

CORPORATE REPORT

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MENTAL WELFARE COMMISSION FOR SCOTLAND

ANNUAL ACCOUNTS FOR YEAR ENDED

31 MARCH 2014

Thistle House
91 Haymarket Terrace
Edinburgh
EH12 5HE

MENTAL WELFARE COMMISSION FOR SCOTLAND

Annual Accounts for year ended 31 March 2014

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Board Members' Report

The Board Members present their report and the audited financial statements for the year ended 31 March.

1. Naming Convention

The Commission or MWC is the common name for the Mental Welfare Commission for Scotland.

2. Principal activities and review of the business and future developments

The information that fulfils the requirements of the business review, principal activities and future developments can be found in the Strategic Report.

3. Date of Issue

Financial statements were approved and authorised for issue by the Board on 25th June 2014.

4. Prior Year Adjustment

The prior year comparative figures have been restated to reflect the adoption of IAS19 (revised) 'Employee Benefits'. The revised standard requires a change in how defined benefit pension scheme assets and liabilities are valued. The amendments are part of a longer term objective to improve the accounting in this important area. The financial impact of a £4k charge is on the 2012/13. Comparative figures in the Statement of Comprehensive Net Expenditure. Further details can be found in note 17.

5. Appointment of auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. For the financial years 2011/12 to 2015/16 the Auditor General has appointed Scott Moncrieff to undertake the audit of the Mental Welfare Commission. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

6. Board Members

The Commission is a body corporate under the Mental Health (Care & Treatment) (Scotland) Act 2003 as amended by the Public Services Reform (Scotland) Act 2010. The Board members are appointed by Scottish Ministers

Board Members' Report

and the public appointments were made in accordance with the Commissioner for Public Appointments in Scotland's Code of Practice.

Board Member	Month and Year of First Appointment	Due to Demit Office
Very Revd Dr Graham Forbes CBE (Chair)	1 April 2011	31 March 2015
Mr Nigel Henderson	1 April 2011	31 March 2017
Mrs Elaine Noad OBE	1 April 2011	31 March 2017
Ms Lesley Smith	1 April 2011	31 March 2017
Mr Paul Dumbleton	1 April 2011	31 March 2015
Mr Norman Dunning	1 April 2011	31 March 2015
Ms Jan Killeen	1 April 2011	31 March 2015
Dr Sivasankaran Sashidharan	1 April 2011	31 March 2015

The Board Members' responsibilities in relation to the accounts are set out in a statement following this report.

7. Board Members' and senior managers' interests

A register of interests is available on our website <http://www.mwscot.org.uk>

8. Third party indemnity provisions

There are no qualifying third party indemnity provisions in place for one or more of the Board.

9. Pension Liabilities

The accounting policy note for pensions is provided in note 1 and disclosure of the costs is shown within note 16 and the Remuneration Report.

10. Remuneration for non-audit work

There was no remuneration paid in respect of non-audit work carried out for the 2013-14 financial year.

Board Members' Report

11. Related Party Transactions

During the year the Mental Welfare Commission for Scotland has not entered into any material related party transactions as per note 20.

12. Public Services Reform (Scotland) Act 2010

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose new duties on the Scottish Government and listed public bodies to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each financial year. A statement on this is available on our website <http://www.mwscot.org.uk>

13. Payment policy

The Scottish Government is committed to supporting business in the current economic situation by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies.

The target has been communicated to all non-departmental public bodies, who are working towards the accelerated payment target of 10 working days.

Prior to this, the Boards did endeavour to comply with the principles of 'The Better Payment Practice Code' (<http://www.payontime.co.uk/>) by processing suppliers invoices for payment without unnecessary delay and by settling them in a timely manner.

In 2013/14	average credit taken was 5 days (2012/13: 5 days)
In 2013/14	the Commission paid 99.9% by value and 99.8% by volume within 30 days (2012/13: 99.6% and 99.8%)
In 2013/14	the Commission paid 98.3% by value and 98.7% by volume within 10 days (2012/13: 95.6% and 95.5%)

14. Corporate Governance

The Board is responsible for setting the overall strategic direction for the organisation and has corporate responsibility for ensuring that the organisation fulfils its strategic aims and objectives. The Board met eight times during the year to progress the business of the Commission.

There are two standing committees; the Audit Committee and the Advisory Committee. The Standing Orders outline the remits of the Board and Standing committees and delegated authority to the Audit committee, Chief Executive and executive team members.

The Audit Committee comprises two Board members (Elaine Noad (Chair) and Norman Dunning) and a co-opted member (James Hobson) who is an external

Board Members' Report

person with expertise in NHS finance. It met three times during the year to consider the operational effectiveness of the internal control structure, to approve the strategic and annual internal audit plan and external audit arrangements and risk management.

The Advisory Committee comprises the Chair, two Board members, Chief Executive, Head of Corporate Services and representatives from relevant stakeholder groups. The Advisory Committee gives the Board advice on the Commission's functions and how it exercises its functions. It met twice during the year.

The Operational Management Group assists the Chief Executive on the day to day management of the organisation. It meets twice a month and covers all the key strategy areas in its remit. It is not a standing committee of the Board but the remit of the group is approved by the Board and it reports to the Board on a regular basis.

15. Disclosure of Information to Auditors

The Board Members who held office at the date of approval of this Board Members' report confirm that, so far as they are each aware, there is no relevant audit information of which the Commission's auditor is unaware; and each Board Member has taken all the steps that he/she ought reasonably to have taken as a Board Member to make himself/herself aware of any relevant audit information and to establish that the Commission's auditor is aware of that information.

16. Human Resources

As an equal opportunities employer the Commission welcomes applications for employment from people with disabilities and actively seeks to provide an environment where they and any employees who become disabled can continue to contribute to the work of the Commission. As such the Commission has been awarded the disability symbol employer status.

The Commission provides employees with information on matters of concern to them as employees by means of a staff consultative committee which met four times, staff meetings and internal communications.

17. Events after the end of the reporting period

On 23rd June 2014 the Commission signed a lease for accommodation for the activities of the National Confidential Forum, the annual cost of which is £34k.

The Commission has no post balance sheet events after the reporting period that have a material effect on the accounts.


Board Members' Report

18. Financial instruments

Information in respect of the financial risk management objectives and policies of the Commission and the exposure of the Commission to price risk, credit risk, liquidity risk and cash flow risk is disclosed in note 18.

The Accountable Officer authorised these financial statements for issue on 25th June 2014.

Signed on behalf of the Board



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Graham Forbes
Chair

25th June 2014

Strategic Report

1. Business of the Commission

The Mental Welfare Commission was originally constituted under the Mental Health Act of 1960 replacing a body that can be traced back to 1857. The current duties of the Commission are embodied in the Mental Health (Care & Treatment) (Scotland) Act 2003 as amended by the Public Services Reform Act 2010 and the Adults with Incapacity (Scotland) Act 2000. Schedule 1 of the 2003 Act applies certain provisions of the NHS (Scotland) Act 1978 with regards to annual accounts. The Commission's accounts are consolidated into those of the NHS in Scotland and it follows procedures outlined in the Health Board Manual.

The Commission aims to ensure that care, treatment and support are lawful and respect the rights and promote the welfare of individuals with mental illness, learning disability and related conditions. We do this by empowering individuals and their carers and influencing and challenging service providers and policy makers.

Individuals may be vulnerable because they are less able at times to safeguard their own interests. They can have restrictions placed on them in order to receive care and treatment. When this happens, we make sure it is legal and ethical.

We are an independent organisation set up by Parliament with a range of duties under mental health and incapacity law. We draw on our experience as health and social care and legal professionals, service users and carers.

The Board sets the strategic direction for the organisation and monitors performance against key strategic objectives. It is also responsible for ensuring sound corporate governance. The strategic and business plans are available on the website.

Through the strategic planning and risk management processes the Board reviews the principal risks and uncertainties facing the Commission. This year the Board identified the establishment of the National Confidential Forum (NCF) and succession planning for the executive team as its two major risks. The Audit committee and the Board discussed a draft memorandum of agreement with the Scottish Government on the operation of the NCF. This document clarifies the unusual corporate governance structure for the NCF with both internal and external auditors satisfied with the processes proposed. The MOA will be finalised in the autumn of 2014 once the Head of the Forum is in post. A comprehensive risk universe in relation to the NCF was presented to the Board in December and incorporated into the risk management strategy approved in March 2014.

The Board scheduled an extra meeting to discuss the recruitment of a new Chief Executive. This process was completed successfully with the appointment of Colin McKay in February, taking up post in April 2014.

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Going forward the establishment of the NCF and a review of the executive team roles and responsibilities remain managed risks for the Commission. Other uncertainties include the proposed changes to the Mental Health Act, the implications of the Cheshire West case and what constitutes a deprivation of liberty and the integration of health and social care.

2. Principal activities and review of the year

Efficient and Effective Visiting

We continued to visit people who are being treated under mental health and incapacity law or who are otherwise receiving care and treatment in hospital, community and other settings. When we visit an individual we find out their views of their care and treatment. We also check that their care and treatment is in line with the Mental Health (Care and Treatment) (Scotland) Act 2003, the Adults with Incapacity Act (Scotland) 2000 or any other relevant legislation. We make an assessment of the facilities available for their care. We expect to find that the individual's needs are met and their rights respected. If not, we make recommendations for improvement.

This year we carried out three national themed visits. These visits follow a standard format and result in a national report comparing issues for individuals receiving care and treatment across Scotland. The themed visits were to:

- individuals with dementia in mental health continuing care
- women offenders with mental illness
- young people in secure care. These were joint visits with the Care Inspectorate

We also carried out 124 focussed visits. We focus on units where there is a major deprivation of liberty, where intelligence gathered from themed visits, previous visits, service user concerns and other sources raise concerns about care and treatment or where it has been some time since our last visit. For each local focussed visit we provided feedback and recommendations for improvement to the services involved. During the year we carried out 26 of these visits unannounced.

Monitoring of Mental Health and Incapacity Legislation

We have various duties under the MHCT Act 2003 to receive, check and report on statutory interventions and notifications. We also promote the principles of that Act. In addition, we receive statutory notifications of certain welfare interventions under the AWI Act 2000. Our monitoring work involves both checking the paperwork and records of people who are being cared for or treated under mental health or incapacity law and analysing and reporting on trends and differences in the way the law is being used across the country.

