

FOREWORD TO THE ACCOUNTS

AIREDALE NHS FOUNDATION TRUST

The accounts for the year ended 31 March 2019 are set out on the following pages and comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Taxpayers' Equity, the Consolidated Statement of Cash Flows and the Notes to the Accounts.

These accounts for the year ended 31 March 2019 have been prepared by Airedale NHS Foundation Trust in accordance with paragraph 24 and 25 of schedule 7 to the National Health Service Act 2006.

Signed:Brendan Brown - Chief Executive

Date:

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF THE AIREDALE NHS FOUNDATION TRUST

The NHS Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officers' Memorandum issued by NHSI.

Under the NHS Act 2006, NHSI has directed Airedale NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Airedale NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the NHS Foundation Trust Annual Reporting Manual and in particular to:

observe the Accounts Direction issued by NHSI, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

make judgements and estimates on a reasonable basis;

state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and

ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance,

prepare the financial statements on a going concern basis.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in NHSI's NHS Foundation Trust Accounting Officer Memorandum.

Signed:Brendan Brown - Chief Executive

Date:

NATIONAL HEALTH SERVICES ACT 2006

DIRECTIONS BY NHSI IN RESPECT OF NATIONAL HEALTH SERVICES FOUNDATION TRUSTS' ANNUAL ACCOUNTS

NHSI, the Independent Regulator of NHS Foundation Trusts, with the approval of HM Treasury, in exercise of powers conferred on it by paragraph 25(1) of Schedule 7 of the National Health Services Act 2006, hereby gives the following Directions:

1. Application and interpretation

(1) These Directions apply to NHS Foundation Trusts in England.

(2) In these Directions "The Accounts" means

for an NHS Foundation Trust in its first operating year since authorisation, the accounts of an NHS Foundation Trust for the year from authorisation until 31 March

for an NHS Foundation Trust in its second or subsequent operating year following authorisation, the accounts of an NHS Foundation Trust for the year from 1 April

"the NHS Foundation Trust" means the NHS Foundation Trust in question

2. Form of Accounts

(1) The accounts submitted under paragraph 25 of Schedule 7 of the 2006 Act shall show, and give a true and fair view of, the NHS Foundation Trust's gains and losses, cash flows and financial state at the end of the financial year.

(2) The accounts shall meet the accounting requirements of the 'NHS Foundation Trust Annual Reporting Manual' (FT ARM) as agreed with HM Treasury, in force for the relevant year.

(3) The statement of Financial Position shall be signed and dated by the Chief Executive of the NHS Foundation Trust.

(4) The Annual Governance Statement shall be signed and dated by the Chief Executive of the NHS Foundation Trust.

3. Statement of accounting officer's responsibilities

(1) The statement of accounting officer's responsibilities in respect of the accounts shall be signed and dated by the Chief Executive of the NHS Foundation Trust.

4. Approval on behalf of HM Treasury

(1) These directions have been approved on behalf of HM Treasury.

Signed by the authority of NHSI, the independent Regulator of NHS Foundation Trusts

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR TO
31 March 2019**

	Note	2018/19		2017/18	
		Group	Foundation Trust	Group	Foundation Trust
		£000	£000	£000	£000
Operating income from continuing operations	3	185,716	183,543	168,955	169,060
Operating expenses of continuing operations:	4				
- Operating expenses		(181,116)	(179,310)	(166,768)	(166,723)
Operating Surplus/(Deficit) before Finance costs		4,600	4,233	2,187	2,337
FINANCE COSTS					
Finance income		103	786	113	90
Finance expense - financial liabilities		(49)	(1,001)	(79)	(138)
Finance expense - unwinding of discount on provisions	16.2	(2)	(2)	(2)	(2)
Public Dividend Capital - dividends payable		(1,448)	(1,448)	(1,559)	(1,559)
NET FINANCE COSTS		(1,396)	(1,665)	(1,527)	(1,609)
Gains/(losses) of disposal of assets		(4)	1	615	632
Share of profit/ (loss) of associates/ joint ventures		380	380	350	350
Movement in fair value of investment property and other investments		-	-	-	-
Corporation Tax Expense	1.16 & 19.5	(218)	-	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		3,362	2,949	1,625	1,710

Movement in Reserves					
	Note	2018/19 £000	2018/19 £000	2017/18 £000	2017/18 £000
SURPLUS/(DEFICIT) FOR THE YEAR		3,362	2,949	1,625	1,710
Share of result of associates/ joint arrangements		-	-	-	-
Impairments	6	-	-	(6,117)	(6,117)
Revaluations	6	-	-	377	377
Other reserve movements		-	(1)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,362	2,948	(4,115)	(4,030)
Allocation for the year					
(a) Surplus/(Deficit) for the year attributable to					
- Minority interest		-	-	-	-
- Owners of parent		3,362	2,949	1,625	1,710
Total		3,362	2,949	1,625	1,710
(b) Total comprehensive expense for the year attributable to					
- Minority interest		-	-	-	-
- Owners of parent		3,362	2,948	(4,115)	(4,030)
Total		3,362	2,948	(4,115)	(4,030)

All operations are continuing.

The notes on pages 8 to 38 form part of these accounts.

The operating surplus for 2018/2019 in respect of the Foundation Trust includes a net expense on revaluation of the Trusts Property, plant and equipment of £3,818k

Provider Sustainability Funding (PSF) income has been received to the value of £3,353k for achieving the require in year target and an additional £3,437k for achieving the required year end financial targets.

Excluding the 2 items above the Group made an underlying operating surplus of £391k and the Foundation Trust an operating deficit of (£22k).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2019

	Note	31 March 2019		31 March 2018	
		Group	Foundation Trust	Group	Foundation Trust
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	6	55,206	55,206	57,204	57,204
Investments in subsidiary	19.4	-	8,891	-	8,891
Other Investments	19.4	578	-	583	-
Loans to subsidiary	19.4	-	19,615	-	20,168
Trade and other receivables	9.1	-	-	815	815
Total non-current assets		55,784	83,712	58,602	87,078
Current assets					
Inventories	8	2,097	763	2,184	711
Trade and other receivables	9.1	19,262	17,587	21,050	22,489
Loans to subsidiary	19.4	-	553	-	534
Cash and cash equivalents	10	15,311	11,152	9,357	7,156
Total current assets		36,670	30,055	32,591	30,890
Current liabilities					
Trade and other payables	11	(22,895)	(17,517)	(24,526)	(23,062)
Borrowings	13	(531)	(531)	(707)	(707)
Provisions	16	(775)	(775)	(773)	(773)
Lease liability	13.2	-	(1,416)	-	(2,021)
Other liabilities	12	(468)	(468)	(466)	(459)
Total current liabilities		(24,669)	(20,707)	(26,472)	(27,022)
Total assets less current liabilities		67,785	93,060	64,721	90,946
Non-current liabilities					
Borrowings	13	(508)	(508)	(1,013)	(1,013)
Provisions	16	(924)	(924)	(971)	(943)
Lease liability	13.2	-	(26,740)	-	(27,302)
Other liabilities	12	(3,627)	(3,627)	(3,766)	(3,766)
Total non-current liabilities		(5,059)	(31,799)	(5,750)	(33,024)
Total assets employed		62,726	61,261	58,971	57,922
Financed by (taxpayers' equity)					
Public Dividend Capital		49,941	49,941	49,548	49,548
Revaluation reserve		8,131	8,131	8,422	8,422
Income and expenditure reserve		3,696	3,189	(120)	(48)
Charitable fund reserves	19.6	958	-	1,121	-
Total taxpayers' equity		62,726	61,261	58,971	57,922

The notes on pages 8 to 38 form part of these accounts.

The financial accounts on pages 1 to 38 were approved by the Board of Directors on

Signed on its behalf by:Brendan Brown - Chief Executive

Date:

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED
31 March 2019

GROUP	Public Dividend Capital	Income and Expenditure Reserve	Revaluation Reserve	Charitable Funds Reserve	Total Tax Payers Equity
	£000	£000	£000	£000	£000
Balance as at 1 April 2018	49,548	(120)	8,422	1,121	58,971
Public Dividend Capital received	393	-	-	-	393
Surplus for the financial year	-	3,525	-	(163)	3,362
Other reserve movements	-	291	(291)	-	-
Impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Balance at 31 March 2019	<u>49,941</u>	<u>3,696</u>	<u>8,131</u>	<u>958</u>	<u>62,726</u>

	£000	£000	£000	£000	£000
Balance as at 1 April 2017	49,548	(1,798)	14,202	1,134	63,086
Public Dividend Capital received	-	-	-	-	-
Surplus for the financial year	-	1,638	-	(13)	1,625
Transfer to I/E reserve for impairments arising from consumption of Economic benefit	-	40	(40)	-	-
Impairments	-	-	(6,117)	-	(6,117)
Revaluations	-	-	377	-	377
Balance at 31 March 2018	<u>49,548</u>	<u>(120)</u>	<u>8,422</u>	<u>1,121</u>	<u>58,971</u>

Foundation Trust Statement of changes in Taxpayers Equity	Public Dividend Capital	Income and Expenditure Reserve	Revaluation Reserve	Charitable Funds Reserve	Total Tax Payers Equity
	£000	£000	£000	£000	£000
Balance as at 1 April 2018	49,548	(50)	8,422	-	57,920
Surplus for the financial year	-	2,948	-	-	2,948
Public Dividend Capital received	394	-	-	-	394
Other reserve movements	-	291	(291)	-	-
Impairments	-	-	-	-	-
Revaluations	-	-	-	-	-
Balance at 31 March 2019	<u>49,942</u>	<u>3,189</u>	<u>8,131</u>	<u>-</u>	<u>61,262</u>
	£000	£000	£000	£000	£000
Balance as at 1 April 2017	49,548	(1,798)	14,202	-	61,952
Surplus for the financial year	-	1,710	-	-	1,710
Public Dividend Capital received	-	-	-	-	-
Other reserve movements	-	40	(40)	-	-
Impairments	-	-	(6,117)	-	(6,117)
Revaluations	-	-	377	-	377
Balance at 31 March 2018	<u>49,548</u>	<u>(48)</u>	<u>8,422</u>	<u>-</u>	<u>57,922</u>

The Statement of Changes in Taxpayers' Equity analyses the movements in reserves and public dividend capital since the previous year.

