received: £nil (2009/10: £nil)

9.2 As lessor

The Trust lease premises to other organisations (mainly healthcare organisations) and receives rental revenue.

Rental revenue	**2010-11**	2009-10
	£000	£000
Contingent rent	**43**	14
Other	**235**	313
Total rental revenue	**278**	327

Total future minimum lease payments	**2010-11**	2009-10
	£000	£000
Receivable:		
Not later than one year	**96**	128
Between one and five years	**14**	89
After 5 years	**0**	0
Total	**110**	217

10. Employee costs and numbers

10.1 Employee costs

	2010-11			2009-10		
	Total	**Permanently employed**	**Other**	Total	Permanently employed	Other
	£000	**£000**	**£000**	£000	£000	£000
Salaries and wages	**231,429**	**208,577**	**22,852**	223,237	201,564	21,673
Social security costs	**15,737**	**15,737**	**0**	14,952	14,952	0
Employer contributions to NHS Pension scheme	**24,367**	**24,367**	**0**	23,299	23,299	0
Other pension costs	**87**	**87**	**0**	221	221	0
Other post-employment benefits	**0**	**0**	**0**	0	0	0
Other employment benefits	**0**	**0**	**0**	0	0	0
Termination benefits	**2,877**	**2,877**	**0**	(395)	(395)	0
Employee benefits expense	**274,497**	**251,645**	**22,852**	261,314	239,641	21,673

	2010-11	2009-10
Of the total above:		
Charged to capital	**651**	510
Employee benefits charged to revenue	**273,846**	260,804
	274,497	261,314

This note excludes the costs of non-executive directors.

10.2 Average number of people employed

	2010-11			2009-10		
	Total	**Permanently employed**	**Other**	Total	Permanently employed	Other
Whole Time Equivalent (WTE)	**WTE**	**WTE**	**WTE**	WTE	WTE	WTE
Medical and dental	**826**	**696**	**130**	821	678	143
Ambulance staff	**0**	**0**	**0**	0	0	0
Administration and estates	**1,266**	**1,056**	**210**	1,251	1,124	127
Healthcare assistants and other support staff	**643**	**643**	**0**	796	796	0
Nursing, midwifery and health visiting staff	**2,619**	**2,494**	**125**	2,580	2,449	131
Nursing, midwifery and health visiting learners	**1**	**1**	**0**	15	15	0
Scientific, therapeutic and technical staff	**1,127**	**1,112**	**15**	1,128	1,109	19
Social care staff	**0**	**0**	**0**	0	0	0
Other	**5**	**5**	**0**	8	8	0
Total	**6,487**	**6,007**	**480**	6,599	6,179	**420**

	2010-11	2009-10
Of the above:		
Number of whole time equivalent staff engaged on capital projects	**24**	15

The average number of people employed who are engaged in the Retention of Employment model of the PFI Project Agreement is 84 wte (2009/10: 27.45 wte). These wte have been excluded from the above on the basis that the costs of the service are excluded from employee benefits.

10.3 Staff sickness absence

	2010-11	2009-10
	Number	Number
Total days lost	**66,918**	67,821
Total staff years	**6,315**	6,157
Average working days lost	11	11

Staff sickness absence data is based on full-time equivalent days for the calendar year January 2010 to December 2010 as provided by the Department of Health information centre, Electronic Staff Record Data Warehouse.

10.4 Management Costs

	2010-11	2009-10
	£000	£000
Management costs	**20,478**	18,842
Income	**429,480**	395,066

11. Pension costs

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

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

a) Full actuarial (funding) valuation

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

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

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

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

b) Accounting valuation

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

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

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

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

c) Scheme provisions

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

11. Pension costs (Continued)

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

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

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year.

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

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

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

12. 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	**86,436**	**149,751**	89,014	119,358
Total Non NHS trade invoices paid within target	**83,750**	**145,285**	83,327	111,004
Percentage of Non-NHS trade invoices paid within target	**97%**	**97%**	94%	93%
Total NHS trade invoices paid in the year	**2,973**	**36,820**	3,255	39,114
Total NHS trade invoices paid within target	**2,917**	**36,698**	3,083	37,601
Percentage of NHS trade invoices paid within target	**98%**	**100%**	95%	96%

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.

The Trust undertakes the Government's Prompt Payment Code to pay suppliers on time, give clear guidance to suppliers regarding payment matters and encourage good practice for onward payment through supply chains.

12.2 The Late Payment of Commercial Debts (Interest) Act 1998	**2010-11**	2009-10
	£000	£000
Amounts included in finance costs from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	0

13. Investment revenue

	2010-11	2009-10
	£000	£000
Interest revenue:		
Bank accounts	120	148
Other loans and receivables	546	1,091
Total	666	1,239

14. Other gains and losses

	2010-11	2009-10
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	**(11)**	(148)
Gain/(loss) on disposal of intangible assets	**(1)**	0
Total	**(12)**	(148)

15. Finance costs

	2010-11	2009-10
	£000	£000
Interest on loans and overdrafts	**519**	945
Interest on obligations under finance leases	**58**	47
Interest on obligations under PFI contracts:		
- main finance cost	**2,088**	391
- contingent finance cost	**0**	0
Interest on late payment of commercial debt	**0**	0
Total interest expense	**2,665**	1,383
Other finance costs	**150**	118
Total	**2,815**	1,501