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In 2013/14 we processed 31,203 (12/13: 28,797) forms and other notifications related to mental health and incapacity legislation; 2,368 (12/13: 2,096) Guardianship and Intervention Orders; and registered around 1129 (12/13: 1037) telephone notifications of emergency detentions. We published annual statistics and analysis on the use of the Acts on our website for services to compare practice across the country.

From this reporting and through consultations with our stakeholders we review our priorities for monitoring on an annual basis. In 2013/14 we continued to monitor services for younger people and advance statement overrides. We do this by monitoring paperwork sent to us by services.

We monitored people subject to specified person restrictions in low secure mental health and learning disability services. Sections 281-286 of the 2003 Act and associated regulations provide the framework within which restrictions can be placed on individuals detained in hospital. We know that there is wide variation in the understanding and interpretation of this framework across Scotland. We made unannounced visits to hospital wards that we identified as likely to have people who were specified persons. We produced a report that assesses compliance with sections 281 -286 and makes recommendations for change, where necessary.

We monitored people for whom recorded matters were granted by the Mental Health Tribunal. We did this by reviewing the paperwork of individuals (130) for whom recorded matters had been granted between January 2011 and October 2013. We followed up a smaller subset of 29 individuals to see if the recorded matters were being implemented. We did this by sending a questionnaire to the local authority mental health officer, Responsible Medical Officer, individual and named person. We will produce a report that assesses compliance with recorded matters and makes recommendations for change, where appropriate.

We completed an analysis of the number of deaths of individuals while subject to compulsory treatment under the 2003 Act. We found that the death rate for individuals subject to compulsory treatment is similar to individuals who are, or have been, treated for mental illness, learning disability or related conditions. This rate is higher than for the general population.

We explored the experiences of individuals undertaking the named person role and their views in relation to the named person's rights under the Act concerning compulsory treatment orders (CTOs). We did this by examining a sample (174) of all extant community CTO and CTOs on the Commission database at the end of January 2013. We looked at compulsory treatment orders, social circumstances reports and other associated paperwork and found that a quarter (26%, 43) of individuals had no identified named person, mostly by their own decision. We issued a questionnaire to 127 named persons and achieved 22 follow-up interviews, most by telephone. We explored the named persons'

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understanding, experience and views on: the named person role; being consulted by professionals in relation to compulsory orders; notifications and information received; applications, attendance or appeals at Mental Health Tribunals; the impact of the named person role on the service user and named person. The report describes a wide variety of understanding about the role and experience of professional practice in relation to the role.

This year we visited 578 people subject to guardianship orders under the Adults with Incapacity Act. We select a sample of guardianship orders based on our previous knowledge of the sorts of orders that might raise concerns. We review the paperwork and meet with the individual and their guardian or carer, where appropriate. We complete a standard monitoring form for each visit which allows us to compare and contrast the use of welfare guardianship across Scotland.

Under Section 233 of the MHCT Act 2003, the Commission is responsible for appointing Designated Medical Practitioners (DMPs). Their function is to provide a second medical opinion when medical treatments are prescribed under Part 16 of the MHCT Act 2003 (and section 48 of the AWI Act 2000). During the year we held three training seminars for DMPs and organised 1,606 second medical opinions.

Wherever Neurosurgery for Mental Disorder (NMD) and deep brain stimulation are proposed, the Commission has responsibility under section 235 of the MHCT Act 2003 to arrange for the assessment of the patient. The assessment is completed by three people – one DMP and two non-medical people appointed by the Commission. As one of the few treatment centres for NMD in the UK is in Tayside, this can involve assessments throughout the UK. We held two training seminars and undertook six assessments this year.

Efficient and Effective Investigations and Inquiries

During the year we progressed 22 investigations. Of these five were published on the website.

We remitted eight cases back to local services after initial investigation. In these cases, we expressed concerns and made recommendations to service managers for further internal investigation. In a further two instances, we looked at the reviews carried out by local services following which we were satisfied with the outcomes.

We are continuing to investigate a further seven cases.

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Information and Advice

The Commission operates a telephone advice line aimed at helping service users, carers, practitioners and others to understand more about individuals' rights and effective use of mental health and incapacity law. The number of telephone calls was 7,570 (12/13: 6,688) (this includes the 1,129 notifications of Emergency Detention Certificates). Much of our work is at the complex interface between the individual's rights, the law and ethics and the care the person is receiving. We work across the continuum of health and social care and are the only organisation to do so. The advice line is well regarded by both practitioners and service users and can prevent services paying for expensive legal advice.

We regularly carry out a sample audit of advice given out by individual practitioners and this has consistently revealed an accuracy rate in excess of 97.5%, which is the Commission's target.

During the year we issued three Chief Executive's Advice Notes designed to give advice on areas of mental health or incapacity legislation where we have identified that there appears to be confusion or differing practice.

This year we produced three more in depth advice documents on specific areas of the 2003 Act – medical treatment under part 16, non-compliance with community compulsory treatment orders and nurses' power to detain. We produced these in response to the number of queries about these topics to our advice line.

We produced one new good practice guide. It is aimed to help practitioners to interpret significantly impaired decision making ability (SIDMA) for individuals with eating disorders. The guide was produced following extensive consultation including an event attended by 35 stakeholders, including 13 psychiatrists.

This year we ran eight Excellence in Practice seminars on topics that covered capacity, consent and decision making in relation to treatment; Welfare Guardianships and Powers of Attorney and considerations on the restrictive management of individuals. These seminars aim to assist practitioners in applying best practice in legal and ethical issues to an individual's care and treatment. The seminars cover issues that are commonly raised with us through our phone line or through visits or investigations. In total 169 people attended the seminars of which 49 were from the NHS, 94 from local authorities, and 26 from Care homes and other public bodies. The seminars took place across Scotland in Edinburgh, Glasgow, Stirling and Dundee.

We hosted two webinars this year, the first on our Right to Treat good practice guidance and the second on our annual monitoring statistics. In total there were 32 individuals who joined these events.

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We also provided input to several national and international conferences on Scottish mental health and incapacity legislation and in promoting best practice in relation to the Acts. We jointly planned and delivered a major conference, "Mental Health and Incapacity", with the Law Society of Scotland and the Equality and Human Rights Commission. In July we delivered a series of papers on Scottish mental health and incapacity legislation at the International Congress on Law and Mental Health. We have continued to provide advice and support for our sister organisations across the UK on the exercise of their functions.

Influence and Challenge Policy Makers and Service Providers

During the year we continued to participate in the cross party groups on mental health, dementia and learning disability. We responded to five Scottish Government policy or legislative consultation documents of relevance to the work of the Commission. The most important of these was the response to the consultation on changes to the Mental Health Act which will progress through the legislative process during 2014/15.

We meet regularly with the Chief Executives and other staff of the Care Inspectorate and Healthcare Improvement Scotland. We have finalised a memorandum of agreement with each body and share relevant reports. We have discussed areas where joint working would bring benefits and during the year we visited jointly with the Care Inspectorate to young people in secure accommodation and Care Inspectorate staff were involved in some interviews for one of our investigations. Our staff are involved in the relevant work streams in the HIS patient safety programme.

We reviewed and refreshed the Principles into Practice website during the year. It is now incorporated into the Commission's website and updated more regularly.

We used our investigation reports to make recommendations to NHS Boards and local authorities both locally and nationally, as well as NHS 24. We also made recommendations to the Department of Work and Pensions with regard to the need to review and change the process of Work Capability Assessments undertaken by ATOS. We have asked for action plans from local services to address a number of issues such as: resolving interagency differences; strengthening supervisory arrangements; ensuring regular annual reviews in complex cases; ensuring hospitals do not discriminate when assessing physical health care needs of people with learning disability; ensuring families and carers are listened to and communicated with; ensuring clear pathways for GPs accessing specialist psychiatric input out of hours; and reviewing arrangements for social care staff who are lone or sole workers supporting vulnerable individuals in the community.

We facilitated four meetings of the steering group to progress commitment 5 of the Scottish Government's mental health strategy. Commitment 5 of

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the strategy states "We will work with the Scottish Human Rights Commission and the Mental Welfare Commission to develop and increase the focus on rights as a key component of mental health care in Scotland". The steering group aim is to empower individuals and their carers with knowledge of their rights and ensure providers/practitioners have a rights based mindset. The intention is to develop a framework for rights based care incorporating a statement of rights, a dialogue tool owned by the individual and signposting to appropriate rights based training for practitioners. A report on this work was given to the Scottish Government at the end of March to inform decisions on the way forward.

Evaluation of our work

We are committed to demonstrating that our work provides value for money.

We continue to evaluate the advice given on the telephone advice line and our focused visits. Results from these evaluations are fed back to the practitioners to improve practice and share any learning points.

We reviewed the questionnaire we give to individuals after focussed visits and implemented a revised questionnaire in February 2014. We also introduced an electronic questionnaire for the staff in the services where we visit individuals. Analysis from this will be completed in 2014/15.

We contracted two pieces of research to obtain feedback on our good practice guides; one a survey of practitioners and the other to get feedback from peer support workers and carers. The research found that practitioners value our guides very highly. There were recommendations made on how to make the guides more accessible for individuals and we will develop an action plan from these recommendations to be implemented during 2014/15.

National Confidential Forum (NCF)

The Victims and Witnesses (Scotland) Act 2014 provides for the establishment of a National Confidential Forum (referred to as NCF or Forum). The Forum will have a lifespan of 3-5 years.

The Forum's main aim is to improve the health and wellbeing of former residents placed in institutional childcare through their participation in a non-judgmental, confidential forum. It will be a means for persons who were placed in institutional care as children to describe in confidence experiences of that care and/or any abuse experienced during the period spent in that care. Based on individual testimony the NCF will identify patterns and trends in the experiences of persons placed in institutional care as children (including the causes, nature, scale and circumstances of any abuse experienced).

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The NCF is being set up as a committee of the Mental Welfare Commission for Scotland but will operate independently and will be led by a Forum Head who will carry out hearings alongside up to three members. Support staff will manage the day to day running of applications and hearings. The Commission will provide shared corporate services for the Forum.

During this year we have worked closely with the Survivor Scotland team at the Scottish Government on the set up of the Forum. This has included work on a draft memorandum of understanding with the Scottish Government on the work of the Forum, preparatory work on the recruitment of the Head and members (public appointments) and staff, and development of the website and corporate brand, database and accommodation. It is anticipated that Forum Head, members and staff will be recruited over the summer 2014 and the Forum will be operational by end of the calendar year.