Information on reserves

Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as the public dividend capital dividend.

Income and Expenditure Reserve

The balance of this reserve is the accumulated surpluses and deficits of the trust.

Revaluation Reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

The notes on pages 8 to 38 form part of these accounts.

The statement of changes in taxpayers' equity is for the Group, the consolidated Charitable fund balances are identified separately in the table.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 March 2019

		2018/19	2018/19	2017/18	2017/18
	Note	Group £000	Foundation Trust £000	Group £000	Foundation Trust £000
Cash flows from operating activities					
Operating (deficit)/surplus from continuing operations		4,600	4,233	2,187	2,337
		<u>4,600</u>	<u>4,233</u>	<u>2,187</u>	<u>2,337</u>
Non-cash income and expense					
Depreciation and amortisation	4/6	2,786	2,786	2,717	2,717
Reversal of Impairments	4/6.1	3,818	3,818	6,151	6,151
Non-cash donations/grants credited to income		(135)	(135)	(321)	(321)
Increase in trade and other receivables		2,831	6,164	(9,562)	(31,706)
(Increase)/Decrease in inventories		87	(52)	7	1,480
Decrease in trade and other payables		(3,726)	(7,051)	8,775	7,343
Decrease in other liabilities		(137)	(139)	(144)	(151)
Decrease in provisions		(48)	(21)	(2,604)	(2,632)
Charitable Funds - net adjustments for working capital movements, non-cash transactions and non-operating cash flows		397	-	(5)	-
NET CASH GENERATED FROM OPERATIONS		<u>10,473</u>	<u>9,603</u>	<u>7,201</u>	<u>(14,782)</u>
Cash flows from investing activities					
Interest received		82	786	113	90
Purchase of financial assets / investments		-	-	-	(8,891)
Proceeds from sales / settlements of financial assets / investments (incl repayments issued on loans to subsidiaries)		-	534	-	-
Purchase of Property, Plant and Equipment		(3,068)	(3,068)	(6,828)	(7,149)
Sales of Property, Plant and Equipment		-	-	50	50
Receipt of cash donations to purchase capital assets		135	135	321	321
Charitable funds - net cash flows(used in)/from investing activities	19.6	-	-	-	-
Cash movement from acquisitions of business units and subsidiaries (not absorption transfers)		-	-	-	29,637
Net cash used in investing activities		<u>(2,851)</u>	<u>(1,613)</u>	<u>(6,344)</u>	<u>14,058</u>
Cash flows from financing activities					
Public dividend capital received		393	393	-	-
Loans repaid		(506)	(506)	(504)	(505)
Capital element of finance lease rental payments		(177)	(1,546)	(136)	(128)
Interest Paid		(47)	(37)	(37)	(37)
Interest element on Finance lease		-	(966)	(42)	(101)
PDC dividend paid		(1,331)	(1,331)	(1,849)	(1,849)
Net cash generated from financing activities		<u>(1,668)</u>	<u>(3,993)</u>	<u>(2,568)</u>	<u>(2,620)</u>
Net decrease in cash and cash equivalents	10	5,954	3,997	(1,711)	(3,344)
Cash and cash equivalents at 1 April	10	<u>9,357</u>	<u>7,156</u>	<u>11,068</u>	<u>10,500</u>
Cash and cash equivalents at 31 March	10	<u>15,311</u>	<u>11,153</u>	<u>9,357</u>	<u>7,156</u>

The notes on pages 8 to 38 form part of these accounts.

Note 1 Accounting Policies and Other Information

Note 1.1 Basis of Preparation

NHS Improvement has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2018/19 issued by the Department of Health and Social Care. The accounting policies contained in the GAM 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 GAM permits a choice of accounting policy, the accounting policy that 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 are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Note 1.1.1 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, inventories and certain financial assets and financial liabilities.

Note 1.2 Going Concern Basis

These accounts have been prepared on a going concern basis.

IAS1 requires management to assess as part of the accounts preparation process the Foundation Trust's ability to continue as a going concern.

The Directors have a reasonable expectation that the services provided by the Trust will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Note 1.3 Consolidation

The Consolidated Accounts of Airedale NHS Foundation Trust show both the NHS Foundation Trust and the Group balances. The Group balances comprise Airedale NHS Foundation Trust, Airedale NHS Foundation Trust Charitable Funds and the subsidiary AGH Solutions Limited.

Subsidiary entities are those over which the trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines.

The Trust has three Joint Venture equity in the group accounts these are Immedicare LLP, Integrated Pathology Solutions LLP and Integrated Laboratory Solutions LLP. These are accounted for using the equity method.

Where subsidiaries' accounting policies are not aligned with those of the Trust (including where they report under UK Financial Reporting Standard (FRS) 102) then amounts are adjusted during consolidation where the differences are material. Inter- entity balances, transactions and gains/losses are eliminated in full on consolidation.

NHS Charitable Funds

The Trust is the Corporate Trustee to Airedale NHS Foundation Trust Charitable Fund. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the Trust's accounting policies and
- eliminate intra-group transactions, balances, gains and losses.

Note 1.3 Consolidation (continued)

Other Subsidiary

Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

On 1 September 2017 the Trust established a wholly owned subsidiary company AGH Solutions Limited which became operational on 1 March 2018. The investment in AGH Solutions Limited is recognised at cost as this is a wholly owned subsidiary of the Trust. The subsidiary's accounts are prepared in accordance with Financial Reporting Standard (FRS) 101 ("FRS101").

Joint Ventures

Joint ventures are separate entities over which the Trust has joint control with one or more other parties. The meaning of control is to exercise control or power to influence so as to gain economic or other benefits. Joint ventures are accounted for under IAS 28 using the equity method. The Trust has 50% equity investment in the following joint ventures:

- Immedicare LLP, in partnership with Involve
- Integrated Pathology Solutions LLP with Bradford Teaching Hospitals NHS Foundation Trust
- Integrated Laboratory Solutions LLP with Bradford Teaching Hospitals NHS Foundation Trust

Note 1.4 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract.

NHS injury cost recovery scheme

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, for instance by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.5 Expenditure on 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 annual leave entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Pension costs

1.5.1 NHS Pension Scheme

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

Employer's pension cost contributions are charged to operating expenses as and when they become due.

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

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

Note 1.5 Expenditure on Employee Benefits (continued)

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 provides defined benefits, which are illustrated below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the scheme or the specific conditions that must be met before these benefits can be obtained.

Annual Pensions

The 1995 and 2008 schemes are 'final salary' schemes. Annual pensions are normally based on 1/80th for the 1995 section and on the best of the last three years pensionable 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'.

With effect from 1 April 2015 the 2015 Pension scheme was introduced for all employees currently in the NHS pension Scheme. Except for employees who at the 1st April 2012 were already over their normal pension age or 10 years or less from their normal pension age and in active membership on both 1 April 2012 and 31 March 2015, who received full protection in their previous scheme. For employees who were more than 10 years but less than 13 years and 5 months from their normal pension age at the 1st April 2012 and in active membership on both 1 April 2012 and 31 March 2015, tapering relief was applied. The Scheme is based on a 1/54th of the annual salary indexed linked to the employees State retirement age.

Pensions Indexation

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971.

Lump Sum Allowance

A lump sum is payable will depend on the scheme or schemes the employees is a member of a the date of retirement.

Ill Health Retirement

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

Death Benefits

A death gratuity for death in service, will be paid dependent on the scheme or schemes of the employee at date of death.

Transfer between Funds

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

Preserved Benefits

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

Compensation for Early Retirement

Where a member of the scheme is made redundant they may be entitled to early receipt of their pension based on the terms of their scheme or schemes.

Note 1.5 Expenditure on Employee Benefits (continued)

1.5.2 Alternative Pension Scheme - National Employment Savings Trust (NEST) Pension Scheme

Following the Pensions Act 2008 the NHS Foundation Trust had a duty in the financial year ended 31 March 2017 to provide a pension scheme for employees who are ineligible to join the NHS Pension Scheme at the Trust. This includes employees who are members of the NHS Pension Scheme through another role outside of the Trust and those that are not eligible to join the NHS Pension Scheme.

The NHS Foundation Trust has selected NEST as its partner to meet the duty. The scheme operated by NEST on the NHS Foundation Trust's behalf is a defined contribution scheme, employers contributions are charged to operating expenses as and when they become due. Employee and employer contribution rates are a combined minimum of 5% (with a minimum 2% being contributed by the Trust) and from October 2018 the combined contribution rate will be 8% (with a minimum 3% being contributed by the Trust).

Note 1.6 Expenditure on Other Goods and Services

Expenditure on goods and services is recognised when and to the extent that they have been received, and is measured at current value of these goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a current asset such as a prepayment or a non-current asset such as property, plant and equipment.

Note 1.7 Property, Plant and equipment

Note 1.7.1 Recognition

Property, plant and equipment is capitalised where:-

- 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 be provided to, the Trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- 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 cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.
- forms part of the initial setting up of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

Note 1.7.2 Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs 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 valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Note 1.7.2 Property, Plant and equipment- Measurement (Continued)

The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Land and buildings are valued at current value in accordance with the revaluation model set out in IAS 16. Land and buildings are revalued at least every five years. More frequent valuations are carried out if the Foundation Trust believes that there has been a significant change in value.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors Valuation standards. The last full asset valuations were undertaken by Cushman and Wakefield with a prospective valuation date of 31 March 2018.