16. Property, plant and equipment

2010-11	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2010	61,513	251,422	6,319	17,380	53,009	342	16,808	2,920	409,713
Additions purchased	137	266,096	0	2,858	17,413	0	3,168	2,372	292,044
Additions donated	0	32	0	127	427	0	0	28	614
Reclassifications	0	7,599	(174)	(10,893)	97	0	2,274	0	(1,097)
Reclassified as held for sale	(524)	(3,052)	(786)	0	0	0	0	0	(4,362)
Disposals other than by sale	0	0	0	0	(600)	0	(18)	0	(618)
Revaluation/indexation gains	440	1,783	0	0	0	0	0	0	2,223
Impairments	(300)	(1,826)	(214)	0	0	0	0	0	(2,340)
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2011	61,266	522,054	5,145	9,472	70,346	342	22,232	5,320	696,177
Depreciation at 1 April 2010	0	115,780	1,447	0	33,960	323	11,202	1,982	164,694
Reclassifications		0	(2)		0	0	0	0	(2)
Reclassified as held for sale	0	(3,033)	(18)		0	0	0	0	(3,051)
Disposals other than by sale	0	0	0		(568)	0	(18)	0	(586)
Revaluation/indexation gains	0	0	0		0	0	0	0	0
Impairments	124	56,314	0	7,243	313	0	44	111	64,149
Reversal of impairments	0	(1,583)	0	0	0	0	0	0	(1,583)
Charged during the year	0	11,084	149		5,354	2	1,746	253	18,588
Depreciation at 31 March 2011	124	178,562	1,576	7,243	39,059	325	12,974	2,346	242,209
Net book value									
Purchased	61,142	343,020	3,569	1,312	30,262	17	9,258	2,974	451,554
Donated	0	472	0	917	1,025	0	0	0	2,414
Total at 31 March 2011	61,142	343,492	3,569	2,229	31,287	17	9,258	2,974	453,968
Asset financing									
Owned	61,142	89,750	3,569	2,128	30,427	17	7,817	2,927	197,777
Finance leased	0	0	0	0	860	0	1,441	47	2,348
Private finance initiative	0	253,742	0	101	0	0	0	0	253,843
Total 31 March 2011	61,142	343,492	3,569	2,229	31,287	17	9,258	2,974	453,968

16.1 Revaluation reserve balance for property, plant & equipment

	Land	Buildings excluding dwellings	Dwellings	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2010	42,821	27,528	3,130	477	0	7	18	73,981
Movements (specify)	141	(620)	(326)	(79)	0	0	(3)	(887)
At 31 March 2011	42,962	26,908	2,804	398	0	7	15	73,094

16. Property, plant and equipment (Continued)

2009-10	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Restated Plant and machinery	Transport equipment	Information technology	Restated Furniture & fittings	Total	Prior to restatement: Plant and machinery	Prior to restatement: Furniture & fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2009	71,196	115,097	4,590	10,582	65,233	616	17,939	2,591	287,844	65,233	2,591
Additions purchased	0	70,495	35	9,832	6,026	0	963	391	87,742	6,026	391
Additions donated	0	168	0	907	53	0	0	0	1,128	53	0
Reclassifications	0	1,068	0	(2,122)	814	0	240	0	0	814	0
Reclassified as held for sale	0	0	0	0	(34)	0	0	(62)	(96)	(34)	(62)
Disposals other than by sale	0	0	0	0	(19,083)	(274)	(2,334)	0	(21,691)	(19,083)	0
Revaluation/indexation gains	1,473	11,579	399	0	0	0	0	0	13,451	0	0
Impairments - restated	(10,945)	(22,663)	0	0	0	0	0	0	(33,608)	(297)	(17)
Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2010	61,724	175,744	5,024	19,199	53,009	342	16,808	2,920	334,770	52,712	2,903
Depreciation at 1 April 2009					47,292	593	11,722	1,704	61,311	47,292	1,704
Reclassifications		0	0		0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0		(2)	0	0	(7)	(9)	(2)	(7)
Disposals other than by sale	0	0	0		(18,928)	(274)	(2,334)	0	(21,536)	(18,928)	0
Revaluation/indexation gains	0	0	0		0	0	0	0	0	0	0
Impairments - restated	239	32,367	0	1,819	1,486	1	0	129	36,041	1,189	112
Reversal of impairments	(28)	0	0	0	0	0	0	0	(28)	0	0
Charged during the year	0	7,735	152		4,112	3	1,814	156	13,972	4,112	156
Depreciation at 31 March 2010	211	40,102	152	1,819	33,960	323	11,202	1,982	89,751	33,663	1,965
Net book value											
Purchased	61,513	135,082	4,872	16,411	18,229	19	5,606	938	242,670	18,229	938
Donated	0	560	0	969	820	0	0	0	2,349	820	0
Total at 31 March 2010	61,513	135,642	4,872	17,380	19,049	19	5,606	938	245,019	19,049	938
Asset financing											
Owned	61,513	82,587	4,872	10,860	18,066	19	5,075	887	183,879	18,066	887
Finance leased	0	0	0	344	983	0	531	51	1,909	983	51
Private finance initiative	0	53,055	0	6,176	0	0	0	0	59,231	0	0
Total 31 March 2010	61,513	135,642	4,872	17,380	19,049	19	5,606	938	245,019	19,049	938

16. Property, plant and equipment (Continued)

Assets donated during the year were from The Mid Yorkshire Hospitals NHS Trust Charitable Fund of £502k (2009/10 : £221k) and Pinderfields Spinal Injury Centre (formerly Stepping Stones) of £127k (2009/10 - £907k).