3. Social, community and human rights policies

We are committed to both the principles and the practice of equality and diversity. As a rights-based organisation, the Commission regards addressing our equality duties as part of a wider strategy which puts equality and human rights at the centre of our service provision and employment. Our Single Equality Scheme is available on our website.

When we visit individuals we check that people are receiving care and treatment that meets their needs and respects their rights. We aim to highlight rights based care and treatment to both the individual and staff. In relation to promoting rights based care on visits we ask:

- Is the person's care and treatment in keeping with the principles of the Acts (MHCT Act 2003 or AWI Act 2000)
- Is care and treatment culturally sensitive?
- Does the individual know his/her rights under the Act?
- Does the individual know his/her rights in relation to care and treatment?

Our information and advice aims to promote human rights and they are incorporated into care and treatment. During the year our good practice guides were audited against the relevant principles of the European Convention of Human Rights. All future revisions of our good practice guides will be ECHR proofed.

The Commission is now an important part of the UK's national preventative mechanism under the Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (OPCAT). The Convention is a United Nations human rights treaty designed to strengthen the protection of people deprived of their liberty. It acknowledges that such people are particularly vulnerable to ill-treatment,

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and advocates that efforts to end ill-treatment focus on prevention through a system of regular visits to places of detention.

Each state is required to set up a national preventative mechanism (NPM) to visit places of detention and monitor the treatment of and conditions for detainees. In the UK this has been set up by bringing together all of the existing bodies with duties to visit places of detention. The UK's NPM, established in March 2009, comprises 18 bodies of which we are one. It is co-ordinated by the HM Inspectorate of Prisons.

We comply with OPCAT because of our independent status and through our visits to individuals on themed and focussed visits and by visiting individuals subject to mental health and incapacity legislation. We report back to the services any concerns we have about individual care and treatment. We attend meetings of the NPM twice a year. In addition, the four UK bodies responsible for visiting mental health services (Care Quality Commission (England), Healthcare Inspectorate Wales, Regulation and Quality Improvement Authority (Northern Ireland) and ourselves) also meet at least annually to share best practice and ensure consistency throughout the UK. During the year we coordinated work, held a workshop and wrote an article for the NPM annual report on identifying and addressing 'de facto' detention across the UK.

4 Performance against Key Targets

The Commission has five key performance indicators (KPIs) agreed with the Scottish Government. Performance against each of these KPIs is noted below.

- a) Visit at least 1,900 individual services users
- b) Complete 30 visits in the unannounced format

Most of our visits involved interviewing individuals receiving care and treatment. Sometimes, we were not able to interview the individual, but we still reviewed their case files.

Type of visit	Target	Individuals visited	File review	Total
Visits to individuals subject to AWI powers (guardianship visits)	600	578	0	578
Individuals seen as part of themed visits (<i>Dementia in NHS settings, young people in secure accommodation, female offenders</i>)	480	418	0	418
Individuals seen as part of focussed visits, of which	600	965	217	1182
<i>Individuals subject to MHA powers</i>		305	80	

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<i>Individuals subject to AWI powers</i>		99	30	
<i>Individuals subject to CPSA powers</i>		147	25	
<i>Individuals not subject to compulsory powers</i>		414	82	
Other individual visits	0	62	12	74
<i>Young people, cross border transfer and MWC initiated, of which</i>				
<i>Individuals subject to MHA powers</i>		35	5	
<i>Individuals subject to AWI powers</i>		2	1	
<i>Individuals subject to CPSA powers</i>		5	1	
<i>Individuals not subject to compulsory powers</i>		20	5	
Individuals seen as part of monitoring visits (all MHA powers) (Specified persons, recorded matters)	220	163	122	283
TOTALS	1900	2186	351	2537

In total we have reviewed the care and treatment of 2,537 individuals.

We also met with 5 advocacy workers and 183 relatives/carers during our themed and focussed visits.

We completed 26 focussed visits in the unannounced format. Although this was fewer than our target of 30 we did see 134 individuals in the specified person monitoring review on an unannounced basis.

We will produce statistics and analysis on the use of mental health and incapacity legislation on time, within six months of the end of the year

This was achieved with statistics and analysis being posted on the website during September 2013.

We will complete and publish four investigation reports by the end of March 2014

During the year we progressed 22 investigations. Of these five were published on the website.

We remitted eight cases back to local services after initial investigation. In these cases, we expressed concerns and made recommendations to service managers for further internal investigation. In a further two instances, we looked at the reviews carried out by local services following which we were satisfied with the outcomes.

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We are continuing to investigate a further seven cases.

We will assess samples of our telephone advice and aim for at least 97.5% of all our advice to be accurate

During the year there were 4,834 (12/13 4,099) calls allocated to Duty Practitioners as "requests for advice". When we audited calls this year, we found that around 12% (9%) of these resulted in information being recorded but no advice being requested or given. We therefore estimate the approximate number of calls requesting advice at around 4,254 (3,730).

We conducted monthly audits of advice given by practitioner staff. We collected advice given on two days each month, ensuring that we assessed advice given by all practitioner staff within the Commission. We audited 458 calls of which 404 were requests for advice. This is around 9.5% of the total "requests for advice"

Number of items of advice examined	404
Accurate items of advice	398
(Of which we thought we could have added to the advice given in 26 (6%) cases)	
Inaccurate items of advice	6 (1%)
% accuracy	98.5%
Target for accuracy	97.5%

We have therefore performed better than our target of 97.5%.

We will publicly report, within the agreed timescales, the outcome of the recommendations we make to services in 90% of cases

Our focussed visits to individuals allow us to make specific recommendations to services. The reporting for this KPI is from the period of 1 January 2013 to 31 December 2013. We made 339 recommendations following 98 focussed visits conducted during this period. Note that this is not the same as the number of visits reported during the year 1st April 2013 to 31st March 2014.

- a) We were satisfied that services had responded fully to 310 (91%) of recommendations.
- b) We considered that services had made progress on a further 12 (3%) recommendations, but further information was required and these have not yet been implemented in full.

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- c) We escalated 6 recommendations (2%), relating to one service as we were not satisfied with the service response.
- d) We have not yet received responses to 14 (4%) recommendations although we have been in contact with service managers to request this information. Responses were due by 31 March 2014 and we will take further action in 2014/15.

We have therefore exceeded the performance indicator of 90% by undertaking follow-up action on 96% of our recommendations. The fact that 91% of these have been fully implemented or resulted in significant service progress demonstrates our effectiveness in influencing service improvements through a targeted, risk based programme of focussed visits.

5 Sustainability and Environmental Reporting

The Commission is required, under the Climate Change (Scotland) Act 2009, to produce an annual report on sustainability. This was completed in October 2013 and is available on the website.

6 Gender Breakdown for Board and staff

As at 31 March 2014, the headcount profile of the Commission by gender is as follows;

	Male	Female	Total
Board members	5 (62%)	3 (38%)	8
Executives	3 (50%)	3 (50%)	6
All other employees	19 (38%)	31 (62%)	50

7 Accounting convention

The Annual Accounts and Notes have been prepared under the historical cost convention as modified by the revaluation of property, plant and equipment, intangible assets, inventories, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit and loss. The Accounts have been prepared under a direction issued by Scottish Ministers which has been included as an annex to the accounts.

The statement of the accounting policies, which have been adopted, is shown at Note 1.

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8. Financial Performance and Position

The Commission's revenue resource allocation from the Scottish Government for 2013-2014 was £3,636k (prior year £3,636k);

Capital resource was £nil

Details of the Commission's financial performance are given below and in the following statements and supporting notes.

	Limit as set by SGHSCD £'000 (1)	Actual Outturn £'000 (2)	Variance (Over)/Under £'000 (3)
1 Revenue Resource limit	3,636	3,636	-
2 Capital Resource Limit	-	-	-

Memorandum For In Year Outturn

£'000

Brought forward deficit / (surplus) from previous financial year
Saving/ (excess) against in year Revenue Resource Limit

Nil
Nil

Summary of Resource Outturn	Resource £'000	Expenditure £'000	Saving/ Excess £'000
Core	3,636	3,571	65
Non Core	-	65	(65)
Total	3,636	3,636	-

The Commission is showing net liabilities of £161,000 (2012/13: £163,000 net liabilities). The Lothian Pension fund liability position has increased from £61k to £81k, under IAS 19, as at 31 March 2014. Continued depreciation of non-current assets has reduced the asset base of the balance sheet causing an overall increase in the net liability position. Further information on the Pension liability can be found in note 16, Pension Costs. The balance sheet reflects liabilities falling due in future years that are expected to be met by the receipt of funding from the Scottish Government. Accordingly the accounts have been prepared on the going concern basis.

There were no impairments of receivables (2012/13: nil)

Strategic Report

There are no significant remote contingent liabilities. At 31 March 2014, there is a contingent asset, further details of which are available in note 11.

There are no legal obligations as at 31 March 2014.

There were no Post-Balance Sheet items requiring adjustment of the accounts (note 17)

The Sickness absence rate for the year ended 31 March 2014 was 3.25% (2012/13: 2.4%).

There were no Personal data related incidents in the year to 31 March 2014 (2012/13: nil).

Signed on behalf of the Board


.....

Graham Forbes

Chair

25th June 2014

Remuneration Report

The Commission determines pay and terms and conditions of employment for staff. This is governed by the Board which recommended the pay remit to Scottish Ministers. Scottish Ministers approved the Pay remit agreed for the year ended 31 March 2014, in April 2013.

There are no additional performance related bonuses. All staff with the exception of the Chief Executive, Chief Medical Officer, Executive Director Medical and medical consultant are covered by the pay remit. Medical consultant pay and terms and conditions mirror those of the NHS in Scotland. This includes payment of medical distinction awards funded centrally by the Scottish Government Health and Social Care Directorates.