The valuations are carried out primarily on the basis of depreciated replacement cost on a modern equivalent asset basis for specialised operational property and current value for non-specialised operational property, using the alternative site method.

Valuation using the modern equivalent asset basis, with an alternative site means that the valuer has taken into consideration the modern needs of the Trust, in relation to the size and layout of a possible replacement hospital. The valuation also uses the alternative site methodology which means the Hospital could be built in an area where land costs are less than in the current location.

For non-operational properties including surplus land, the valuations are carried out at open market value.

Assets in the course of construction are valued at cost and are revalued by professional valuer when they are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Subsequent Expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by professional valuers appointed by the Trust.

Property, plant and equipment is depreciated on a straight line basis over the estimated lives which are:-

- a) Engineering plant and equipment:- 5 - 16 years - Plant and Machinery
- b) Vehicles:- 7 years - Transport Equipment
- c) office equipment, furniture and soft furnishings:- 5 - 12 years - Furniture and Fittings
- d) Medical and other equipment:- 5 - 16 years - Plant and Machinery
- e) IT equipment:- 5 - 10 years - Information Technology
- f) Buildings, installations and fittings:- 29 - 90 years - Buildings

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the Trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.7.2 Property, Plant and equipment - Measurement (Continued)

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property, plant and equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the classification. Assets under the course of construction are not depreciated until the asset is brought into use.

Disposals

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Note 1.7.3 De-recognition

Assets intended for disposal are classified as 'Held for Sale' once all the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
 - management are committed to a plan to sell the asset
 - an active programme has begun to find a buyer and complete the sale
 - the asset is being actively marketed at a reasonable price
 - the sale is expected to be completed within 12 months of the date of classification as 'held for sale'
 - the actions needed to complete the plan indicate it is unlikely that the plan will be abandoned or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'current value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'current value less costs to sell' falls below the carrying amount. Assets are derecognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the assets economic life is adjusted. The asset is derecognised when scrapping or demolition occurs.

Note 1.7.4 Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

Note 1.7.5 Private Finance Initiative (PFI) Transaction

PFI transactions which meet the IFRIC 12 definition of a service concession, as per FReM - are recognised as property, plant and equipment, together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment.

Note 1.7.6 Intangible Assets

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

Software

Software which is integral to the operation of hardware, e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset.

The Trust currently has no intangible assets as all software is integral to the hardware.

Note 1.8 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.

Cash, bank and overdraft balances are recorded at current values.

Note 1.9 Inventories

Pharmacy inventories are valued at weighted average historical cost. Other inventories are valued at the lower of cost and net realisable value using the first in, first out method.

Pharmacy inventories are valued at weighted average historical cost, as they are held on a computerised inventory system, which calculates the values in this way. The valuation method is deemed a reasonable approximation to current value.

Note 1.10 Financial Instruments and Financial Liabilities

Note 1.10.1 Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, i.e. when receipt or delivery of the goods or services is made.

Note 1.10 Financial Instruments and Financial Liabilities (Continued)

Note 1.10.2 Classification and Measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at amortised cost, or fair value through income and expenditure.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The Trusts loans and receivables comprise; cash and cash equivalents, NHS contract receivables, and other contract receivables.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Impairment of Financial Assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

There is no expected credit losses for inter-NHS debtors. The Trust and AGH Solutions split other debtors into categories i.e. overseas visitors, private patients, medical records, staff and general. These classes are assessed for expected credit losses based on the last 12 month's data, and the percentages are then applied to the current debts.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Note 1.10.3 Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Note 1.11 Leases

Note 1.11.1 The Trust as lessee

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.

Finance Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property, plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability, is de-recognised when the liability is discharged, cancelled or expires.

Operating Leases

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.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

Note 1.14.2 The Trust as lessor

Finance leases

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 to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Operating 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 as an expense on a straight-line basis over the lease term.

Note 1.12 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

Clinical Negligence Costs

The NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which in return settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at Note 16.

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 NHS Resolution 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 when the liability arises.

Note 1.13 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 14 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 14, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:-

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.14 Public Dividend Capital

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

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.

A charge reflecting the cost of capital utilised by the Trust is payable as PDC Dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for

- (i) donated assets,
- (ii) average daily cash balances held with the Government Banking Service (GBS) and National Loans Fund Deposits (NLFS), excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
- (iii) any PDC dividend balance receivable or payable.

The calculation also excluded the bonus element of the Provider Sustainability Funding. Average relevant net assets are calculated as a simple mean of opening and closing relevant net assets.

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

Note 1.15 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.

AGH Solutions Limited is a wholly owned subsidiary and is registered for VAT.

Note 1.16 Corporation Tax

Airedale NHS Foundation Trust

The Trust is a Health Service body within the meaning of s519 ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is power for the Treasury to dis-apply the exemption in relation to the specified activities of a Foundation Trust (s519 (3) to (8) ICTA 1988), but as at 31 March 2017 this power has not been exercised. Accordingly the Trust is not within scope of Corporation Tax.

AGH Solutions Limited

AGH Solutions Limited is a wholly owned subsidiary and is subject to Corporation Tax.

Deferred taxation - 2018/19 there is no deferred taxation (2017/18 - nil)

Calculation of charge for 2018/19 is on note 19.5.

Note 1.17 Foreign Exchange

The functional and presentational currency of the Trust is sterling.

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange rate gains and losses are taken to the Statement of Comprehensive Income.

Note 1.18 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are banked and shown within cash and creditors in the Trust's accounts.

Note 1.19 Dispensation from the Application of Accounting Standards

No dispensations were given in 2018/2019.

Note 1.20 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.

Note 1.20.1 Critical Judgements in Applying Accounting Policies

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

HM Treasury requires Trusts to value their land and buildings on a Modern Equivalent Asset (MEA) basis. IAS 16 requires Trusts to ensure that fixed assets are shown in their accounts at a fair value. To ensure compliance a full review of land and buildings values was undertaken. The Trust commissioned Cushman and Wakefield to conduct this piece of work and the Trust has recorded the revised valuation figures in the accounts. The Trust has revalued the assets as at 31 March 2018, net of VAT, in line with the valuation supplied by Cushman and Wakefield. Cushman and Wakefield have carried out the valuation in accordance with RICS valuation standards. The valuation is net of VAT, due to the limited options to re-provide a new hospital build, the most probable option would be to build using a PFI or special purpose vehicle, in which circumstances VAT would be recoverable. The Trust set up a wholly owned subsidiary which is a limited company registered for VAT, which will be responsible for providing a fully managed hospital. This supports the option to value net of VAT. The substance of the transaction between the Trust and AGH Solutions Limited, for the Property, plant and Equipment has resulted in a finance lease. The Trust revalued the work-in-progress AAU build, which was brought into use in 2018/2019. The Trust has chosen not to revalue the remainder of the estate at the 31 March 2019.

Note 1.20.2 Key Sources of Estimation Uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a) In measuring income for the year management has taken account of all available information. Income estimates that have been based on actual information related to the financial year.

Included in the income figure is an estimate for incomplete spells, patients undergoing treatment that is only partially complete at year end. The number of incomplete spells for each specialty is taken and multiplied by the average specialty price and adjusted for the proportion of the spell which relates to the current year.

Injury compensation scheme income is also included to the extent that it is estimated it will be received in future years. It is recorded in the current year as this is the year in which it was earned. However as cash is often not received until future periods, when claims have been settled, an estimate must be made as to the collectability.

b) In estimating expenses that have not yet been charged for, management has made a realistic assessment based on costs actually incurred in the year to date, with a view to ensuring that no material items have been omitted.

c) The Trust's accounting policy for property, plant and equipment is detailed in Note 1.7. The carrying value of property, plant and equipment is detailed in Note 6. As stated above Cushman and Wakefield has provided an MEA valuation of land and buildings, whilst on an annual basis management estimates the useful economic lives of equipment based on management's judgement and experience. When management identifies that actual useful lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively.

d) The Trust has a number of provisions, the largest of which relates to Employment related issues. The valuation of the provision is based on figures supplied by the Trusts legal advisors.

Note 1.21 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 Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.22 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2018/19.

Note 1.23 Accounting Standards and amendments issued but not yet adopted

IFRS 14 Regulatory Deferral Accounts -

Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DHSC group bodies.

IFRS 16 Leases -

Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

IFRS 17 Insurance Contracts -

Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

IFRIC 23 Uncertainty over Income Tax Treatments -

Application required for accounting periods beginning on or after 1 January 2019.

2 Operating segments

The Trust's core activities fall under the remit of the Chief Operating Decision Maker ("CODM") as defined by IFRS 8 'Operating Segments', which has been determined to be the Board of Directors.

These activities are **primarily the provision of NHS healthcare**, the income for which is received through contracts with commissioners. The contracts follow the requirements of Payment by Results where applicable and services are paid for on the basis of tariffs for each type of clinical activity. The planned level of activity is agreed with our main commissioners for the year, and are listed in the related party disclosure (see Note 19.2).

The Trust manages the delivery of healthcare services across a total of 5 Clinical Groups. Performance is reported at Clinical Group level to the Trust Board, as one group.

The Trust has applied the criteria from IFRS 8 Operating Segments because the Clinical Groups provide similar services, have homogenous customers, common production processes and a common regulatory environment. The overlapping activities and interrelation between the groups also suggests that this is appropriate. The Clinical Groups report to the CODM, and it is the CODM that ultimately makes decisions about the allocation of budgets, capital funding and other financial decisions.