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The Trust applied these new valuation requirements as at 1 April 2009.

Further revaluation exercises have been undertaken during 2010/11 and 2009/10 to review asset values and ensure that the carrying amounts are appropriate at the end of the reporting period.

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

Assets scheduled for closure as a result of being replaced by the new PFI hospitals have been valued at their remaining economic value.

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. Prior to 2008/09 an annual uplift to reflect the change in the GDP inflator was applied to the net current replacement cost of operational equipment, other than IT equipment which was considered to have nil indexation. From 1 April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

The Trust has obtained an independent valuation from the Office of the District Valuer for assets where both the remaining lives are greater than 5 years and a remaining net book value of greater than £250,000 to ensure that such high-value and long-life assets are carried at fair-value.

A valuation assessment of Dwellings and associated land at Existing Use Value was made at 4th January 2011 - which was not materially different to existing book values.

The valuations are carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property 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.

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land and assets held for sale.

16. Property, plant and equipment (Continued)

Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the Trust.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the Valuer. Leaseholds are depreciated over the primary lease term. Asset lives of buildings (excluding dwellings) range from 1 year to 79 years. Asset lives of dwellings range from 1 to 40 years.

Equipment is depreciated on current cost evenly over the estimated life of the asset using the following lives:

Software licences	1 to 8
Plant and machinery	1 to 24
Transport equipment	1 to 8
Information technology	1 to 14
Furniture and fittings	1 to 14

Where the useful economic life of an asset is reduced from that initially estimated due to the revaluation of an asset for sale, an impairment is charged to bring the value of the asset to its value at the point of sale.

The value of reversal of impairments is £1,583k (2009/10 - £28k) relating to the revaluation of Land & Buildings

No property is currently held at existing use value with an open market value which is materially different to its existing use value.

Further details describing the values and nature of impairments are in note 18.

Included in property plant and equipment are the following amounts where the Trust is the lessor of assets on short term operating leases:

	Land	Buildings	Dwellings
	£000	£000	£000
Gross carrying amount	60	1,190	90
Accumulated depreciation		141	
Depreciation charge for the period		41	2
Impairment (Loss) / Gain recognised for the period		(47)	

17. Intangible assets

2010-11	Computer software - purchased	Computer software - internally generated	Licences and trademarks	Patents	Development expenditure (internally generated)	Total
	£000	£000	£000	£000	£000	£000
Gross cost at 1 April 2010	2,155	0	0	0	83	2,238
Additions purchased	171	0	0	0	0	171
Additions donated	15	0	0	0	0	15
Reclassifications	1,098	0	0	0	0	1,098
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	(180)	0	0	0	0	(180)
Revaluation/indexation	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0
Gross cost at 31 March 2011	3,259	0	0	0	83	3,342
Amortisation at 1 April 2010	1,463	0	0	0	73	1,536
Reclassifications	0	0	0	0	0	0
Reclassifications as held for sale	0	0	0	0	0	0
Disposals other than by sale	(178)	0	0	0	0	(178)
Revaluation	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Charged during the year	205	0	0	0	10	215
Amortisation at 31 March 2011	1,490	0	0	0	83	1,573
Net book value						
Purchased	1,761	0	0	0	0	1,761
Donated	8	0	0	0	0	8
Total at 31 March 2011	1,769	0	0	0	0	1,769

17. Intangible assets (Continued)

2009-10	Computer software - purchased	Computer software - internally generated	Licences and trademarks	Patents	Development expenditure (internally generated)	Total
	£000	£000	£000	£000	£000	£000
Gross cost at 1 April 2009	1,980	0	0	0	83	2,063
Additions purchased	175	0	0	0	0	175
Gross cost at 31 March 2010	2,155	0	0	0	83	2,238
Amortisation at 1 April 2009	1,292	0	0	0	64	1,356
Charged during the year	171	0	0	0	9	180
Amortisation at 31 March 2010	1,463	0	0	0	73	1,536
Net book value						
Purchased	692	0	0	0	10	702
Donated	0	0	0	0	0	0
Total at 31 March 2010	692	0	0	0	10	702

17.1 Intangible assets

Purchased computer software is amortised and charged to the income statement on a straight line basis over the shorter of the term of the licence and their useful lives.

The lives for purchased computer software are 1 to 6 years. Amortisation periods and methods are reviewed annually and adjusted if appropriate to reflect fair value.

The Trust has no internally generated intangible assets or intangible assets acquired through government grants.

17.2 Revaluation reserve balance for intangible assets	2010-11	2009-10
	£000	£000
At 1 April	**1**	2
Changes - historic cost depreciation	**(1)**	(1)
At 31 March	**0**	1

18. Impairments

Described below are the events and circumstances giving rise to impairments of Intangible assets and Property, plant and equipment.