The remuneration of senior staff and Board members is outlined below:

Remuneration Report (continued)

Remuneration Table for the Year ended 31 March 2014 (Audited Information)

	Gross Salary (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in Kind	Total Earnings In year	Pension Benefits <i>Note 1</i>	Total Remuneration (bands of £5,000)
	£'000	£'000	£'000	£'000	£'000	£'000
Executive						
Dr D Lyons (left 31.03.14) <i>Chief Executive</i>	145 - 150	-	-	145-150	72	215 - 220
Mr G Kappler (<i>note 2</i>) <i>Chief Social Work Officer</i>	50 - 55	-	-	50 - 55	-	50 - 55
Dr G Morrison (<i>notes 2 & 3</i>) (Started 01.11.13) <i>Executive Director Medical</i>	50 - 55	-	-	50 - 55	nil	50 - 55
Ms A McRae (<i>note 2</i>) <i>Head of Corporate Services</i>	20 - 25	-	-	20 - 25	5	25 - 30
Mrs A Thomson <i>Chief Nursing Officer</i>	60 - 65	-	-	60 - 65	30	90 - 95
Mr C Burns (<i>notes 2 & 4</i>) (01.04.13 – 30.09.13) <i>Acting Head of Corporate Services</i>	30 - 35	-	-	30 - 35	36	65 - 70
Mrs M Fyfe (<i>notes 2 & 5</i>) (from 16.09.13) <i>Acting Chief Nursing Officer</i>	30 - 35	-	-	30 - 35	nil	30 - 35
Dr R Lyall (<i>note 1</i>) (left 30.09.13) <i>Chief Medical Officer</i>	30 - 35	-	-	30 - 35	-	30 - 35
Board Members						
Rev G Forbes (Chair) <i>note 6</i>	5 -10	-	-	5 -10	<i>note 7</i>	5 -10
Mr P Dumbleton	0 - 5	-	-	0 - 5	-	0 - 5
Mr N Dunning	0 - 5	-	-	0 - 5	-	0 - 5
Mr N Henderson	0 - 5	-	-	0 - 5	-	0 - 5
Ms J Killeen	0 - 5	-	-	0 - 5	-	0 - 5
Mrs E Noad	0 - 5	-	-	0 - 5	-	0 - 5
Dr S Sashidharan	0 - 5	-	-	0 - 5	-	0 - 5
Ms Lesley Smith	0 - 5	-	-	0 - 5	-	0 - 5

In accordance with the Financial Reporting Manual (FRM) and the Companies Act, 2013-14 is the first year that publication of the 'pension benefits' has been required. This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement.

The 'total earnings in year' column shows the remuneration relating to actual earnings payable in 2013-14.

Remuneration Report (continued)*Note 1*

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

<i>Note 2</i>	Full time equivalent Annualised Gross Salary (Bands of £5,000)
Mr G Kappler	65 – 70
Dr G Morrison	125 -130
Ms A McRae	65 – 70
Mr C Burns	60 – 65
Mrs M Fyfe	60 – 65
Dr R Lyall	90 - 95

Note 3: CETV disclosure for G Morrison is from 01.11.13 to 31.03.14

Note 4: CETV disclosure for C Burns is from 01.04.13 to 30.09.13

Note 5: CETV disclosure for M Fyfe is from 16.09.13 to 31.03.14

Note 6: Fee Paid to St Mary's Cathedral

Note 7: Board members are not in receipt of Pension benefits

Pension Values for the Year ended 31 March 2014

	Accrued Pension at age 60 as at 31/03/14 (bands of £5,000)	Real Increase In pension At age 60 (bands of £2,500)	CETV At 31/03/14	CETV At 31/03/13	Real Increase In CETV
	£'000	£'000	£'000	£'000	£'000
Executive					
Dr D Lyons (Chief Executive) (left 31.03.14)	75 – 80 plus lump sum of 225 – 230	2.5 - 5 plus lump sum of 10 – 12.5	1,561	1,410	81
Mr G Kappler	-	-	-	-	-
Dr G Morrison (Started 01.11.13)	35 – 40 plus lump sum of 110 - 115	(2.5) – 0 plus lump sum of (2.5) – 0	624	596	(1)
Ms A McRae	5 – 10 plus lump sum of 25 - 30	0 – 2.5 plus lump sum of 0 – 2.5	147	133	8
Mrs A Thomson	25 – 30 plus lump sum of 75 - 80	0 – 2.5 plus lump sum of 2.5 - 5	460	412	28
Mr C Burns (01.04.13 – 30.09.13)	-	-	-	-	-
Mrs M Fyfe (from 16.09.13)	15 – 20 plus lump sum of 45 - 50	0 – 2.5 plus lump sum of 0 – 2.5	280	265	2
Dr R Lyall	-	-	-	-	-

Remuneration Report (continued)

The CETV calculator is obtained from Civil Service Pensions and is updated for the NHS Pension scheme for factors advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed, the "CETV at start of period" for 2013/14 can be different from the "CETV at end of period" reported for 2012/13. 'Remuneration' includes employer pension contributions.

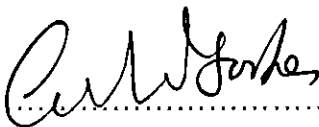
The Commission is required to disclose the relationship between the remuneration of the highest paid executive and the median remuneration of the Commission's workforce as follows;

2013-14		2012-13	
Highest Earning Executive's Total Remuneration (£000s)	142.5	Highest Earning Executive's Total Remuneration (£000s)	142.5
Median Total Remuneration	35.4	Median Total Remuneration	35.1
Ratio	4.0	Ratio	4.1

Commentary

These figures exclude employer pension contributions to improve comparability. The Executive remuneration disclosure is mid salary range using the £5k banding system. The ratio has varied slightly. The outgoing Chief Executive was a consultant psychiatrist and was remunerated in line with medical consultant pay and terms and conditions of the NHS in Scotland.

Signed on behalf of the Board



Graham Forbes

Chair

25th June 2014

Remuneration Report (Continued)

Remuneration Table for the Year ended 31 March 2013 (Audited Information)

	Gross Salary (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in Kind	Total Earnings In year	Pension Benefits <i>Note 1</i>	Total Remuneration (bands of £5,000)
	£'000	£'000	£'000	£'000	£'000	£'000
Executive						
Dr D Lyons <i>Chief Executive</i>	140 - 145	-	-	140 - 145	25	165 - 170
Mr G Kappler (<i>note 2</i>) <i>Chief Social Work Officer</i>	60 - 65	-	-	60 - 65	10	70 - 75
Dr R Lyall (<i>note 2</i>) <i>Chief Medical Officer</i>	60 - 65	-	-	60 - 65	-	60 - 65
Ms A McRae (<i>note 2</i>) <i>Head of Corporate Services</i>	40 - 45	-	-	40 - 45	3	40 - 45
Mrs A Thomson (<i>notes 2,3</i>) (from 22.10.12) <i>Chief Nursing officer</i>	25 - 30	-	-	25 - 30	6	30 - 35
Mrs C Dobson (to 06.11.12) <i>Chief Nursing Officer</i>	35 - 40	-	-	35 - 40	nil	35 - 40
Board Members						
Rev G Forbes (Chair) <i>Note 4</i>	5 - 10	-	-	5 - 10	<i>Note 5</i>	5 - 10
Mr P Dumbleton	0 - 5	-	-	0 - 5	-	0 - 5
Mr N Dunning	0 - 5	-	-	0 - 5	-	0 - 5
Mr N Henderson	0 - 5	-	-	0 - 5	-	0 - 5
Ms J Killeen	0 - 5	-	-	0 - 5	-	0 - 5
Mrs E Noad	0 - 5	-	-	0 - 5	-	0 - 5
Dr S Sashidharan	0 - 5	-	-	0 - 5	-	0 - 5
Ms Lesley Smith	0 - 5	-	-	0 - 5	-	0 - 5

Note 1

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Note 2

	Full time equivalent Annualised gross salary (Bands of £5,000)
Mr G Kappler	65 – 70
Dr R Lyall	90 – 95
Ms A McRae	65 – 70
Mrs A Thomson	55 – 60
Mrs C Dobson	65 - 70

Remuneration Report (Continued)

Note 3: Appointed 22.10.12. Opening CETV value taken as at 22.10.12

Note 4: Fee Paid to St Mary's Cathedral

Note 5: Board members are not in receipt of Pension benefits

Pension Values for the Year ended 31 March 2013

	Accrued Pension at age 60 as at 31/03/13 (bands of £5,000)	Real Increase In pension At age 60 (bands of £2,500)	CETV At 31/03/13	CETV At 31/03/12	Real Increase In CETV
	£'000	£'000	£'000	£'000	£'000
Executive					
Dr D Lyons (Chief Executive)	65 – 70 plus lump sum of 205 – 210	0 – 2.5 plus lump sum of 5 – 7.5	1,410	1,302	31
Mr G Kappler	-	-	-	-	-
Dr R Lyall	-	-	-	-	-
Ms A McRae	5 – 10 plus lump sum of 20 - 25	0 – 2.5 plus lump sum of 0 – 2.5	133	121	4
Mrs A Thomson	20 – 25 plus lump sum of 70 - 75	0 – 2.5 plus lump sum of 0 - 2.5	412	389	5
Mrs C Dobson (left 06.11.12)	-	-	-	-	-

The CETV calculator is obtained from Civil Service Pensions and is updated for the NHS Pension scheme for factors advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed, the "CETV at start of period" for 2012/13 can be different from the "CETV at end of period" reported for 2011/12. 'Remuneration' includes employer pension contributions.

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE MENTAL WELFARE COMMISSION FOR SCOTLAND

I was appointed as Chief Executive on 11 April 2014 and am aware of my responsibilities as accountable officer as intimated in the Departmental Accountable Officers letter to me of the 20th March 2014. I can confirm that I received a comprehensive handover statement on governance and internal control which was reviewed at the Audit Committee in February 2014 and Board in March 2014. This allows me to give the assurances outlined below.

Under Section 15 of the Public Finance and Accountability (Scotland) Act 2000, the Principal Accountable Officer (PAO) of the Scottish Government has appointed me as Accountable Officer of the Mental Welfare Commission for Scotland.

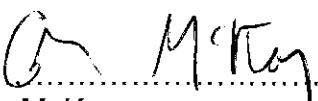
This designation carries with it, responsibility for;

- the propriety and regularity of financial transactions under my control;
- the economical, efficient and effective use of resources placed at the Commission's disposal; and
- safeguarding the assets of the Commission

In preparing the accounts I am required to comply with the requirements of the governments Financial Reporting Manual and in particular to

- observe the accounts direction issued by the Scottish Ministers 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 government Financial Reporting Manual have been followed and disclose and explain any material departures; and
- prepare the accounts on a going concern basis.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers.