On this basis the Trust believes that there is one segment. The overall surplus reported to the Trust Board under the Clinical Group reporting structure was £2,949k excluding the NHS Foundation Charitable Funds and AGH Solutions Limited, which is the same as the position reported in the Statement of Comprehensive Income.

AGH Solutions Limited is a wholly owned subsidiary of the Trust reporting to the Trust's Board but is managed as an independent limited company

AGH Solutions Limited's activities are **primarily those of the Operator of a Fully Managed Healthcare Facility**.

2.1 Operating Segments-Statement of Cash Flow

AGH Solutions Limited and Airedale NHS Foundation Trust Charitable fund's activities are included in this account for consolidation.

3 Operating Income from continuing operations

3.1 Analysis operating income

	2018/2019 Group £000	2018/2019 Foundation Trust £000	2017/2018 Group £000	2017/2018 Foundation Trust £000
Income from patient care activities (by nature):				
Elective income	24,819	24,820	23,621	23,621
Non elective income	44,068	44,068	38,769	38,769
Outpatient income	17,540	17,539	15,564	15,564
Accident and Emergency income	8,080	8,080	7,443	7,443
Community Services	4,447	4,447	4,660	4,660
Other NHS clinical income	46,441	46,441	46,902	46,902
Private patient income	201	201	166	166
AfC pay award central funding	1,851	1,851		
Other non-protected Clinical income	15,973	15,802	11,558 @	11,558 @
Total income from activities	163,420	163,249	148,683	148,683
Income from patient care activities (by source):				
NHS Foundation Trust	2,405	2,233	2,213	2,213
NHS Trusts	544	544	-	-
CCGs and NHS England	149,577	149,578	145,096	145,096
Department of Health & Social Care - other	1,851	1,851	-	-
NHS Other	-	-	2	2
Non NHS: Private Patients	201	201	166	166
Non NHS: Overseas visitors	33	33	41	41
NHS injury scheme (see below*)	584	584	490	490
Non NHS: Other	8,225	8,225	675	675
Total income from activities	163,420	163,249	148,683	148,683
Other operating income from contracts with customers (in accordance with IFRS 15):				
Research and development (contract)	1,161	1,161	1,222	1,222
Education and training (excluding notional apprenticeship levy income)	5,229	5,229	4,134	4,134
Non-patient care services to other bodies	3,134	1,147	1,167	1,167
Provider sustainability / sustainability and transformation fund income (PSF / STF)**	6,789	6,789	6,692	6,692
Income in respect of employee benefits accounted on a gross basis	588	580	436	436
Other contract income (see note 3.2)	4,902	5,253	6,045	6,395
Other non-contract operating income (non-IFRS 15):				
Rental revenue from operating leases	10	-	10	10
Charitable and other contributions to expenditure	135	135	321	321
Charitable Funds: Incoming Resources excluding investment income	348	-	245	-
Total other operating income	22,296	20,294	20,272	20,377
Total operating income	185,716	183,543	168,955	169,060

@ In 2018/19, Pathology JV income was included within the Trust and Group income position under the category 'Other non-protected Clinical income', which was not the case in 2017/18. For comparative purposes, the income figure for Pathology JV not included in 2017/18 income was £6.45m.

* NHS injury scheme income is subject to a provision for doubtful debts of 21.89% (2017/18 - 22.84%) to reflect expected rates of collection.

** Sustainability and transformation fund (STF) refers to 2017/18 only for prior year comparison, the funding was re-named to Provider sustainability fund income (PSF) for the financial year 2018/19

3.2 Analysis of Other Contract Income: Other

	2018/2019	2018/2019	2017/2018	2017/2018
	Group	Foundation Trust	Group	Foundation Trust
	£000	£000	£000	£000
Car Parking	1,426	1,397	1,222	1,222
Catering	16	2		
Estates maintenance	177	(2)	22	22
Pharmacy Sales	30	30	39	39
Staff Accommodation rental	27	44	63	63
Crèche services	890	890	701	701
Clinical Tests	1,320	1,320	1,188	1,188
Clinical Excellence	-	-	-	-
Other income	1,016	1,572	2,810	3,160
	4,902	5,253	6,045	6,395

The "Other" other income is made up of a wide variety of items, including items such as course fees income and sales of non patient services to other organisations. Clinical Tests include the provision of Telemedicine services .

3.3 Analysis of income from activities

(mandatory and non-mandatory services replaced with commissioner requested services)

	2018/2019	2018/2019	2017/2018	2017/2018
	Group	Foundation Trust	Group	Foundation Trust
	£000	£000	£000	£000
Commissioner requested services	140,345	140,345	130,639	130,639
Non-commissioner requested services	23,075	22,904	18,044 @	18,044 @
Total	163,420	163,249	148,683	148,683

@ In 2018/19, Pathology JV income was included within the Trust and Group income position under the category 'Other non-protected Clinical income', which was not the case in 2017/18. For comparative purposes, the income figure for Pathology JV not included in 2017/18 income was £6.45m.

3.4 Private patient income

Section 164(3) of the Health and Social Care Act removes condition 10, (which restricted income from private charges), from the Trusts Terms of Authorisation. The Foundation Trust are now required by the Act and constitution (rather than by the terms of Authorisation), to ensure that income derived from activities related to the Trust's principal purpose of delivering goods and services for the purposes of the NHS exceeds income derived from other activities. To increase this income in any financial year by 5% or more, the Trust is required to seek approval from the Council of Governors. In 2018/2019 the Trust has not increased the percentage beyond the 5% threshold.

3.5 Overseas visitors (relating to patients charged directly by the Trust)

	2018/19	2018/19	2017/18	2017/18
	Group	Foundation Trust	Group	Foundation Trust
	£000	£000	£000	£000
Income recognised this year	33	33	41	41
Cash payments received in year	40	40	20	20
Amounts added to provision for impairment of receivables (relating to invoices raised in current and prior years)	18	18	26	26
Amounts written off in-year (relating to invoices raised in current and previous years)	0	0	9	9

4. Operating Expenses from continuing operations

4.1 Operating expenses comprise:

	2018/2019 Group £000	2018/2019 Foundation Trust £000	2017/2018 Group £000	2017/2018 Foundation Trust £000
Services from NHS Foundation Trusts	1,152	1,152	781	781
Services from NHS Trusts	21	21	902	902
Services from other NHS bodies	-	-	-	-
Purchase of healthcare from non NHS bodies	442	413	247	247
Remuneration of non-executive directors	122	122	123	123
Employee expenses - staff	124,539	116,377	111,019 @	110,405 @
NHS charitable funds - employee expenses	-	-	-	-
Supplies and services - clinical (excluding drug costs)	15,714	9,852	13,140 @	12,391 @
Supplies and services - general	3,071	135	2,679	2,679
Establishment	850	346	317	263
Transport (business travel only)	510	500	443	443
Transport (other)	146	72	190	190
Premises - business rates payable to local authorities	640	640	480	480
Premises - other	7,294	25,497	7,985	9,782
Movement in credit loss allowance: contract receivables / contract assets	10	10	17	17
Movement in credit loss allowance: all other receivables and investments	131	117	17	17
Change in provisions discount rate(s)	-	-	-	-
Inventories written down (net, including inventory drugs)	42	-	33	33
Drugs Inventories consumed	11,592	11,634	11,726	11,726
Rentals under operating leases - minimum lease payments	1,416	-	1,400	1,400
Depreciation on property, plant and equipment	Note 6.1 2,786	2,786	2,717	2,717
Impairments of property, plant and equipment	Note 6.1 3,818	3,818	6,151	6,151
Audit services- statutory audit*	51	51	53	53
Audit services- non-statutory audit - quality	6	6	6	6
Other auditor remuneration (external auditor only)**	20	-	15	-
Audit fees payable to external auditor of charitable fund accounts	4	-	4	-
Clinical negligence - amounts payable to NHS Resolution (premiums)	4,136	4,136	3,776	3,776
Loss on disposal of other property, plant and equipment	-	-	-	-
Legal fees	82	81	(3)	(3)
Consultancy costs	228	157	1,027	883
Internal audit costs - (not included in employee expenses)	52	33	164	164
Training, courses and conferences	459	432	398	398
Patient travel	-	-	-	-
Redundancy - (included in employee expenses)	-	-	-	-
Hospitality	-	-	16	16
Insurance	116	13	50	50
Losses, ex gratia & special payments- (not included in employee expenses)	24	23	65	65
Research and development - non-staff	29	29	7	7
Other	1,088	857	603	578
NHS charitable funds: Other resources expended	Note 19.6 525	-	237	-
Operating expenses	181,116	179,310	166,785	166,740

@ In 2018/19, Pathology JV expenditure was included within the Trust and Group expenditure position, which was not the case in 2017/18. For comparative purposes, the expenditure figure for Pathology JV not included in 2017/18 pay expenditure was £4.3m and non-pay expenditure was £1.5m, the majority of which related to 'Supplies and services - clinical (excluding drug costs)'.

* Statutory Audit fees include VAT

** The auditing of accounts of any associate of the Trust - AGH Solutions Ltd

The external audit liability is limited to a maximum of £1 million.

4.2 Operating leases as lessee

The Trust has an operating lease in place with Siemens for the provisions of Radiology equipment. The value of lease payments for the year 2018/19 was 1.247k. This lease arrangement commenced on 22 October 2001 and was scheduled to run for 15 years, this was subsequently extended for 4 years with a possible additional extension of a further 4 years. A review of the lease arrangements has determined that this should be treated as an operating lease under IFRS. Siemens invested £1.73 million at the start of the contract and it is envisaged that a total of £6.35 million will be spent on new equipment during the period of the contract. At the end of the contract, the Trust has the option to purchase the equipment at its market value or may require the operator to remove it. The annual charge for the service is fixed and includes an amount for maintenance.