2010-11 Events and circumstances giving rise to impairments	**Total 2010/11 £000**	**Charged to revaluation 2010/11 £000**	**Charged to expenditure 2010/11 £000**
Buildings excluding Dwellings and associated land were revalued at 4th January 2011 by the District Valuers (DV) Office of the Revenue and Customs Government Department. (The DV has identified that there was movement on valuation-indices from 4th January 2011 to 31st March 2011. This movement is not considered material and no adjustment has been made).	4,548	2,340	2,208
In line with IAS36 an indications of impairment review was undertaken in year. The review resulted in fixed assets being impaired principally due to changes to buildings and equipment associated with the reconfiguration of the estate as the Trust moves towards the opening of its new PFI hospitals.	459	0	459
An impairment resulted from the initial recognition of PFI assets brought into use and of PFI assets under construction.	59,691		59,691
An impairment resulted from the initial recognition of PFI assets brought into use and of PFI assets under construction for Donated Assets (Pinderfields Spinal Injuries Unit)	175		175
High Value, Long Life Equipment (NBV over £250k with a life of over 5 years) were revalued in year by the District Valuers of the Revenue and Customs Government Department.	33		33
Total	**64,906**	**2,340**	**62,566**

2009-10 Restated events and circumstances giving rise to impairments	**Restated Total 2009/10 £000**	**Restated Charged to revaluation 2009/10 £000**	**Restated Charged to expenditure 2009/10 £000**
Buildings excluding Dwellings and associated land were revalued at 1st April 2009 by the District Valuers of the Revenue and Customs Government Department on a Modern Equivalent Asset (MEA) Basis.	34,051	24,154	9,897
Buildings excl Dwellings and associated land were revalued at 1st January 2010 by the District Valuers of the Revenue and Customs Government Department (DV) on a Modern Equivalent Asset (MEA) Basis - The DV confirmed that there was no material movement on valuations from 1st Jan 2010 to 31st March 2010.	15,996	9,424	6,572
Dwellings and associated land were revalued at 31st March 2010 by the District Valuers of the Revenue and Customs Government Department.	2	30	(28)
In line with IAS36 an indications of impairment review was undertaken in year. The review resulted in fixed assets being impaired principally due to changes to buildings and equipment associated with the reconfiguration of the estate as the Trust moves towards the opening of its new PFI hospitals.	1,251	0	1,251
An impairment resulted from the initial recognition of PFI assets brought into use and of PFI assets under construction.	16,873	0	16,873
High Value, Long Life Equipment (NBV over £250k with a life of over 5 years) were revalued in year by the District Valuers of the Revenue and Customs Government Department.	364	0	364
Impairment review of expenditure incurred in respect of proposed capital development at Dewsbury & District Hospital to reflect value in use at 31 March 2010.	1,084	0	1,084
Total	**69,621**	**33,608**	**36,013**

The 2009/10 figures prior to restatement for economic impairments were:	**Total 2009/10 £000**	**Restated Charged to revaluation 2009/10 £000**	**Restated Charged to expenditure 2009/10 £000**
In line with IAS36 an indications of impairment review was undertaken in year. The review resulted in fixed assets being impaired principally due to changes to buildings and equipment associated with the reconfiguration of the estate as the Trust moves towards the opening of its new PFI hospitals.	1,251	314	937

19. Commitments

19.1 Capital commitments

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

	31 March 2011	31 March 2010
	£000	£000
Property, plant and equipment	7,741	14,649
Intangible assets	622	302
Total	**8,363**	14,951

20. Inventories

20.1 Inventories	31 March 2011	31 March 2010
	£000	£000
Drugs	2,818	2,756
Work in progress	0	0
Consumables	5,059	5,217
Energy	58	193
Other	0	0
Total	**7,935**	8,166
Of which held at net realisable value:	0	0

20.2 Inventories recognised in expenses	31 March 2011	31 March 2010
	£000	£000
Inventories recognised as an expense in the period	62,040	58,126
Write-down of inventories (including losses)	8	33
Reversal of write-downs that reduced the expense	0	0

21. Trade and other receivables

21.1 Trade and other receivables	Current 31 March 2011 £000	Non-current 31 March 2011 £000	Current 31 March 2010 £000	Non-current 31 March 2010 £000
NHS receivables-revenue	**9,692**	**259**	16,913	298
NHS receivables-capital	**0**	**0**	0	0
Non-NHS receivables-revenue	**1,592**	**0**	1,257	0
Non-NHS receivables-capital	**0**	**0**	0	0
Provision for the impairment of receivables	**(933)**	**0**	(556)	0
Prepayments and accrued income	**2,301**	**0**	7,021	78
Operating lease receivables	**0**	**0**	0	0
VAT	**1,524**	**0**	1,185	0
Other receivables	**4,914**	**0**	3,984	0
Total	**19,090**	**259**	29,804	376

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

Included in the balance of NHS receivables is £9m (2009/10: £16m) due from Primary Care Trusts.

21.2 Receivables past their due date but not impaired	31 March 2011 £000	31 March 2010 £000
By up to three months	**568**	101
By three to six months	**3**	22
By more than six months	**8**	0
Total	**579**	123

This represents balances past their due date but not impaired within Other trade Receivables. These balances have been assessed for recoverability and the Trust believes that their credit quality remains intact. The Trust does not hold any collateral over these balances.

21.3 Provision for impairment of receivables	31 March 2011 £000	31 March 2010 £000
Balance at 1 April	**(556)**	(507)
Amount written off during the year	**590**	317
Amount recovered during the year	**38**	36
(Increase)/decrease in receivables impaired	**(1,005)**	(402)
Balance at 31 March	**(933)**	(556)

Trade receivables are reviewed for impairment on an individual basis, depending on the size of the receivable and the period for which it is overdue. Where trade receivables are estimated to be less than their carrying values, provisions have been made to write them down to their estimated recoverable amounts.

The other classes within trade and other receivables do not include impaired assets.