.....
Colin McKay
Chief Executive and Accountable Officer

25th June 2014

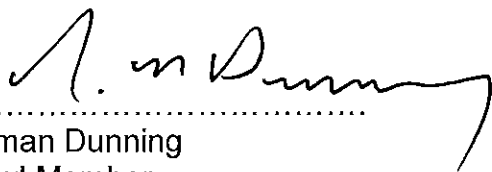
STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Under the National Health Service (Scotland) Act 1978, the Commission is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Commission as at 31 March 2014 and of its operating costs for the year then ended. In preparing these accounts the Board Members are required to:

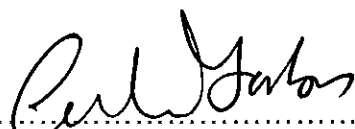
- Apply on a consistent basis the accounting policies and standards approved for the NHS Scotland by Scottish Ministers.
- Make judgements and estimates that are reasonable and prudent.
- State where applicable accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Commission will continue to operate.

The Board Members are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Commission and enable them to ensure that the accounts comply with the National Health Service (Scotland) Act 1978 and the requirements of Scottish Ministers. They are also responsible for safeguarding the assets of the Commission and hence taking reasonable steps for the prevention of fraud and other irregularities.

The Board Members confirm that they have discharged the above responsibilities during the financial year and in preparing the accounts.



Norman Dunning
Board Member



Graham Forbes
Chair

25th June 2014

GOVERNANCE STATEMENT

Scope of Responsibility

As Accountable Officer, I am responsible for maintaining an adequate and effective system of internal control that supports compliance with the organisation's policies and promotes achievement of the organisation's aims and objectives, including those set by Scottish Ministers. Also, I am responsible for safeguarding the public funds and assets assigned to the organisation.

Purpose of Internal Control

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the principal risks facing the organisation. The system aims to evaluate the nature and extent of risks, and manage risks efficiently, effectively and economically.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's aims and objectives. As such, it can only provide reasonable and not absolute assurance.

The process within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the year up to the date of approval of the annual accounts and accounts.

The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

Governance Framework

The Board comprises a Chair and seven Board members. It was established on 1 April 2011. The Board members are appointed by Scottish Ministers and the public appointments were made in accordance with the Commissioner for Public Appointments in Scotland's Code of Practice. The legislation outlining the Board composition requires that one Board member has used mental health services and that one member is a carer of someone using mental health or learning disability services. The other Board members come from a variety of clinical and senior management backgrounds related to mental health and learning disability services. The executive team attend all Board meetings.

The National Confidential Forum (NCF) will be set up as a committee of the Commission from July 2014 under the Victims & Witnesses (Scotland) Act 2014. The NCF will operate independently from the Commission but will utilise business and management functions of the Commission. The set up of the NCF has unusual governance arrangements in that the Head of NCF (a public appointment) will report to the Commission Chair but the accountable officer for the NCF is the Commission

Chief Executive. This has required detailed discussions with the Scottish Government and our internal and external auditors to draft an MOU that ensures the CEO is given appropriate assurances from the NCF Head to enable a governance statement to be finalised. A draft MOU is in place which will be finalised once the NCF Head is in post in July 2014.

The Board sets the strategic direction for the organisation. A comprehensive review of the strategy was completed in 2012/13. During this year the priorities for visits and monitoring and topics for good practice guides were discussed with the stakeholder advisory group and staff and incorporated into the business plan for 2014/15. The strategic plan only required minimal updating and was approved at the Board meeting in March 2014.

The Board completed a self assessment using the NHS Board Diagnostic self assessment in May 2013. There was further discussion about service user and carer involvement after the Board meeting in June 2013. Actions for improvement were discussed and are being implemented.

Each Board member has an appraisal with the Chair. The Chair has an appraisal with the Scottish Government sponsor department. Any development needs for individuals will be identified through this process.

The Chief Executive is accountable to the Board through the Chair of the Commission. I commenced as Chief Executive on 11 April 2014. I received a handover governance statement from the previous Chief Executive which had been discussed at the Audit Committee in February 2014 and the Board in March 2014. As such I can give an assurance on the system of internal control for the year to 31 March 2014.

The Chair, along with the Board, agrees the Chief Executive's annual objectives in line with the Commission's strategic and business plans. The members of the executive team set objectives with the Chief Executive and identify any development needs.

The Standing Orders of the Commission outline the scheme of delegation to the Audit Committee and the executive managers of the Commission. They have been amended for 2014/15 to incorporate the NCF. The Standing Orders and Standing Financial Instructions are reviewed and updated on an annual basis by the Audit committee and approved by the Board in March each year.

The Audit Committee remit and membership is outlined in the standing orders. The Audit Committee undertakes an annual self assessment of its effectiveness and the Audit Committee Chair formally reports to the Board twice a year (once recommending the annual accounts and once an annual report of Audit Committee activities and objectives for the following year). Minutes of each Audit Committee meeting are presented to the Board.

The Board retains the scrutiny and decision making on appointments and remuneration. All staff, except medical consultants, are covered by the Scottish Government Pay Policy. The Board approves the pay remit in line with the pay

policy guidance for approval by Scottish Ministers. Medical consultants' pay and terms and conditions mirror those in the NHS in Scotland.

By statute the Commission is required to have an advisory committee and it meets twice a year. Its remit and membership is outlined in the standing orders. The Advisory Committee gives the Board advice on the Commission's functions and how it exercises its functions. The meeting in September 2013 focussed on the visit and monitoring priorities for the Commission and in February 2014 it focussed on feedback on good practice guides and how these could be developed for use by individuals and as a useful tool for discussion between practitioners and individuals.

There is an Operational Management Group that meets twice per month. It is responsible for the implementation of the strategy and day to day management of the organisation. It is not a standing committee of the Board but its remit is approved by the Board and it reports regularly to the Board. The OMG carried out a self assessment of its effectiveness, implemented improvements and reported on this to the Board.

The Commission has a Public Interest Disclosure policy to facilitate investigation of staff concerns and Complaints against the Commission policy to record and investigate complaints from the public.

The organisation strives to consult and involve all of its key stakeholders. We do this by

- Meeting with the Advisory committee and consulting on our strategic priorities
- Ensuring that the composition of the Board reflects the breadth of stakeholder groups
- Meeting with the Minister for Public Health twice a year. One meeting is to discuss strategic and operational plans and to review performance against our key performance indicators. The other meeting is to highlight the use of the Acts across Scotland and any areas of concern that the Commission has in mental health and learning disability care and treatment.
- Meeting senior staff in NHS Boards and local authorities on an annual basis. These meetings allow us to feedback to senior manager our activity over the year and to receive update reports on progress made.
- Meetings with service user and carer groups nationally and locally.
- The development of good practice guides done through extensive involvement and consultation including consultation events to discuss the issues and circulation of drafts to relevant stakeholders.
- Ensuring that the composition of the part-time visitor group reflects the breadth of stakeholders. We seek input from the visitors in the planning of visits and in investigations.
- Involvement of stakeholders in the recruitment process for the new Chief Executive Officer.

The Commission has a statutory duty to consult with the Care Inspectorate and Health Improvement Scotland. We have memoranda of understanding with both organisations. We have also had discussions around joint working and where this would add value. We carried out joint visits with the Care Inspectorate on young

people in secure care during the year. One of our investigations is being carried out with the involvement of the Care Inspectorate. We have carried out joint visits to independent hospitals with HIS and have continued to meet with HIS on a regular basis to share information on suicide and inspection of older people's services.

Review of Adequacy and Effectiveness

As Accountable Officer, I am responsible for reviewing the adequacy and effectiveness of the system of internal control. My review is informed by:

- executive and senior managers who are responsible for developing, implementing and maintaining internal controls across their areas;
- Board meetings seven times during the year and additional Board meetings to discuss the recruitment of the new Chief Executive Officer;
- periodic reports from the chair of the organisation's audit committee, to the Board, concerning internal control;
- the ongoing work of the risk management group in reviewing the risk universe and business continuity plans and developing associated action plans to mitigate the identified risks;
- the development of a risk universe associated with the risks to the Commission from the establishment of the NCF and an associated action plan;
- the development and implementation of the best value framework and progress report to the Board;
- the work of the internal auditors, who submit to the Audit Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with recommendations for improvement; and
- comments by the external auditors in their management letters and other reports.

Best Value

In accordance with the principles of Best Value, the Board aims to foster a culture of continuous improvement. As part of this, directors and managers are encouraged to review, identify and improve the efficient and effective use of resources. I can confirm that arrangements have been made to secure Best Value as set out in the Scottish Public Finance Manual.

Risk Assessment

NHS Scotland bodies are subject to the requirements of the Scottish Public Finance Manual (SPFM) and must operate a risk management strategy in accordance with relevant guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

Scrutiny of the risk management strategy is delegated to the Audit Committee. The Commission has an established risk strategy in place. This incorporates a risk universe identifying all the key operational areas of the Commission's work and associated risks and is reviewed and updated on an annual basis by a risk management group. The group comprises staff from different parts of the

Commission. From the review of the risk universe an action plan is devised and implemented. The action plan identifies the greatest areas of risk and takes action to mitigate the risks. This action plan is reviewed by the Operational Management Group, and reported to the Audit Committee three times per year.

Although scrutiny of risk management lies with the Audit Committee, the Board retains responsibility for it. The Board had risk management training from our internal auditors at its meeting in May 2013. At that meeting the two main risks to the Commission were identified as succession planning and the establishment of the NCF. The Board dedicated substantial parts of its meetings in September and October and an extraordinary meeting in September to discuss and agree the CEO recruitment process. A draft MOU outlining the relationships between the Commission, NCF and Scottish Government and incorporating processes to mitigate the unusual governance arrangements were discussed at Board meetings in October and January.

A risk universe of potential risks to the Commission resulting from creation of the NCF was developed and agreed at the Board meeting in December. It has also been reviewed by the risk management group. It is incorporated into the overall risk management strategy for 2014/15.

Risks to Information are considered in line with the process described above and the Commission's Risk Register specifically includes Information risks with associated action plans. There is an approved Information Risk Management Policy in place based on guidance from the NHS information risk management policy.

The risk management group also review the business continuity strategy on an annual basis. This involves reviewing the risk register and devising an action plan. The business continuity strategy is approved by the Operational Management Group and reports on the action plan three times a year.