The balance of lease payments relates to small operating leases in respect of Pathology analysers, photocopiers and cars. In all these cases the Trust has the option to purchase the equipment at its market value at the end of the lease or can require the operator to remove them.

4.2.1 Operating expenses include:

	2018/19	2018/19	2017/18	2017/18
	Group	Foundation Trust	Group	Foundation Trust
	£000	£000	£000	£000
Other minimum operating lease rentals	1,416	1,276	1,400	1,400
	<u>1,416</u>	<u>1,276</u>	<u>1,400</u>	<u>1,400</u>

4.2.2 Total future minimum operating lease payments due:

	2018/19	2018/19	2017/18	2017/18
	Group	Foundation Trust	Group	Foundation Trust
	£000	£000	£000	£000
Within 1 year	1,392	1,271	1,389	1,389
Between 1 and 5 years	808	647	2,049	2,049
After 5 years	-	-	-	-
	<u>2,200</u>	<u>1,918</u>	<u>3,438</u>	<u>3,438</u>

4.3 Operating leases as lessor

AGH Solutions Ltd has operating leases in place with Local Care Direct limited relating to the use of accommodation on the Airedale General hospital site. The value of the lease payments from Local Care Direct in 2018/19 was £10k.

	2018/19	2018/19	2017/18	2017/18
	Group	Foundation Trust	Group	Foundation Trust
	£000	£000	£000	£000
Rents recognised in year	10	-	10	10
	<u>10</u>	<u>-</u>	<u>10</u>	<u>10</u>
Total future minimum operating lease income due:	£000	£000	£000	£000
Within 1 year	10	-	10	-
	<u>10</u>	<u>-</u>	<u>10</u>	<u>-</u>

5. Employee expenses and numbers

5.1 Employee expenses

	Group					
	2018/19			2017/18		
	Total £000	Permanently Employed £000	Other £000	Total £000	Permanently Employed £000	Other £000
Salaries and wages	97,508	97,163	345	87,910	86,809	1,101
Social Security Costs	8,651	8,651	-	8,447	8,447	-
Apprenticeship levy	447	447	-	462	462	-
Employer contributions to NHS Pensions Agency	11,603	11,603	-	10,873	10,873	-
Other Pensions	37	37	-	-	-	-
Termination benefits	-	-	-	-	-	-
Agency/Bank staff	6,571	-	6,571	3,327	-	3,327
NHS Charitable funds staff	-	-	-	-	-	-
Total	124,817	117,901	6,916	111,019	106,591	4,428

	Foundation Trust					
	2018/19			2017/18		
	Total £000	Permanently Employed £000	Other £000	Total £000	Permanently Employed £000	Other £000
Salaries and wages	90,916	90,571	345	87,472	86,371	1,101
Social Security Costs	8,140	8,140	-	8,412	8,412	-
Apprenticeship levy	430	430	-	462	462	-
Employer contributions to NHS Pensions Agency	10,812	10,812	-	10,873	10,873	-
Other Pensions	27	27	-	-	-	-
Termination benefits	-	-	-	-	-	-
Agency/Bank staff	6,052	-	6,052	3,327	-	3,327
NHS Charitable funds staff	-	-	-	-	-	-
Total	116,377	109,980	6,397	110,546	106,118	4,428

	Group					
	Total 2018/19 Number	Permanently Employed Number	Other Number	Total 2017/18 Number	Permanently Employed Number	Other Number
	Medical and dental	295	263	32	276	251
Administration and estates	609	584	25	537	537	-
Healthcare assistants and other support staff	682	608	74	624	587	37
Nursing, midwifery and health visiting staff	705	675	30	751	680	71
Scientific, therapeutic and technical staff	442	442	-	412	412	-
Other	-	-	-	-	-	-
Total	2,733	2,572	161	2,600	2,467	133

	Foundation Trust					
	Total 2018/19 Number	Permanently Employed Number	Other Number	Total 2017/18 Number	Permanently Employed Number	Other Number
	Medical and dental	295	263	32	276	251
Administration and estates	490	478	12	536	536	-
Healthcare assistants and other support staff	506	432	74	604	567	37
Nursing, midwifery and health visiting staff	706	676	30	751	680	71
Scientific, therapeutic and technical staff	437	437	-	412	412	-
Other	-	-	-	-	-	-
Total	2,434	2,286	148	2,579	2,446	133

WTE = Whole time equivalents

5.3 Retirement due to ill health

During 2018/19 from the 1 April 2018 to the 31 March 2019 there were 4 early retirements from the NHS agreed on the grounds of ill health (2017/18 - 5). The estimated additional pension liabilities of these ill-health retirements will be £330k (2017/18 : £336k) .The cost of these ill-health retirements will be borne by the NHS Business Authority - Pensions Division.

5.4 Exit packages

The following is the breakdown of the 2018/19 Exit packages

Exit Packages Cost Band	Group		Foundation Trust		Group		Foundation Trust	
	Number of agreed departures	Number of agreed departures	Cost of departures £000	Cost of departures £000	Cost of departures £000	Cost of departures £000		
<£10,000	-	-	-	-	-	-		
£10,001-£25,000	-	-	-	-	-	-		
£25,001-£50,000	-	-	-	-	-	-		
£50,001-£100,000	-	-	-	-	-	-		
£100,001-£150,000	1	1	107	107	107	107		
TOTAL	1	1	107	107	107	107		
Addition Analysis								
MARS	0	0	0	0	0	0		
Early retirements	1	1	107	107	107	107		
In lieu of notice	0	0	0	0	0	0		
TOTAL	1	1	107	107	107	107		

There were no compulsory Redundancies

5.5 Directors Remuneration

	Year ended 31 March 2019		Year ended 31 March 2018	
	Group £000	Foundation Trust £000	Group £000	Foundation Trust £000
Aggregate emoluments to Executive Directors	966	966	1,202	1,202
Remuneration to Non-Executive Directors	122	122	123	123
Pension Costs	95	95	74	74
	1,183	1,183	1,399	1,399

There has been no compensation or exit packages paid for directors resigning in the year

6. Property, plant and equipment (Foundation Trust)

6.1 Current year property, plant and equipment comprises of the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	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 2018	2,956	35,579	5,453	6,145	11,201	112	12,608	249	74,303
Additions - purchased	-	2,269	-	314	615	-	1,250	23	4,471
Additions - leased	-	-	-	-	-	-	-	-	-
Additions - assets purchased from cash donations/grants	-	74	-	-	-	31	-	30	135
Impairments charged to the revaluation reserve	-	-	-	-	-	-	-	-	-
Reversal of impairments credited to the revaluation reserve	-	-	-	-	-	-	-	-	-
Revaluations	-	(3,873)	-	-	-	-	-	-	(3,873)
Reclassifications	-	6,145	-	(6,145)	-	-	-	-	-
Disposals	-	-	-	-	(73)	(33)	(259)	-	(365)
Cost or valuation At 31 March 2019	2,956	40,194	5,453	314	11,743	110	13,599	302	74,671
Depreciation at 1 April 2018	-	-	-	-	7,639	70	9,270	120	17,099
Provided during the year	-	742	81	-	880	24	1,034	25	2,786
Impairments charged to operating expenses	-	3,818	-	-	-	-	-	-	3,818
Reversal of impairments credited to operating Expenditure	-	-	-	-	-	-	-	-	-
Revaluations	-	(3,873)	-	-	-	-	-	-	(3,873)
Disposals	-	-	-	-	(73)	(33)	(259)	-	(365)
Depreciation at 31 March 2019	-	687	81	-	8,446	61	10,045	145	19,465
Net book value									
- Owned - Purchased at 31 March 2019	1,543	18,135	821	314	1,080	-	3,426	32	25,351
- Finance Lease as at 31 March 2019	1,413	20,619	4,551	-	2,217	23	128	96	29,047
- Donated at 31 March 2019	-	754	-	-	-	26	-	29	809
Total at 31 March 2019	2,956	39,508	5,372	314	3,297	49	3,554	157	55,207
Asset Financing									
Owned - Purchased	1,543	18,135	821	314	1,080	-	3,426	32	25,351
Finance lease	1,413	20,619	4,551	-	2,217	23	128	96	29,047
Donated	-	754	-	-	-	26	-	29	809
Total at 31 March 2019	2,956	39,508	5,372	314	3,297	49	3,554	157	55,207

6.2 Current year analysis of property, plant and equipment:

In 2018/19, equipment previously used in the provision of services were disposed off and replaced as necessary in order to continue to meet the Foundation Trust's obligations to provide Commissioner Related Services.

At 31 March 2018 the Trust's land and Buildings were revalued on a modern equivalent asset basis. The valuation work was carried out by Cushman and Wakefield has confirmed that the valuation has been undertaken with regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 6th Edition. At the 31st March 2019 the Acute Assessment Unit was revalued as it was the only asset transferred from work in progress during the financial year.