22. Cash and cash equivalents

	31 March 2011	31 March 2010
	£000	£000
Balance at 1 April	**25,321**	28,984
Net change in year	**(10,154)**	(3,663)
Balance at 31 March	**15,167**	25,321
Made up of		
Cash with Government banking services	**15,023**	25,161
Commercial banks and cash in hand	**144**	160
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**15,167**	25,321
Cash and cash equivalents as in statement of cash flows	**15,167**	25,321

23. Non-current assets held for sale

	Land	Buildings, excl dwelling	Dwellings	Other property, plant and equipment	Intangible assets	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2010	**43**	**0**	**64**	**0**	**0**	**107**
Plus assets classified as held for sale in the year	**524**	**19**	**768**	**0**	**0**	**1,311**
Less assets sold in the year	**0**	**(19)**	**0**	**0**	**0**	**(19)**
Less impairments of assets held for sale	**0**	**0**	**0**	**0**	**0**	**0**
Plus reversal of impairment of assets held for sale	**0**	**0**	**0**	**0**	**0**	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 31 March 2011	**567**	**0**	**832**	**0**	**0**	**1,399**
Balance at 1 April 2009	43	0	64	0	0	107
Plus assets classified as held for sale in the year	0	0	0	87	0	87
Less assets sold in the year	0	0	0	(87)	0	(87)
Less impairments of assets held for sale	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance at 31 March 2010	43	0	64	0	0	107

Included in non-current assets held for sale at the year end are 13 dwellings and their associated land. The assets were identified as being surplus to requirements and are being advertised for sale on the open market. The Trust is currently actively seeking a buyer and expects to sell the assets during 2011/12. There was no gain or loss on recognition of the assets becoming classified for sale.

During the year; two non-residential buildings were surplus to requirements and sold.

24. Trade and other payables

	Current 31 March 2011 £000	**Non-current 31 March 2011 £000**	Current 31 March 2010 £000	Non-current 31 March 2010 £000
Interest payable	**0**		24	
NHS payables-revenue	**4,364**	**1,207**	8,964	1,032
NHS payables-capital	**0**	**0**	0	0
Non NHS trade payables - revenue	**6,070**	**0**	3,967	0
Non NHS trade payables - capital	**3,128**	**0**	3,600	0
Accruals and deferred income	**13,757**	**310**	14,848	654
Social security costs	**2,384**	**0**	2,296	0
VAT	**0**	**0**	0	0
Tax	**3,130**	**0**	2,928	0
Other	**3,144**	**0**	3,062	0
Total	**35,977**	**1,517**	39,689	1,686

Other payables include:
£3,012k outstanding pensions contributions at 31 March 2011 (31 March 2010: £2,938k).

There are no arrangements to buy out liabilities for early retirements over 5 instalments.

Trade payables are generally settled on 30 day terms and are not interest bearing unless a supplier makes a claim and has grounds to under The Late Payment of Commercial Debts (Interest) Act 1998. In 2010-11; £50 (2009-10: £nil) interest for late payments was paid during the year. Accruals and deferred income are not interest bearing.

25. Borrowings

	Current 31 March 2011 £000	**Non-current 31 March 2011 £000**	Current 31 March 2010 £000	Non-current 31 March 2010 £000
Loans from:				
Department of Health - working capital loan	**0**	**0**	10,468	0
Department of Health - capital loan	**1,000**	**13,500**	0	0
	1,000	**13,500**	**10,468**	**0**
PFI liabilities	**6,337**	**326,834**	5,190	77,940
Finance lease liabilities	**425**	**1,425**	317	1,191
	6,762	**328,259**	**5,507**	**79,131**
Total	**7,762**	**341,759**	**15,975**	**79,131**

The working capital loan from the Department of Health was a fixed rate (5.29%) interest bearing loan repayable over three years. The loan was settled in March 2011.

The capital loan from the Department of Health is a fixed rate (2.98%) interest bearing loan repayable over within 15 years. The expected date of settlement is 15 September 2025.

The PFI liabilities and Finance lease liabilities terms are disclosed in notes 28 and 26 respectively.

26. Finance lease obligations
Details of the PFI terms and basis of accounting are excluded from this note and included in note 28.

The Trust uses finance leases or arrangements containing finance leases to acquire plant and equipment. Where the implicit interest rate cannot be determined, the long term real rate of interest, at the date of inception of the contract, has been applied. The long term real rate of interest has been sourced from Treasury interest rate tables.

Amounts payable under finance leases:

Other	**Minimum lease payments**	**Present value of minimum lease payments**	Minimum lease payments	Present value of minimum lease payments
	31 March 2011	**31 March 2011**	31 March 2010	31 March 2010
	£000	**£000**	£000	£000
Within one year	**469**	**425**	355	317
Between one and five years	**1,240**	**1,161**	943	872
After five years	**273**	**264**	334	319
Less future finance charges	**(132)**		(124)	
Present value of minimum lease payments	**1,850**	**1,850**	1,508	1,508
Included in:				
Current borrowings		**425**		317
Non-current borrowings		**1,425**		1,191
		1,850		1,508

No future sublease payments are expected to be received (2009/10: £nil)
Contingent rents recognised as an expense £50k (2009/10: £48k).