More generally, the organisation is committed to continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice. In particular, during the year the organisation has:

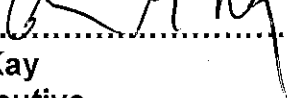
- Discussed strategic priorities on our visiting and monitoring work and areas for good practice guide development with the advisory committee, staff and visitors.
- Carried out self assessments of the Board, Audit Committee and Operational Management Group and implemented improvements.
- Implemented the stakeholder involvement action plan.
- Reviewed the Principles into Practice website and incorporated it into Commission's main site. This will allow it to be updated more regularly, keep content relevant and to monitor its use.
- Reviewed and revised the questionnaire we give to individuals after focussed visits and implemented a revised questionnaire in February 2014. We also introduced an electronic questionnaire for the staff in the services where we visit individuals. Analysis from this will be completed in 2014/15.
- Contracted two pieces of research to get feedback on our good practice guides; one a survey of practitioners and the other to get feedback from peer

support workers and carers. The results of these will be published in April 2014.

- Facilitated the Scottish Government's work on commitment 5 of the mental health strategy which aims to develop and increase the focus on rights as a key component of mental health care in Scotland.
- Continued with the Excellence into Practice seminars and developed four webinars during the year. Two of the webinars were delivered by 31 March 2014.
- Continued the evaluation of focussed visits through a peer review system.
- Continued the quality system to improve the quality of advice given by the Commission. This includes a flagging system for hard-to answer questions, an enhanced database of advice available internally and externally via the website and random sampling of telephone advice for quality control.
- Implemented its best value framework and provided an end of year report to the Board.
- Developed a records management plan and submitted it to the Keeper of National Records Scotland for assessment in order to comply with the Public Records (Scotland) Act 2011. An action plan for improvement has been developed.
- Implemented its action plan for improvement from the staff survey held in January 2013.

Disclosures

During the previous financial year, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control.

Signed.....
Colin McKay
Chief Executive
Accountable Officer

25th June 2014

Independent auditor's report to the members of the Mental Welfare Commission for Scotland, the Auditor General for Scotland and the Scottish Parliament

We have audited the financial statements of the Mental Welfare Commission for Scotland for the year ended 31 March 2014 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Taxpayer' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2013/14 Government Financial Reporting Manual (the 2013/14 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Health Board, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the directors' report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the board's affairs as at 31 March 2014 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2013/14 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Opinion on other prescribed matters

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.



Nick Bennett
For and on behalf of Scott-Moncrieff

Date 25 June 2014

Semple Street
Exchange Place 3
Edinburgh
EH3 8BL

Statement of Comprehensive Net Expenditure For the Year ended 31 March 2014

2012/13 Restated £'000		Note	2013/14 £'000	2013/14 £'000
	Clinical Services Costs			
-	Hospital and Community		-	
-	Less: Hospital and Community Income		-	
-				-
-	Family Health		-	
-	Less: Family Health Income		-	
-				-
-	Total Clinical Services Costs			-
3,607	Administration Costs	4	3,693	
-	Less: Administration Income	5	-	
3,607				3,693
-	Other Non Clinical Services		-	
(16)	Less: Other Operating Income	5	(57)	
(16)				(57)
3,591	Net Operating Costs			3,636
	Other Comprehensive Net Expenditure			
-	Net (gain)/loss on revaluation of Property Plant and Equipment			-
-	Net (gain)/loss on revaluation of Intangibles			-
-	Net (gain)/loss on revaluation of available for sales financial assets			-
(39)	Actuarial (gains)/ losses on post employment benefit obligations	16		24
(39)	Other Comprehensive Expenditure			-
3,552	Total Comprehensive Expenditure			3,660

The Notes to the Accounts, numbered 1 to 20, form an integral part of these Accounts.

Summary of Resource Outturn

	Note	£'000	£'000	£'000
Net Operating Costs				3,636
Total Non Core Expenditure (see below)				(65)
FHS Non Discretionary Allocation				-
Total Core Expenditure				3,571
Core Revenue Resource Limit				3,636
Saving/ (excess) against non-core Revenue Resource Limit				65
Summary of Non Core Revenue Resource Outturn				
Capital Grants to/ (from) Other Bodies			-	
Depreciation/ Amortisation	3,6		65	
Annually managed Expenditure - Impairments			-	
Annually managed Expenditure – Creation of Provisions			-	
Annually managed Expenditure – Depreciation of Donated Assets			-	
IFRS PFI Expenditure			-	
Total Non Core Expenditure				65
Non Core Revenue Resource Limit				
Saving/ (excess) against Core Revenue Resource Limit				(65)

Summary of Resource Outturn	Resource £'000	Expenditure £'000	Saving/ (Excess) £'000
Core	3,636	3,571	65
Non Core	-	65	(65)
Total	3,636	3,636	-

The Notes to the Accounts, numbered 1 to 20, form an integral part of these Accounts.

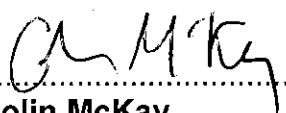
Balance Sheet

As at 31 March 2014

31 March 2013 £'000		Note	31 March 2014 £'000	31 March 2014 £'000
	Non-current assets:			
66	Property, plant and equipment	6(c)	7	
19	Intangible assets	6(b)	13	
85	Total non-current assets			20
	Current Assets:			
65	Trade and other receivables	7	64	
3	Cash and cash equivalents	8	2	
68	Total current assets			66
153	Total assets			86
	Current liabilities			
	Financial liabilities:			
(255)	Trade and other payables	9	(166)	
(255)	Total current liabilities			(166)
(102)	Non-current assets plus/less net current assets/liabilities			(80)
	Non-current liabilities			
(61)	Provisions	16	(81)	
(61)	Total non-current liabilities			(81)
(163)	Assets less liabilities			(161)
	Taxpayers' Equity			
(163)	General Fund	SOCTE		(161)
(163)	Total taxpayers' equity			(161)

Adopted by the Commission on 25th June 2014


Graham Forbes
 Chair



Colin McKay
 Chief Executive
 Accountable Officer

In addition to the Statement of Comprehensive Net Expenditure, Balance Sheet, Statement of Cash flows and the Statement of Changes in Taxpayers' Equity, the notes to the Accounts, numbered 1 – 20, form an integral part of these Accounts.

Statement of Cash Flows
For the Year ended 31 March 2014

2013 Restated £'000		Note	2014 £'000	2014 £'000
Cash flows from operating activities				
(3,591)	Net operating cost	SOCNE	(3,636)	
65	Adjustments for non-cash transactions	3	62	
-	Add back: interest payable recognised in net operating cost	3	-	
-	Deduct: interest receivable recognised in net operating cost		-	
(49)	(Increase) / decrease in trade and other receivables	10	1	
-	(Increase) / decrease in inventories	10	-	
91	Increase / (decrease) in trade and other payables	10	(88)	
-	Increase / (decrease) in provisions		-	
(3,484)	Net cash outflow from operating activities			(3,661)
Cash flows from investing activities				
-	Purchase of property, plant and equipment		-	
(18)	Purchase of intangible assets		-	
-	Proceeds of disposal of property, plant and equipment		-	
-	Proceeds of disposal of intangible assets		-	
-	Interest received		-	
(18)	Net cash outflow from investing activities			-
Cash flows from financing activities				
3,502	Funding	SOCTE	3,661	
3	Movement in general fund working capital	SOCTE	(1)	
3,505	Cash drawn down			3,660
3,505	Net Financing			3,660
Net Increase / (decrease) in cash and cash equivalents in the period				
3				(1)
-	Cash and cash equivalents at the beginning of the period			3
3	Cash and cash equivalents at the end of the period			2
Reconciliation of net cash flow to movement in net debt/cash				
3	Increase/(decrease) in cash in year			(1)
-	Net debt/cash at 1 April	8		3
3	Net Cash at 31 March	8		2

In addition to the Statement of Comprehensive Net Expenditure, Balance Sheet, Statement of Cash flows and the Statement of Changes in Taxpayers' Equity, the notes to the Accounts, numbered 1 – 20, form an integral part of these Accounts.

Statement of changes in Taxpayers' Equity

<u>Year ended 31 March 2014</u>	Note	General Fund £'000	Total Reserves £'000
Balance at 31 March 2013		(163)	(163)
Prior year adjustments for changes in accounting policy and material errors	1(b)	-	-
Restated balance at 1 April 2013		(163)	(163)
Changes in taxpayers' equity for 2013/14			
Other adjustments pension	16	(24)	(24)
Net operating cost for the year		(3,636)	(3,636)
Total recognised income and expense for 2013/14		(3,660)	(3,660)
Funding:			
Drawn down		3,661	3,661
Movement in General Fund (Creditor) / Debtor		1	1
Balance at 31 March 2014		(161)	(161)

<u>Prior Year 2012/13 (Restated)</u>	Note	General Fund Restated £'000	Total Reserves Restated £'000
Balance at 31 March 2012		(113)	(113)
Prior year adjustments for changes in accounting policy and material errors	1(b)	-	-
Restated balance at 1 April 2012		(113)	(113)
Changes in taxpayers' equity for 2012/13			
Other adjustments pension	16	39	39
Net operating cost for the year		(3,591)	(3,591)
Total recognised income and expense for 2012/13		(3,552)	(3,552)
Funding:			
Drawn down		3,505	3,505
Movement in General Fund (Creditor) / Debtor		(3)	(3)
Balance at 31 March 2013		(163)	(163)

1. Accounting Policies

a) Authority

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(w) below.

(i) Standards, amendments and interpretations effective in 2013-14

IAS19 (revised) 'Employee Benefits' is effective for the first time in 2013-14.

(ii) Standards, amendments and interpretation early adopted in 2013-14

There are no new standards, amendments or interpretations early adopted in 2013-14.

b) Prior Year Adjustment

The prior year comparative figures have been restated to reflect the adoption of IAS19 (revised) 'Employee Benefits'. The amendments are part of a longer term objective to improve the accounting in this important area. The financial impact of a £4k charge is on the 2012/13 comparative figures in the Statement of Comprehensive Net Expenditure, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and associated notes. Further details can be found in note 17.

c) Going Concern

The accounts are prepared on the going concern basis, which provides that the Commission will continue in operational existence for the foreseeable future.

d) Accounting Convention

The Accounts are prepared on a historical cost basis, as modified by the revaluation of property, plant and equipment, intangible assets, inventories, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value.

1. Accounting Policies (continued)

e) Funding

All of the expenditure of the Commission is met from funds advanced by the Scottish Government Health and Social Care Directorates within an approved revenue resource limit. Cash drawn down to fund expenditure within this approved revenue resource limit is credited to the general fund.