6. Property, plant and equipment (Group and Foundation Trust)

6.3 Prior year property, plant and equipment comprises of the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	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 2017	2,530	45,602	7,338	1,625	11,065	136	12,348	237	80,881
Additions - purchased	-	862	-	4,187	571	-	377	11	6,008
Additions - leased	-	-	-	-	-	-	-	-	-
Additions - assets purchased from cash donations/grants	-	321	-	-	-	-	-	-	321
Impairments charged to the revaluation reserve	-	(5,839)	(1,295)	-	-	-	-	-	(7,134)
Reversal of impairments credited to the revaluation reserve	412	605	-	-	-	-	-	-	1,017
Revaluations	14	(5,972)	(590)	-	-	-	-	-	(6,548)
Disposals	-	-	-	333	(435)	(24)	(117)	1	(242)
Cost or valuation At 31 March 2018	2,956	35,579	5,453	6,145	11,201	112	12,608	249	74,303
Depreciation at 1 April 2017	-	-	-	-	7,475	80	8,327	98	15,980
Provided during the year	-	692	82	-	841	15	1,065	22	2,717
Impairments charged to operating expenses	170	5,719	852	-	-	-	-	-	6,741
Reversal of impairments credited to operating Expenditure	(179)	(411)	-	-	-	-	-	-	(590)
Revaluations	9	(6,000)	(934)	-	-	-	-	-	(6,925)
Disposals	-	-	-	-	(677)	(25)	(122)	-	(824)
Depreciation at 31 March 2018	-	-	-	-	7,639	70	9,270	120	17,099
Net book value									
- Owned - Purchased at 31 March 2018	2,956	35,579	121	-	3,047	14	3,333	101	45,151
- Finance Lease as at 31 March 2018	-	-	4,620	6,145	388	2	5	1	11,161
- Donated at 31 March 2018	-	-	712	-	127	26	-	27	892
Total at 31 March 2018	2,956	35,579	5,453	6,145	3,562	42	3,338	129	57,204
Asset Financing									
Owned - Purchased	1,544	16,478	832	-	526	-	3,174	12	22,566
Finance lease	1,412	18,389	4,621	6,145	3,036	42	164	117	33,926
Donated	-	712	-	-	-	-	-	-	712
Total at 31 March 2018	2,956	35,579	5,453	6,145	3,562	42	3,338	129	57,204

6.4 Prior year analysis of property, plant and equipment:

At 31 March 2018 the Trust's land and Buildings were revalued on a modern equivalent asset basis. The valuation work was carried out by Cushman and Wakefield has confirmed that the valuation has been undertaken with regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards 6th Edition.

6.5 Revaluation of Property, Plant and Equipment (Group and Foundation Trust)

Note 1.5 of the accounting policies defines the accounting treatment required by the Trust following a revaluation. In 2018/2019 the net book value of the Property has been revalued net of VAT.

6.6 Donors of property, plant and equipment:

	2018/19	2017/18
	£000	£000
Friends of Airedale	91	-
Airedale NHS FT Charitable Fund	44	115
	<u>135</u>	<u>115</u>

No restriction or conditions were placed on the donated asset by the donor.
Donated assets are valued at the cost paid by the donor which reflects their fair value.

6.7 Public Dividend Received

Public Dividend Capital (PDC) of £394k has been received in 2018/19, £381k regarding IHR and £11.5k for Pharmacy software upgrades.
No Public Dividend Capital (PDC) was received in 2017/2018.

7. Current year intangible fixed assets (Group and Foundation Trust)

The Trust had no intangible fixed assets at the 31 March 2019 (31 March 2018 - none).

8. Inventories

8.1 Analysis of inventories

	31 March 2019	31 March 2019	31 March 2018	31 March 2018
	£000	£000	£000	£000
	Group	Foundation Trust	Group	Foundation Trust
Drugs	679	678	685	685
Other	1,391	85	1,461	26
Energy	27	-	38	-
Total	<u>2,097</u>	<u>763</u>	<u>2,184</u>	<u>711</u>

8.2 Inventories recognised in expenses

	2018/19	2018/19	2017/18	2017/18
	£000	£000	£000	£000
	Group	Foundation Trust	Group	Foundation Trust
Inventories recognised as an expense in the year	24,259	17,600	24,666	24,145
Write-down of inventories (including losses)	42	42	33	33
Total	24,301	17,642	24,699	24,178

9. Trade and other receivables

9.1 Trade and other receivables are made up of:

Current	31 March 2019	31 March 2019	31 March 2018	31 March 2018
	£000	£000	£000	£000
	Group	Foundation Trust	Group	Foundation Trust
Contract receivables* - NHS	9,824	9,741	-	-
Contract receivables* - with other related parties	7,880	6,272	-	-
Trade Receivables* - NHS	-	-	8,990	8,990
Trade Receivables* - with other related parties	-	-	2,993	10,083
Capital receivables (including accrued capital related income)	-	-	1,058	1,058
Allowance for impaired contract receivables / assets	(281)	(281)	(271)	(271)
Allowance for impaired other receivables	(230)	(215)	(99)	(99)
Prepayments	1	1	974	912
VAT Receivables	1,928	1,928	6,035	706
Accrued Income*	-	-	829	824
PDC Dividend receivable	140	140	257	257
Other receivables	-	554	281	29
Charitable Funds Trade and other receivables	19.4	-	3	-
Total	19,262	18,140	21,050	22,489
Non-Current				
Accrued income	-	-	815	815
Other receivables	-	19,615	-	20,702
Total	-	19,615	815	21,517

The majority of the NHS Foundation Trust's trade is with Clinical Commissioning Groups, as commissioners for NHS patient care services. As Clinical Commissioning Groups are funded by the government to buy NHS patient care services, no credit scoring for them is considered necessary.

*Following the application of IFRS 15 from 1 April 2018, the trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

9.2 Allowances for credit losses

Allowances for credit losses - 2018/19

	31 March 2019	31 March 2019
	£000	£000
	Group	Foundation Trust
Balance at 1 April 2018	370	370
New allowances arising	141	126
Changes in existing allowances	-	-
Reversals of allowances	-	-
Utilisation of allowances (write offs)	-	-
Changes arising following modification of contractual cash flows	-	-
Balance at 31 March 2019	511	496

NHS Injury Benefit Scheme income is subject to a provision for impairment of 21.89% to reflect expected rates of collection. Other debts are split into classes and assessed for impairment under IFRS 9 by using the simplified method to calculate the expected credit loss over the lifetime of the debt. This assessment is based on the historic probability of collection adjusted for any forward-looking information available.

Allowances for credit losses - 2017/18

	31 March 2018	31 March 2018
	£000	£000
	Group	Foundation Trust
Balance at 1 April 2018	362	362
Increase in allowance recognised in income statement	66	66
Amounts utilised	(9)	(9)
Unused amounts reversed	(49)	(49)
Balance at 31 March 2019	370	370

IFRS 9 and IFRS 15 are adopted without restatement therefore this analysis is prepared in line with the requirements of IFRS 7 prior to IFRS 9 adoption. As a result it differs in format to the current period disclosure.

9.3 Impact of implementing IFRS 9 & IFRS 15

9.3.1 Initial application of IFRS 9

IFRS 9 Financial Instruments as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to reserves on 1 April 2018. IFRS 9 replaces IAS 39 and introduces a revised approach to classification and measurement of financial assets and financial liabilities, a new forward-looking 'expected loss' impairment model and a revised approach to hedge accounting. Under IFRS 9, borrowings from the Department of Health and Social Care, which were previously held at historic cost, are measured on an amortised cost basis. Consequently, on 1 April 2018 borrowings increased by £1k, and trade payables correspondingly reduced.

Reassessment of allowances for credit losses under the expected loss model resulted in no decrease in the carrying value of receivables. The GAM expands the definition of a contract in the context of financial instruments to include legislation and regulations, except where this gives rise to a tax. Implementation of this adaptation on 1 April 2018 has led to the classification of receivables relating to Injury Cost Recovery as a financial asset measured at amortised cost.

9.3.2 Initial application of IFRS 15

IFRS 15 Revenue from Contracts with Customers as interpreted and adapted by the GAM has been applied by the Trust from 1 April 2018. The standard is applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the income and expenditure reserve on 1 April 2018. IFRS 15 introduces a new model for the recognition of revenue from contracts with customers replacing the previous standards IAS 11, IAS 18 and related Interpretations. The core principle of IFRS 15 is that an entity recognises revenue when it satisfies performance obligations through the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. As directed by the GAM, the Trust has applied the practical expedient offered in C7A of the standard removing the need to retrospectively restate any contract modifications that occurred before the date of implementation (1 April 2018).

10. Cash and cash equivalents

	31 March 2019		31 March 2018	
	Group	Foundation Trust	Group	Foundation Trust
	£000	£000	£000	£000
Balance at 1 April 2018	9,357	7,156	11,068	10,500
Net change in year	5,954	3,996	(1,711)	(3,344)
Balance at 31 March 2019	<u>15,311</u>	<u>11,152</u>	<u>9,357</u>	<u>7,156</u>
Made up of:				
Cash with Government Banking Service	11,868	11,148	7,152	7,152
Cash at commercial banks and in hand	3,443	4	11	4
Other current investments	-	-	2,194	-
Cash and cash equivalents	<u>15,311</u>	<u>11,152</u>	<u>9,357</u>	<u>7,156</u>

11. Trade and other payables

	31 March 2019		31 March 2018	
	Group	Foundation Trust	Group	Foundation Trust
	£000	£000	£000	£000
Trade payables - NHS	3,398	3,398	2,744	2,744
Trade payables - Non-NHS	1,532	1,952	1,160	181
Capital payables (including capital accruals)	2,282	2,282	775	775
Accruals	8,363	5,916	3,741	3,364
VAT payable	356	204	5,530	5,530
Social Security Costs	1,300	1,228	1,289	1,220
Other taxes payable	1,062	1,018	962	931
Accrued interest on other loans *	-	-	1	1
Other Payables	4,199	1,519	8,292	8,316
PDC dividend payable	-	-	-	-
Charitable Funds - Trade and other payables	403	-	32	-
TOTAL	<u>22,895</u>	<u>17,517</u>	<u>24,526</u>	<u>23,062</u>

12. Other liabilities

	31 March 2019		31 March 2018	
	Group	Foundation Trust	Group	Foundation Trust
	£000	£000	£000	£000
Deferred income	468	468	466	459
Deferred income	3,627	3,627	3,766	3,766
	<u>4,095</u>	<u>4,095</u>	<u>4,232</u>	<u>4,225</u>

The figures in this Non-current section and £139k of the Current section relate to the deferred income balance resulting from bringing the PFI arrangements with FRONTIS onto the Statement of Financial Position as required by Department of Health Guidance on PFI under IFRS. The residences came into use in May 2005 and the deferred income credit balance is set to reduce in equal instalments over a period of 40 years from that date, whereupon ownership will transfer to the Trust. (Note 21). Additionally there is £44k of deferred income from Overseas visitors agreed with Airedale, Wharfedale and Craven CCG, the balance is deferred income from organisation outside the NHS, income will be released in line with service delivery.

*Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note . IFRS 9 is applied without restatement therefore comparatives have not been restated.

13. Borrowings (Group and Foundation Trust)

13.1 Foundation Trust Financing Facility Loan

	31 March 2019		31 March 2018	
	Group	Foundation Trust	Group	Foundation Trust
	£000	£000	£000	£000
Obligations under Loan	506	506	505	505
Obligations under Loan	508	508	1,013	1,013
	<u>1,014</u>	<u>1,014</u>	<u>1,518</u>	<u>1,518</u>

The Trust obtained a loan from the Foundation Trust Financing Facility on the 12 July 2011 repayable over 10 years, in the sum of £4.8 millions to support capital developments. The Trust repaid £506k of the loan in 2 instalments in 2018/2019

13.2 Finance lease obligations

	31 March 2019		31 March 2018	
	Group	Foundation Trust	Group	Foundation Trust
	£000	£000	£000	£000
Obligations under finance leases	25	1,441	177	2,223
Obligations under finance leases	-	26,740	25	27,302
	<u>25</u>	<u>28,181</u>	<u>202</u>	<u>29,525</u>

The Trust has a £29.6m finance lease with its wholly owned subsidiary, AGH Solutions Limited, which is eliminated on consolidation. The lease has a 25 years life starting on the 1 March 2018. Additionally the Trust has a lease in place with Sodexo and relates to the provision of equipment as part of the catering service provided to the Trust, which commenced in May 2009. The lease is set to run for 10 years from that date, when £1.174 million worth of capital expenditure was incurred by Sodexo in establishing the catering facility. At the end of the contract the Trust will have the option to purchase all equipment and fixtures for £1.

Amounts payable under finance leases:	Minimum lease payments				Present value of minimum lease payments			
	March 2019 £000	March 2019 £000	March 2018 £000	March 2018 £000	March 2019 £000	March 2019 £000	March 2018 £000	March 2018 £000
	Group	Foundation Trust	Group	Foundation Trust	Group	Foundation Trust	Group	Foundation Trust
Within one year	25	1,441	177	3,189	25	1,441	177	2,223
Between one and five years	0	6,716	25	10,435	0	6,716	25	8,892
After five years	0	20,024	0	28,469	0	20,024	0	18,410
Less future finance charges	0	0	0	(12,568)	0	0	0	0
Present value of minimum lease payments	<u>25</u>	<u>28,181</u>	<u>202</u>	<u>29,525</u>	<u>25</u>	<u>28,181</u>	<u>202</u>	<u>29,525</u>

14. Contingencies (Group and Foundation Trust)

At 31 March 2019 the NHS Foundation Trust has £34k contingent liability for legal expenses, which is based upon information provided by NHS Resolution.

15. Third Party Assets (Group and Foundation Trust)

Airedale NHS Foundation Trust held £1k of monies on behalf of patients at the 31st March 2019 (No monies for 31st March 2018).

16. Provisions**16.1 Provisions current and non-current**

	Current		Non-current	
	31 March 2019 Group and Foundation Trust	31 March 2018 Group and Foundation Trust	31 March 2019 Group and Foundation Trust	31 March 2018 Group and Foundation Trust
	£000	£000	£000	£000
Pensions relating to the early retirement of staff pre 1995	125	122	924	943
Legal claims	65	42	-	-
Redundancy	-	-	-	-
Other	585	609	-	28
	<u>775</u>	<u>773</u>	<u>924</u>	<u>971</u>

16.2 Provisions by category

	Pensions relating to the early retirement of staff pre 1995	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2018	1,065	42	-	637	1,744
Arising during the year	106	36	-	469	611
Changes in discount rate	-	-	-	-	-
Utilised during the year	(125)	(13)	-	(132)	(270)
Reclassification	-	-	-	-	-
No longer required	-	-	-	(389)	(389)
Unwinding of discount	3	-	-	-	3
At 31 March 2019	<u>1,049</u>	<u>65</u>	<u>-</u>	<u>585</u>	<u>1,699</u>

Expected timing of cash flows:

Within one year	125	65	-	585	775
Between one and five years	502	-	-	-	502
After five years	422	-	-	-	422
	<u>1,049</u>	<u>65</u>	<u>-</u>	<u>585</u>	<u>1,699</u>

The legal claims have a probability factor of 10%, 50%, 75% and 94% and are expected to settle within the next year. This Statement is based on information provided by the NHS Litigation Authority. Full reimbursement of these provisions is expected from the NHS Litigation Authority for amounts above the excess. No amounts have been 'back to backed' with other NHS organisations.

The other provisions column comprises provisions in respect of a number of issues which are expected to be settled within 12 months, they relate to a small number of employment cases which were outstanding at the end of the financial year. All the provisions relate to Airedale NHS Foundation Trust.

16.3 Contingent liability**Clinical Negligence Liabilities**

£106,251,915 is included in the provisions of the NHS Resolution at 31 March 2019 in respect of clinical negligence liabilities of the Trust (31 March 2018 - £66,032,808).

17. Losses and special payments (Group and Foundation Trust)

	31 March 2019				31 March 2018		
	Number of cases	Total number of cases	Value of Cases £	Total value of cases £	Number of cases	Total of cases	Value of Cases £
Losses							
Loss of Cash	-	-	-	-	-	-	-
Bad Debts	13	-	1,000	-	46	-	10,000
Stores losses	22	-	40,000	-	0	-	-
Damages to Premise	6	-	4,000	-	13	-	33,000
		41		45,000		59	-
Special payments							
Compensation under legal obligation	11	-	63,000	-	1	-	10,000
Loss of personal effects	10	-	3,000	-	21	-	7,000
Other	1	-	-	-	0	-	-
		22		66,000		22	
Total losses and special payments	<u>63</u>	<u>63</u>	<u>111,000</u>	<u>111,000</u>	<u>81</u>	<u>81</u>	<u>-</u>
							<u>60,000</u>

The NHS Foundation Trust's losses and special payments include uncollectable private patient/other debts and ex gratia payments in respect of the loss of personal items. The payments are recorded on a cash basis rather than an accruals basis.

18. Contractual Commitments

Commitments under capital expenditure contracts at 31 March 2019 were £763k (£169k for 2017/2018).

19. Related Party Transactions**19.1 Transactions with Key Management Personnel**

IAS 24 requires disclosure of transactions with key management personnel during the year. Key management personnel is defined in IAS as "those persons having authority and responsibility for planning, direction and controlling the activities of the entity, directly or indirectly, including any director(whether executive or otherwise) of that Entity". The Trust has deemed that its key management personnel are the board members (directors and non-executive directors) of the Trust.

The transactions with board members are as follows	£000		£000
2018/19	1,183	2017/2018	1399

The expenditure above, is key management personnel compensation which is analysed as follows

	2018/2019	2017/2018
	£000	£000
Short term employment benefits	1,088	1,325
Post-employment benefits	95	74
Termination benefits	0	0
	<u>1,183</u>	<u>1,399</u>

Short term benefits employer benefits include salaries, employer's social security contributions and benefit in kind. Post-employment benefits include employer's contribution to the NHS Pension Scheme.

The remuneration of individual Board members is disclosed with in the Trust's annual report. There were no outstanding balances with directors as 31 March 2019.

Other than key management personnel compensation as shown above, none of the board members or parties to them has undertaken any material transactions with the NHS Foundation Trust.

19.2 Transactions with other related parties

Airedale NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

The Department of Health and Social Care is the parent department and as such is regarded as a related party. During the year the NHS Foundation Trust 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 listed below:

The Department of Health and Social Care regards £2m to be the balance at which formal agreement between parties is required, the parties which meet this criteria are included below

NHS Airedale, Wharfedale & Craven CCG
 NHS East Lancashire CCG
 NHS Bradford Districts CCG
 Health Education England
 NHS England,CSU,LAT
 NHS Litigation Authority

HMRC
 NHS Pension Scheme
 Bradford Metropolitan Council

In addition, the NHS Foundation Trust has had a number of transactions with other Government Departments and other central and local Government bodies.

19.3 Transactions with Joint Venture

The Foundation Trust has a 50% equity share in Immedicare LLP, with Involve Ltd. An expected distribution of £380k has been reflected as an accrual in the accounts of the Trust for 2018/2019. The profit is shown on page 4 of the accounts as share of profit/(loss) of associates / joint ventures.

The Trust also has a 50% equity in Integrated Laboratory Solutions LLP and Integrated Pathology Solution LLP with Bradford Teaching Hospitals Foundations Trust, for which it has accounted no profit or losses in the Trusts accounts for 2018/2019, the Trust is limited to a loss of £1 with the Joint ventures. In applying the Equity method the Group will not disclose any unrecognised share of losses of a joint venture or associate, until such time as profits outweigh losses.

The Trust provides summarised financial information for the Joint Ventures as they are immaterial to the Trust and Group.