27. Finance lease commitments
The Trust has entered into arrangements containing finance leases whereby assets will be made available for use by a series of phased implementations. Finance leases are included in note 26 for completed phases and a commitment is disclosed for incomplete phases. The total obligation for the PFI finance lease is disclosed in note 28. The remaining commitment is in respect of an arrangement containing finance leases, which are phased over a period of 10 years, the minimum payments total £1,975k (2009/10: £2,816k) (excluding PFI).

28. Private Finance Initiative contracts

28.1 PFI schemes on-Statement of Financial Position

The Trust entered into a PFI contract to provide new hospital facilities and associated support services in Wakefield and Pontefract on 28 June 2007.

The scheme delivers a new 698 bed specialist acute hospital on the Pinderfields site at Wakefield in 87,000m² of new accommodation; and a new integrated hospital at Pontefract with 64 beds in 21,000m² of new accommodation.

The estimated capital asset value of the scheme on completion is £311m.

The PFI scheme entered into its operational phase in 2008/2009. The regular PFI payment reflects the phased nature of the development such that the Trust only pays the operator for facilities that are actually available for use. The build up of that payment rising to 100% in 2011/12 is set out below. 2012/13 will represent the first full year of operation.

Key Dates when payments are due as modelled Unitary Payment (UP) step-up profile are as follows:

1st step up	14.04.08	0.72%
2nd step up	21.07.08	2.97%
3rd step up	20.11.09	21.93%
4th step up	07.05.10	62.06%
5th step up	17.12.10	98.48%
6th step up	21.10.11	100.00%
7th step up	Full year	100.00%

The Trust made cash payments in 2010/11 under the terms of the PFI contract totalling £19m (2009/10 - £3,475k). Future annual cash payments are estimated at £39m (at current cost) when the scheme becomes fully operational. This includes Retention of Employment costs. The contract start date was 28 June 2007 and the total contract term is 35 years.

The regular PFI payment reflects costs attributable to staff managed by the contractor under the Retention of Employment (RoE) model. This has been described in accounting polices note 1.3.3.

Elements of the regular PFI payment are subject to differential inflation as follows:

- The modelled element of the UP is changed by Retail Price Index (RPI) measured against a base date of April 2006
- The RoE pay element of the UP is subject to NHS Pay Inflation

The full amount is at risk by the PFI provider should they fail to deliver services to the requirements of the Project Agreement.

The agreement provides for market testing of separable facilities services at regular intervals with the first test date falling in 2014/15.

The Trust has followed the Department of Health's guidance "Accounting for PFI transactions" in determining the accounting treatment of the scheme. This is based on HM Treasury interpretation of IFRIC12 and requires the Trust to treat the building as an asset of the Trust; the substance of the contract is that the Trust has a finance lease and payments comprise two elements being imputed lease charges and service charges.

28.2 PFI schemes on-Statement of Financial Position (Continued)

Total obligations for on-statement of financial position PFI contracts due (where stages of the PFI project are complete):

	31 March 2011	31 March 2010
	£000	£000
Not later than one year	**6,340**	5,842
Later than one year, not later than five years	**87,737**	16,058
Later than five years	**442,121**	108,475
Sub total	**536,198**	130,375
Less: interest element	**(203,027)**	(47,245)
Total	**333,171**	83,130

On completion of all PFI buildings the Trust will recognise them on the Statement of Financial Position with a corresponding finance lease creditor. The assets are phased throughout the period 2009/10 to 2011/12. The finance lease rental payments (excluding contingent rent) on completion of all phases is expected to be £18m per annum payable over the contract term.

28.3 Charges to expenditure

The total charged in the year to expenditure in respect of the service element of on-statement of financial position PFI contracts is £11,212k (prior year £6,243k).

The Trust is committed to the following charges:

	31 March 2011	31 March 2010
	£000	£000
Not later than one year	**21,218**	2,672
Later than one year, not later than five years	**98,877**	14,028
Later than five years	**1,223,396**	198,415
Total	**1,343,491**	215,115

The expected service charge to expenditure in the first full year of operation 2012/13 is expected to be £23,128k.

29. Provisions

	Current 31 March 2011 £000	Non-current 31 March 2011 £000	Current 31 March 2010 £000	Non-current 31 March 2010 £000
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	508	3,926	450	4,217
Legal claims	975	0	417	301
Restructurings	338	229	242	420
Redundancy	0	0	-	-
Other (specify)	1,506	2,346	1,367	3,223
Total	3,327	6,501	2,476	8,161

	Pensions relating to former directors £000	Pensions relating to other staff £000	Legal claims £000	Restructurings £000	Redundancy £000	Other £000	Total £000
At 1 April 2010	0	4,667	718	662		4,590	10,637
Arising during the year	0	682	879	0	0	734	2,295
Used during the year	0	(436)	(194)	(95)	0	(385)	(1,110)
Reversed unused	0	(383)	(428)	0	0	(1,131)	(1,942)
Unwinding of discount	0	106	0	0	0	44	150
Change in discount rate	0	(202)	0	0	0	0	(202)
At 31 March 2011	0	4,434	975	567	0	3,852	9,828
Expected timing of cash flows:							
Within one year	0	508	975	338	0	1,506	3,327
Between one and five years	0	2,304	0	229	0	2,346	4,879
After five years	0	1,622	0	0	0	0	1,622

The pensions relating to other staff provision is determined by capitalising the cost of certain staff taking early retirement and is calculated using a formula agreed by the NHS Pensions Agency. The formula assumes that the member of staff will live beyond normal retirement age.

The restructuring provision is in line with the Trusts current restructuring matters. The Trust has not made a general provision for potential future re-organisation which may be considered at Board level – for example as part of the ongoing workforce plan.