All other income receivable by the Commission that is not classed as funding is recognised in the year in which it is receivable.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the RRL in the Statement of Resource Outturn.

Funding for the acquisition of capital assets received from the Scottish Government Health and Social Care Directorates is credited to the general fund when cash is drawn down.

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in the Statement of Comprehensive Net Expenditure except where it results in the creation of a non-current asset such as property, plant and equipment.

f) Property, plant and equipment

The treatment of Property, Plant and Equipment in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the NHS Capital Accounting Manual.

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 Commission; it is expected to be used for more than one financial year; and the cost of the item can be measured reliably.

All assets falling into the following categories are capitalised:

1. Accounting Policies (continued)

f) Property, plant and equipment (continued)

- 1) Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5,000.
- 2) Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total, or where they are part of the initial costs of equipping a new development and total over £20,000.

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

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 fair value as follows:

Specialised Commission Land, buildings, equipment, installations and fittings are stated at depreciated replacement cost, as a proxy for fair value as specified in the FReM.

Non specialised land and buildings, such as offices, are stated at fair value.

Assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.

Valuations of all land and building assets are reassessed by valuers under a 5-year programme of professional valuations and adjusted in intervening years to take account of movements in prices since the latest valuation. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.

Non specialised equipment, installations and fittings are valued at fair value. The Commission values such assets using the most appropriate valuation methodology available (cost). A depreciated historical cost basis is used as a proxy for fair value in respect of such assets which have short useful lives or low values (or both).

1. Accounting Policies (continued)

f) Property, plant and equipment (continued)

To meet the underlying objectives established by the Scottish Government, the following accepted variations of the RICS Appraisal and Valuation Manual have been required.

Specialised operational assets are valued on a modified replacement cost basis to take account of modern substitute building materials and locality factors only.

Subsequent expenditure: Subsequent expenditure is capitalised into an asset's carrying value when it is probable the future economic benefits associated with the item will flow to the Commission and the cost can be measured reliably. Where subsequent expenditure does not meet these criteria the expenditure is charged to the Statement of Comprehensive Net Expenditure. If part of an asset is replaced, then the part it replaces is de-recognised, regardless of whether or not it has been depreciated separately.

Revaluations and Impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together.

Permanent decreases in asset values and impairments are charged gross to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Gains and losses on revaluation are reported in the Statement of Comprehensive Net Expenditure.

Depreciation

Items of Property, Plant and Equipment are depreciated to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Depreciation is charged on each main class of tangible asset as follows:

- 1) Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
- 2) Assets in the course of construction are not depreciated until the asset is brought into use by the Commission.

1. Accounting Policies (continued)

f) Property, plant and equipment (continued)

- 3) Equipment is depreciated over the estimated life of the asset.
Depreciation is charged on a straight line basis.

The following asset lives have been used:

Computing equipment – servers	5 years
Computing equipment - Laptops	3 years
Land & Buildings – Alterations	5 years

g) Intangible Assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Commission'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 Commission and where the cost of the asset can be measured reliably.

Intangible assets that meet the recognition criteria are capitalised when they are capable of being used in a Commission's activities for more than one year and they have a cost of at least £5,000.

The main classes of intangible assets recognised are:

Internally generated intangible assets:

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Commission intends to complete the asset and sell or use it;
- the Commission has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Commission to complete the development and sell or use the asset; and
- the Commission can measure reliably the expenses attributable to the asset during development.

Accounting Policies (continued)

g) Intangible Assets (continued)

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 e.g. application software, is capitalised as an intangible asset.

Software licences:

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred.

Measurement

Valuation:

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at fair value. Where an active (homogeneous) market exists, intangible assets are carried at fair value. Where no active market exists, the intangible asset is revalued, using indices or some suitable model, to the lower of depreciated replacement cost and value in use where the asset is income generating. Where there is no value in use, the intangible asset is valued using depreciated replacement cost. These measures are a proxy for fair value.

Intangible assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review

Revaluation and impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised in income.

Permanent decreases in asset values and impairments are charged gross to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Temporary decreases in asset values or impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to the Statement of Comprehensive Net Expenditure.

1. Accounting Policies (continued)

g) Intangible Assets (continued)

Amortisation

Intangible assets are amortised to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Amortisation is charged to the Statement of Comprehensive Net Expenditure on each main class of intangible asset as follows:

- 1) Internally generated intangible assets: Amortised on a systematic basis over the period expected to benefit from the project.
- 2) Software. Amortised over their expected useful life
- 3) Software licences: amortised over the shorter term of the licence and their useful economic lives.
- 4) Intangible assets in the course of construction are not amortised until the asset is brought into use by the Commission

Amortisation is charged on a straight line basis.

The following asset lives have been used:

Software	-	5 Years
Licences	-	5 Years

h) Sale of Property, plant and equipment and intangible assets

Disposal of non-current assets is accounted for as a reduction to the value of assets equal to the net book value of the assets disposed. When set against any sales proceeds, the resulting gain or loss on disposal will be recorded in the Statement of Comprehensive Net Expenditure.

i) Leasing

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Commission, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IFRS.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The minimum

1. Accounting Policies (continued)

i) Leasing (Continued)

lease payments (annual rental less operating costs e.g. maintenance and contingent rental) are apportioned between the repayment of the outstanding liability and a finance charge. The annual finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability using either the implicit interest rate or another relevant basis of estimation such as the sum of the digits method. Finance charges are recorded as interest payable in the Statement of Comprehensive Net Expenditure. Contingent rental and operating costs are charged as expenses in the periods in which they are incurred.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to expenditure on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to expenditure over the life of the lease.

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. Leased land is treated as an operating lease unless title to the land is expected to transfer.

The Commission does not lease assets to others.

j) Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the SOCNE are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

k) General Fund Receivables and Payables

Where the Commission has a positive net cash book balance at the year end, a corresponding payable is created and the general fund debited with the same amount to indicate that this cash is repayable to the SGHSCD. Where the Commission has a net overdrawn cash position at the year end, a

1. Accounting Policies (continued)

k) General Fund Receivables and Payables (continued)

corresponding receivable is created and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHSCD.

l) Inventories

Inventories of consumables are not material, are not carried on the balance sheet and have not been valued.

m) Losses and Special Payments

Operating expenditure includes certain losses which would have been made good through insurance cover had the Commission not been bearing its own risks. Had the Commission provided insurance cover, the insurance premiums would have been included as normal revenue expenditure.

n) Employee Benefits

Short-term Employee Benefits

Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave 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 year.

Pension Costs

The Commission contributes to two pension schemes:

NHS Superannuation Scheme for Scotland
Lothian Pension Fund

The majority of Commission staff participate in the NHS Superannuation Scheme for Scotland providing defined benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. The Commission is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 (revised) 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Commission's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer. The pension cost is assessed every five years by the Government Actuary and determines the rate of contributions required.

1. Accounting Policies (continued)

n) Employee Benefits (continued)

Pension Costs (continued)

The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

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 Statement of Comprehensive Net Expenditure at the time the Commission commits itself to the retirement, regardless of the method of payment.

The Commission has one member of staff who participates in the Lothian Pension fund. The Commission is able to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as a defined benefits scheme, as required by IAS 19 (revised) 'Employee Benefits'. The pension cost is assessed every three years by the Scheme Actuary and determines the rate of contributions required. A full actuarial valuation was carried out on 31 March 2011 and updated to 31 March 2014 by a qualified independent actuary, details of which are published by the Lothian Pension Fund.

The Lothian Pension Fund assets are measured using Market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The Lothian Pension Fund surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the Statement of Taxpayers' Equity, actuarial gains and losses. Relevant disclosures are reported in note 16.

o) Related Party Transactions

Material related party transactions are disclosed in line with the requirements of IAS 24 in note 20. Transactions with health bodies e.g. sharing administration costs or with individuals are disclosed if material.

p) Value Added Tax

The Mental Welfare Commission for Scotland is part of the Scottish Government VAT Group (Registration Number 888842551 (GD425)). The Commission is therefore able to reclaim input VAT under the Customs and Excise Contracting Out Direction published in the Edinburgh Gazette dated 10 January 2003.

1. Accounting Policies (continued)

q) Provisions

The Commission provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by HM Treasury.

r) 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 Commission's control) are not recognised as assets, but are disclosed in note 11 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 12, 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.

s) Corresponding Amounts

Corresponding amounts are shown for the primary statements and notes to the financial statements. Where the corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, IAS 1 'Presentation of Financial Statements' requires that they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

t) Financial Instruments

Financial assets

Classification

The Commission classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

1. Accounting Policies (continued)

t) Financial Instruments (continued)

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise derivatives. Assets in this category are classified as current assets. The Commission does not trade in derivatives and does not apply hedge accounting.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash at bank and in hand in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available for sale financial assets comprise investments.

Recognition and measurement

Financial assets are recognised when the Commission becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Commission has transferred substantially all risks and rewards of ownership.

(a) Financial assets at fair value through profit or loss

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Net Expenditure.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

(b) Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when

1. Accounting Policies (continued)

t) Financial Instruments (continued)

there is objective evidence that the Commission will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the loan and receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Net Expenditure. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Net Expenditure.

(c) Available-for-sale financial assets

Available-for-sale financial assets are initially recognised and subsequently carried at fair value. Changes in the fair value of financial assets classified as available for sale are recognised in equity. When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Net Expenditure. Dividends on available-for-sale equity instruments are recognised in the Statement of Comprehensive Net Expenditure when the Commission's right to receive payments is established.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment.

The Commission assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Statement of Comprehensive Net Expenditure. Impairment losses recognised in the Statement of Comprehensive Net Expenditure on equity instruments are not reversed through the income statement.

1. Accounting Policies (continued)

t) Financial Instruments (continued)

Financial Liabilities

Classification

The Commission classifies its financial liabilities in the following categories: at fair value through profit or loss, and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise derivatives. Liabilities in this category are classified as current liabilities. The Commission does not trade in derivatives and does not apply hedge accounting.

(b) Other financial liabilities

Other financial liabilities are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities. The Commission's other financial liabilities comprise trade and other payables in the balance sheet.

Recognition and measurement

Financial liabilities are recognised when the Commission becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the balance sheet when it is extinguished, that is when the obligation is discharged, cancelled or expired.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

(b) Other financial liabilities

Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1. Accounting Policies (continued)

u) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the Board within the Commission.