19.4 Summary statement of Financial activities with Airedale NHS Foundation Trust AGH Solutions Ltd

AGH solutions Limited Statement of Financial Position(Balance sheet)	2018/19 £000	2017/18 £000
Non current assets		
Lease	26,740	27,301
 Current Assets		
Debtors: amounts falling due within one year		
Inventories	1,333	1,473
Trade and Other Receivables	5,182	5,870
Debtors: amounts falling due after more than one year		
Cash and Cash Equivalents	3,376	1,634
Creditors: amounts falling due within one year		
Loan	(532)	(707)
Other Creditors	(7,090)	(6,584)
Net current Assets	2,269	1,686
Creditors: amounts falling due after more than one year		
Loan	(19,615)	(20,168)
Net Assets	<u>9,394</u>	<u>8,819</u>
 Capital and reserves		
Called-up share capital	8,891	8,891
Profit and loss account	503	(72)
Shareholders' funds	<u>9,394</u>	<u>8,819</u>

Investment in Subsidiary Undertakings

The shares in the subsidiary company AGH Solutions Ltd comprises a 100% holding in the share capital consisting of 8,891,000 ordinary £1 shares.

Income and Expenditure Account

Income	23,775	1,908
Expenditure		
Pay	(8,162)	(658)
Non Pay	(15,080)	(1,343)
	<u>(23,242)</u>	<u>(2,001)</u>
Operating deficit	533	(93)
Interest receivable	983	82
Interest payable	(722)	(61)
Corporation tax	(218)	0
	43	21
Surplus / (Deficit)	<u>576</u>	<u>(72)</u>

19.5 Corporation Tax Calculation - AGH Solutions Limited

	2018/19 £000
Profit/(Loss) before tax	781
Adjustments for balance sheet items:	53
Capital allowances:	(655)
Trading income profit/(loss)	<u>179</u>
Non trading loan relationship income:	
Loan relationships	966
Total profits	966
Relief claimed:	
Current year profits/(losses)	179
Total taxable profits	1,146
Tax payable:	
Financial year 2019, at 19%	<u>218</u>
(2017/18 - nil)	

19.6 Summary statement of Financial Activities with Airedale NHS Foundation Trust Charitable Funds

Airedale NHS Foundation Charity Fund Statement of Financial Activities	2018/19 £000	2017/18 £000	
Incoming activities excluding investment income	348	245	
Expenditure			
Employee Costs with ANHSFT	0	0	
Other Employee Costs	0	0	
Other Expenditure	0	0	
Other resources Expended	(525)	(237)	
Audit Fee	(4)	(4)	
Total Operating Expenditure	<u>(529)</u>	<u>(241)</u>	
Investment Income	21	0	
Fair value movements on investments properties and other investments	(3)	(17)	
Net incoming/(outgoings) resources before other recognised gains and losses	<u>(163)</u>	<u>(13)</u>	
Statement of Financial Position (Balance Sheet)	2018/19 12 Months £000	2017/18 12 Months £000	
Investments	578	583	
Current Assets			
Trade and other receivables	0	3	
Cash and Cash Equivalents	<u>783</u>	<u>567</u>	
	783	570	
Current Liabilities			
Trade and other payables	(403)	(32)	
Net Assets	<u>958</u>	<u>1,121</u>	
Funds of Charity			
Restricted Funds	4	4	
Unrestricted Funds	954	1,117	
	<u>958</u>	<u>1,121</u>	
Movements on Reserves	Total	Restricted	Unrestricted
Balance At 1 April 2018	1121	4	1117
Net incoming	(163)	0	(163)
Balance at 31 March 2019	<u>958</u>	<u>4</u>	<u>954</u>

20. Financial instruments.

IFRS 9 Financial Instruments is applied retrospectively from 1 April 2018 without restatement of comparatives. As such, comparative disclosures have been prepared under IAS 39 and the measurement categories differ to those in the current year analyses.

	31 March 2019 Group £000	31 March 2019 Foundation Trust £000	31 March 2018 Group £000	31 March 2018 Foundation Trust £000
Financial assets				
Receivables (excluding non financial assets) - with DHSC group bodies	9,812	9,732	5,690	5,412
Receivables (excluding non financial assets) - with other bodies	7,369	25,945	11,563	32,069
Cash and cash equivalents at bank and in hand	14,528	11,152	8,790	7,156
NHS Charitable funds: financial assets	1,361	0	1,153	0
Total	33,070	46,829	27,196	44,637

The NHS Foundation Trust's financial assets all fall under the category 'loans and receivables'.

	31 March 2019 Group £000	31 March 2019 Foundation Trust £000	31 March 2018 Group £000	31 March 2018 Foundation Trust £000
Financial liabilities				
Borrowings excluding Finance leases and PFI liabilities	1,014	1,014	1,518	1,518
Obligations under Finance leases	25	28,181	202	29,525
Trade and other payables (excluding non financial liabilities) - with DHSC group bodies	3,388	3,388	10,436	2,725
Trade and other payables (excluding non financial liabilities) - with other bodies	16,386	11,679	9,037	8,934
NHS Charitable funds: financial liabilities	0	0	0	0
Total	20,813	44,262	21,193	42,702

The NHS Foundation Trust's financial liabilities all fall under the category 'other financial liabilities'.

	31 March 2019 Group £000	31 March 2019 Foundation Trust £000	31 March 2018 Group £000	31 March 2018 Foundation Trust £000
Maturity of financial liabilities				
In one year or less	20,305	17,013	20,155	13,349
In more than one year but less than two years	508	1,973	530	1,690
In more than two year but less than five years	0	3,816	508	4,063
in more than five years	0	21,459	0	23,600
Total	20,813	44,261	21,193	42,702

Management consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial accounts approximate to their fair value.

Because of the continuing service provider relationship that the NHS Foundation Trust has with the Clinical Commissioning Groups and the way those Clinical Commissioning Groups are financed, the NHS Foundation 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. The NHS Foundation 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 Foundation Trust in undertaking its activities.

Liquidity Risk

The Foundation Trust's net operating costs are incurred under 3 year rolling contracts with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Foundation receives such contract income in accordance with Payment by Result (PBR), which is intended to match the income received in year by reference to the National Tariff procedure cost. The Foundation Trust receives cash each month based on an annually agreed level of contract activity, and there are monthly corrections made to adjust for the actual income due under PBR, to minimise the effects on cash flow.

The foundation Trust Currently finances its capital expenditure from internally generated funds, no use of the Foundations Borrowing limit is currently being made.

Interest Rate Risk

With the exception of cash balances, the Foundation Trust's financial assets and financial liabilities carry nil or fixed rates of interest. The Foundation Trust monitors the risk but does not consider it appropriate to purchase protection against it.

Foreign Currency Risk

The Foundation Trust has negligible foreign currency income, expenditure assets or liabilities.

Credit Risk

The Foundation Trust receives the majority of its income from Clinical Commissioning Groups and Statutory bodies and so the credit risk is Negligible. The Foundation Trusts treasury management policy minimises the risk of loss of cash invested by limiting its investments to

- the government banking service and the National Loans Fund
- Banks registered directly regulated by the PRA (Prudential Regulation Authority)

The policy limits the amounts that can be invested with any one non-government owned institution and the duration of the investment to £3m and 3 months.

Price Risk

The Foundation Trust is not materially exposed to any price risks through contractual arrangements.

21. Private Finance Initiative contracts

21.1 PFI schemes off-Statement of Financial Position

The Trust has no off-statement of Financial Position PFI schemes.

21.2 PFI schemes on-Statement of Financial Position

Since May 2005 residential services have been provided to the Trust by FRONTIS, a registered social landlord. This involved FRONTIS constructing an accommodation block and mews houses. FRONTIS are responsible for the maintenance of the accommodation and management of residential accommodation services, including the collection of rents from tenants. The Trust guarantees an occupancy level of 90%, but FRONTIS remits a share of any rents received for occupancy over 90%.

The accounting treatment of this arrangement was covered in a DHSC publication called 'Accounting for PFI under IFRS'. In this publication it was recognised that such arrangements involved the operator receiving all or most of its income from individual users rather than the Trust. The arrangement falls within the scope of IFRIC 12 and such is recognised as an item of Property, Plant & Equipment on the Statement of Financial Position at its fair value. The opposite entry at the point at which the asset was recognised was as a deferred income balance.

The arrangement is set to run for a period of 40 years from May 2005, but does not involve any cash flows between the Trust and FRONTIS. As such there is no imputed finance lease and service charges. During this period FRONTIS are responsible for maintaining the property, but at the end of the 40 year period ownership will revert to the Trust.

22. Intra-Government Balances (Group and Foundation Trust)

	Receivables amounts falling due within one year	Receivables amounts falling due after more than one year	Payables amounts falling due within one year	Payables amounts falling due after more than one year
	£000	£000	£000	£000
English NHS Foundation Trusts	974	-	863	-
English NHS Trusts	369	-	388	-
Department of Health and Social Care	-	-	-	-
Public Health England	-	-	9	-
Health Education England	365	-	6	-
NHS England & CCGs	8,094	-	1,223	-
RAB Special Health Authorities	9	-	45	-
NHS Whole Government Accounting bodies	1	-	898	-
Other Whole Government Accounting bodies	1,940	-	4,247	-
As at 31 March 2018	<u>11,752</u>	<u>-</u>	<u>7,679</u>	<u>-</u>

23. Events after the Reporting year

There are no adjusting or non-adjusting events of a financial nature after the reporting year requiring disclosure.

Annual accounts of -

**Airedale NHS Foundation Trust
Airedale General Hospital
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Keighley
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England
BD20 6TD**

<http://airedale-trust.nhs.uk>

Airedale NHS Foundation Trust is an NHS provider of Healthcare.