Other provisions are provisions for injury benefits paid by the NHS Pension Agency £2,016k (2009/10 : £1,906k) and for pay costs associated with current rebanding claims £1,288k (2009/10: £1,480k). Additional provisions have been made for legal claims where necessary.

£56,999k is included in the provisions of the NHS Litigation Authority at 31/3/2011 in respect of clinical negligence liabilities of the Trust (31/03/10: £32,722k).

30. Contingencies

30.1 Contingent liabilities

	2010-11	2009-10
	£000	£000
Unresolved claims	**(12,097)**	(2,556)

Judgment has been made against the Trust in respect of an Employment Tribunal claim where the plaintiff is seeking significant damages. The amount to be awarded under this judgment is still to be determined by the tribunal. The final settlement on this claim is expected during 2011-12. No provision has been recognised in respect of the major element of this claim as the Trust has been unable to determine a reasonable estimate of the likely outcome. The information usually required by the accounting standard is not disclosed on the grounds that it can be expected to seriously prejudice the outcome of the settlement process. The other element of contingent liabilities relates to contractual issues with suppliers which are not presently legal obligations but remain as outstanding commercial matters.

30.2 Contingent assets

	2010-11	2009-10
	£000	£000
Other	**0**	177

31. Financial instruments

31.1 Financial assets

Loans and Receivables	2010-11 £000	2009-10 £000
Receivables	**11,678**	18,400
Cash at bank and in hand	**15,167**	25,321
Other financial assets	**0**	0
Total at 31 March 2011	**26,845**	43,721

31.2 Financial liabilities

Other	2010-11 £000	2009-10 £000
Payables	**31,980**	36,151
PFI and finance lease obligations	**335,021**	84,638
Other borrowings	**14,500**	10,468
Other financial liabilities	**0**	0
Total at 31 March 2011	**381,501**	131,257

The fair value of financial liabilities is not materially different to the carrying value with the exception of borrowings Note 25.

	2010-11 Capital Loan	2009-10 Working Capital Loan
Interest rate at inception of the loan	2.98%	5.29%
Interest rate at 31 March	3.39%	0.98%
	£000	£000
Carrying value at 31 March	14,500	10,468
Fair value 31 March	14,054	10,806
Difference between carrying and fair value	446	(338)

The fair value has been obtained by applying the National Loans Fund interest rate at 31 March annually, assuming a fixed repayment amount.

31.3 Financial risk management

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

31.3 Financial risk management (Continued)

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.

The Trust borrows from Government for working capital shortfalls subject to affordability as confirmed by the Strategic Health Authority. During 2008/09, the Trust drew down a £31.4m working capital loan, repayable over 3 years, in line with the Financially Challenged Trust agreement. Interest is charged at the National Loans Fund rate, fixed for the life of the loan. This loan was fully repaid in 2010/11.

The Trust drew down a £15m capital loan on 15 December 2010, repayable over 14 years and 9 months. The interest rate is fixed, for the life of the loan, at the National Loans Fund rate applicable on the date that the loan documents were issued by the Department of Health. The interest rate charged is 2.98% based on an issue date of 24 November 2010.

The Trust invests cash in other liquid resources at the National Loans Fund rate. The Trust is therefore susceptible to movements in current rates of interest.

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 21.

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.

32. Events after the reporting period

The Trust has entered into an agreement to deliver Community Services with effect from 7 April 2011. The Trust Board signed an agreement on 07/04/2011 with NHS Wakefield District to take over the delivery of Community Services under the Transforming Community Services national initiative. The delivery of these services is expected to result in income and expenditure of c.£31m in 2011/12. Purchase of medical equipment and ICT assets for a nominal sum will occur and the book value is c.£600k. There are no other material assets or liabilities being transferred to the Trust. The minimum term of the contract is 3 years.

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	2005-06 £000	2006-07 £000	2007-08 £000	2008-09 £000	2009-10 £000	2010-11 £000
Turnover	300,603	309,100	390,354	397,006	395,875	430,417
Retained surplus/(deficit) for the year	(14,589)	(11,688)	767	32,706	(38,196)	(59,654)
Adjustment for:						
Timing/non-cash impacting distortions:						
Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]	0	0	0	0	0	0
2006/07 PPA (relating to 1997/98 to 2005/06)	920					
2007/08 PPA (relating to 1997/98 to 2006/07)	0	0				
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0	0			
Adjustments for Impairments				3,845	35,699	62,391
Consolidated Budgetary Guidance - Adjustment for Dual Accounting under IFRIC12*					3,368	(1,754)
Other agreed adjustments	0	1,988	0	0	0	0
Break-even in-year position	(13,669)	(9,700)	767	36,551	871	983
Break-even cumulative position	(53,728)	(63,428)	(62,661)	(26,110)	(25,239)	(24,256)

* Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009-10, NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance.

The Trust's recovery plan, approved by the SHA aims to achieve break-even in the medium term - and note 5 provides additional information.

	2005-06 %	2006-07 %	2007-08 %	2008-09 %	2009-10 %	2010-11 %
Materiality test (I.e. is it equal to or less than 0.5%):						
Break-even in-year position as a percentage of turnover	-5%	-3%	0%	9%	0%	0%
Break-even cumulative position as a percentage of turnover	-18%	-21%	-16%	-7%	-6%	-6%

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

33.2 Capital cost absorption rate

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

From 2009/10 the dividend payable on public dividend capital is based on the actual (rather than forecast) average relevant net assets and therefore the actual capital cost absorption rate is automatically 3.5%.

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
External financing limit		**25,460**	6,353
Cash flow financing	**9,350**		(7,309)
Finance leases taken out in the year	**776**		293
Other capital receipts	**(788)**		(1,033)
External financing requirement		**9,338**	(8,049)
Undershoot/(overshoot)		**16,122**	14,402

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	**292,844**	89,045
Less: book value of assets disposed of	**(53)**	(242)
Plus: loss on disposal of donated assets	**8**	0
Less: capital grants	**0**	0
Less: donations towards the acquisition of non-current assets	**(629)**	(1,128)
Charge against the capital resource limit	**292,170**	87,675
Capital resource limit	**311,768**	97,957
(Over)/underspend against the capital resource limit	**19,598**	10,282

34. Related party transactions

The Mid Yorkshire Hospitals NHS Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Trust board members or members of key management, or parties related to any of them, has undertaken any material transactions with the Mid Yorkshire Hospitals NHS Trust.

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

NHS Yorkshire and the Humber
NHS Wakefield District
NHS Kirklees
NHS Leeds

Services were purchased from:
Yorkshire Ambulance Service NHS Trust
Leeds Teaching Hospitals NHS Trust
National Blood and Transplant Authority
NHS Litigation Authority
NHS Professionals
NHS Business Services Authority
Yorkshire Specialist Commissioning Group

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 Wakefield Metropolitan District Council and Kirklees Council.

The Trust has also received revenue and capital payments from a number of charitable funds including the Mid Yorkshire Hospitals Charitable Fund where the trustees are members of the NHS trust board. The summary Financial Statements of The Mid Yorkshire Hospitals Charitable Fund are included in the Trusts annual report and accounts.

35. Third party assets

The Trust held £733 cash and cash equivalents at 31 March 2011 (£2,430 - at 31 March 2010) which relates to monies held by the NHS Trust on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

36. Intra-Government and other balances	**Current receivables**	**Non-current receivables**	**Current payables**	**Non-current payables**
	£000	**£000**	**£000**	**£000**
Balances with other central government bodies	**15,063**	**259**	**12,331**	**1,207**
Balances with local authorities	**183**	**0**	**11**	**0**
Balances with NHS trusts and foundation trusts	**439**	**0**	**542**	**0**
Balances with public corporations and trading funds	**5**	**0**	**31**	**0**
Intra government balances	**15,690**	**259**	**12,915**	**1,207**
Balances with bodies external to government	**3,400**	**0**	**23,062**	**310**
At 31 March 2011	**19,090**	**259**	**35,977**	**1,517**
Balances with other central government bodies	16,265	298	7,328	1,032
Balances with local authorities	177	0	30	0
Balances with NHS trusts and foundation trusts	648	0	1,197	0
Balances with public corporations and trading funds	0	0	440	0
Intra government balances	17,090	298	8,995	1,032
Balances with bodies external to government	12,714	78	30,694	654
At 31 March 2010	29,804	376	39,689	1,686

37. Losses and special payments

There were 3260 cases of losses and special payments (2009/10: 2903) totalling £942,987 (2009/10: £638,028) accrued during 2010/11.

There were no cases exceeding £250,000.

38. Prior period adjustment

HM Treasury directed an adaptation to IAS 36 - Impairments of Assets in the NHS Trusts' Manual for Accounts, 2010/11.

This change in accounting policy is a public sector specific adaptation in the Treasury FReM.

The change only relates to prior year 2009/10 as it re-instates the UK GAAP treatment adopted in 2008/09.

IAS 36's requirement is to take impairments, in all cases, to reserves in the first instance. HM Treasury's adaptation is to take impairments, arising from a clear consumption of economic value, in full to the revenue account regardless of the balance on the revaluation reserve for that asset.

The restated values are detailed on the Statement of Comprehensive, Statement of Changes in Taxpayers' Equity and Notes 6 Other operating revenue, 8.2 Impairments (expenses), 16 Property Plant and Equipment and 18 Impairments (detail).

There has been no overall change to Total Comprehensive Income for the Year or reserves. There is no impact on break even performance as impairments are added back as a technical adjustment.

39. Exit Packages

The Trust is required to report the number and value of exit packages relating to individuals who have left in the year. The expenses associated with theses departures may have been recognised in part or in full in a previous period

a	b		c		d		e
Exit Package cost band (including any special payment element)	**Number of compulsory redundancies**	**(cost) £'000**	**Number of other departures agreed**	**(cost) £'000**	**Total number of exit packages by cost band**	**(cost) £'000**	**Number of departures included in(b) and (c) where special payments have been made (special payment elements (totalled))**
<£20,001	0	0	55	448	55	448	
£20,001-£40,000	1	39	14	379	15	418	
£40,001 - £100,000	2	133	10	480	12	613	
£100,001 - £150,000	0	0	0	0	0	0	
£150,001 - £200,000	0	0	0	0	0	0	
Total number of exit packages by type (total cost)	**3**	**172**	**79**	**1,307**	**82**	**1,479**	**0**

Redundancy and other departure costs have been paid in accordance with the provisions of applicable terms and conditions or under the terms of the Mutually Agreed Resignation Scheme (MARS), which has been supported externally. Exit costs in this note are accounted for in full in the year of departure. Where the NHS Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.