Operating segments are unlikely to directly relate to the analysis of expenditure shown in note 4 Administration Costs, the classification of which varies depending on Scottish Government reporting requirements.

v) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

w) Key sources of judgement and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Commission makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Commission makes judgements in applying accounting policies. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below.

The Valuation of the Lothian Pension provision is provided by the Lothian Pension Fund Actuary. Sensitivity analysis around this valuation is available in note 16.

**Mental Welfare Commission for Scotland
Notes to the Accounts**

**Annual Accounts
31 March 2014**

2. (a) Staff Numbers and Costs

31 March 2013 Restated	Executive £'000	Board Members £'000	Permanent Staff £'000	Inward Secondees £'000	Other Staff £'000	Outward Secondees £'000	Total £'000
STAFF COSTS							
2,073 Salaries and wages	431	31	1,597	100	24	-	2,183
183 Social security costs	49	-	132	10	-	-	191
249 NHS scheme employers' pension costs	44	-	206	9	-	-	259
12 Other employers' pension costs	15	-	5	5	-	-	25
264 Second Opinion Doctors	-	-	-	-	269	-	269
6 Agency staff	-	-	-	-	-	-	-
2,787	539	31	1,940	124	293	-	2,927
Compensation for loss of office or early retirement	-	-	-	-	-	-	-
- Pensions to former board members	-	-	-	-	-	-	-
2,787	539	31	1,940	124	293	-	2,927
Included in the total Staff Costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of:							
-	-	-	-	-	-	-	-
ANNUAL MEAN	STAFF NUMBERS (EMPLOYEES BY WHOLE TIME EQUIVALENT)						ANNUAL MEAN
4.3	Chief Officers						5.2
16.8	Practitioner staff						15.6
29.1	Administration staff						29.9
50.2	Commission Total Average Staff						50.7
-	Disabled staff						-

Note 1: Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland and the Lothian Pension Fund. Details of the Schemes can be found in note 16.

2.b) Higher Paid Employees remuneration

**31 March
2013
Number**

**31 March
2014
Number**

Other employees whose remuneration (salary only) fell within the following ranges:

Clinicians

10	£ 50,000	to	£ 60,000	7
1	£ 60,001	to	£ 70,000	2
-	£ 70,001	to	£ 80,000	-
-	£ 80,001	to	£ 90,000	-
-	£ 90,001	to	£100,000	-
-	£100,001	to	£110,000	-
-	£110,001	to	£120,000	-
-	£120,001	to	£130,000	-
-	£130,001	to	£140,000	-
-	£140,001	to	£150,000	-
-	£150,001	and above		-

Other

-	£ 50,000	to	£ 60,000	-
-	£ 60,001	to	£ 70,000	-
-	£ 70,001	to	£ 80,000	-
-	£ 80,001	to	£ 90,000	-
-	£ 90,001	to	£100,000	-
-	£100,001	to	£110,000	-
-	£110,001	to	£120,000	-
-	£120,001	to	£130,000	-
-	£130,001	to	£140,000	-
-	£140,001	to	£150,000	-
-	£150,001	and above		-

2.c) Exit Packages

There were no exit packages agreed in 2013/14. (2012/13: Nil).

3. Other Operating Costs

2012/13 Restated £'000		2013/14 £'000
	Note	
Expenditure Not Paid In Cash		
61 Depreciation	6(c)	59
10 Amortisation	6 (b)	6
- Loss on disposal of fixtures in buildings	6 (c)	-
(6) Other non cash costs – IAS19	16	(3)
65 Total Expenditure Not Paid In Cash		62
- Interest Payable		
Statutory Audit		
17 External auditor's remuneration and expenses		15

4. Administration Costs

2012/13 Restated £'000		2013/14 £'000
	Note	
495 Board and Executive	2 (a)	570
1,106 Practitioner staff Costs		1,094
922 Casework Administration and Corporate Services		994
264 Second opinion Doctors Fees		269
101 Travel and Subsistence		122
179 Accommodation Costs		162
71 Depreciation / Amortisation / Loss on disposal		65
173 Computer Equipment and Supplies		159
59 Office administration costs		60
41 Human Resources		47
104 Communications		74
32 Legal and Professional		38
55 Good Practice Projects		36
5 Lothian Pension Fund – Net interest payable under IAS19		3
3,607 Total Administration Costs		3,693

5. Administration Income

2012/13 Restated £'000		2013/14 £'000
-	Administration Income	-
	Other Operating Income	
-	NHS Scotland Bodies	-
16	SGHSCD	57
-	Contributions in respect of Clinical/medical negligence claims	-
-	Other – Net Return on Assets	-
16	Total Other Operating Income	57
16	Total Income	57
-	Of the above, the amount derived from NHS bodies is	-

6(a). Analysis of Capital Expenditure

2012/13 £'000	Note	2013/14 £'000
EXPENDITURE		
-	Acquisition of Intangible Assets	6b -
-	Acquisition of Property, plant and equipment	6c -
-	Capital Grants (to) / from Other Bodies	-
-	Gross Capital Expenditure	-
INCOME		
-	Net book value of disposal of Intangible Assets	6b -
-	Net book value of disposal of Tangible Assets	6c -
-	Capital Income	-
-	Net Capital Expenditure	-
SUMMARY OF CAPITAL RESOURCE OUTTURN		
-	Net capital expenditure as above	-
-	Capital Resource Limit	-
-	Saving/(excess) against Capital Resource Limit	-

6(b) Intangible

Assets

	Assets Under Construction £'000	Software Licences £'000	Information Technology £'000	Other Intangible £'000	Total £'000
Cost or Valuation:					
As at 1st April 2013	-	9	741	13	763
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31st March 2014	-	9	741	13	763
Amortisation					
At 1st April 2013	-	9	722	13	744
Provided during the year	-	-	6	-	6
Disposals	-	-	-	-	-
At 31st March 2014	-	9	728	13	750
Net Book Value at 1st April 2013	-	-	19	-	19
Net Book Value at 31 March 2014	-	-	13	-	13

6(b) Intangible Assets (Prior Year)

	Assets Under Construction	Software Licences £'000	Information Technology £'000	Other Intangible £'000	Total £'000
Cost or Valuation:					
As at 1st April 2012	19	9	722	13	763
Additions	-	-	-	-	-
Completions	(19)	-	19	-	-
Disposals	-	-	-	-	-
At 31st March 2013	-	9	741	13	763
Amortisation					
At 1st April 2012	-	9	717	8	734
Provided during the year	-	-	5	5	10
At 31st March 2013	-	9	722	13	744
Net Book Value at 1st April 2012	19	-	5	5	29
Net Book Value at 31 March 2013	-	-	19	-	19

6. (c) Property, Plant and Equipment
(Purchased Assets)

Year ended 31 March 2014

	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2013	258	-	-	-	197	-	-	455
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 31 March 2014	258	-	-	-	197	-	-	455
Depreciation								
At 1 April 2013	206	-	-	-	183	-	-	389
Provided during the year	52	-	-	-	7	-	-	59
Disposals	-	-	-	-	-	-	-	-
At 31 March 2014	258	-	-	-	190	-	-	448
Net book value at 1 April 2013	52	-	-	-	14	-	-	66
Net book value at 31 March 2014	-	-	-	-	7	-	-	7
Asset Financing;								
Owned	-	-	-	-	7	-	-	7
Finance Leased	-	-	-	-	-	-	-	-
On balance sheet PFI contracts	-	-	-	-	-	-	-	-
Net Book value at 31 March 2014	-	-	-	-	7	-	-	7

6. (c) Property, Plant and Equipment
(Purchased Assets)

Prior Year to 31 March 2013

	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2012	258	-	-	-	185	-	12	455
Additions	-	-	-	-	-	-	-	-
Completions	-	-	-	-	12	-	(12)	-
Disposals	-	-	-	-	-	-	-	-
At 31 March 2013	258	-	-	-	197	-	-	455
Depreciation								
At 1 April 2012	155	-	-	-	173	-	-	328
Provided during the year	51	-	-	-	10	-	-	61
Disposals	-	-	-	-	-	-	-	-
At 31 March 2013	206	-	-	-	183	-	-	389
Net book value at 1 April 2012	103	-	-	-	12	-	12	127
Net book value at 31 March 2013	52	-	-	-	14	-	-	66
Asset Financing;								
Owned	52	-	-	-	14	-	-	66
Finance Leased	-	-	-	-	-	-	-	-
On balance sheet PFI contracts	-	-	-	-	-	-	-	-
Net Book value at 31 March 2013	52	-	-	-	14	-	-	66

6(d) Donated Assets

All Property, Plant and Equipment is purchased and there are no donated assets (prior year: £nil).

6(e) Property, Plant and Equipment Disclosures

31 March 2013 £'000			31 March 2014 £'000
	Net book value of tangible fixed assets at 31 March		
66	Purchased	6(c)	7
-	Donated	6(d)	-
<u>66</u>	Total		<u>7</u>
-	Net book value related to land valued at open market value at 31 March		-
-	Net book value related to buildings valued at open market value at 31 March		-
	Total value of assets held under:		
-	Finance Leases		-
-	Hire Purchase Contracts		-
-	PFI and PPP Contracts		-
-	Finance leases		-
-	Hire Purchase Contracts		-
-	PFI and PPP contracts		-

7. Trade and Other Receivables

31 March 2013 £'000		31 March 2014 £'000
	Receivables due within one year	
	NHS Scotland	
-	SGHSCD	-
-	Boards	-
-	Total NHS Scotland Receivables	-
-	NHS Non-Scottish Bodies	-
-	General Fund Receivable	-
-	VAT recoverable	-
65	Prepayments	64
-	Accrued income	-
-	Other Receivables	-
-	Reimbursement of provisions	-
-	Other Public Sector Bodies	-
65	Total Receivables due within one year	64
-	Receivables due after more than one year	-
-	Total Receivables due after more than one year	-
65	TOTAL RECEIVABLES	64
-		-
	WGA Classification	
-	NHS Scotland	-
-	Central Government Bodies	-
-	Whole of Government Bodies	-
-	Balances with NHS Bodies in England and Wales	-
65	Balances with bodies external to Government	64
65	Total	64

7. Trade and Other Receivables (Continued)

31 March 2013 £'000		31 March 2014 £'000
	Movements on the provision for impairment of debtors are as follows:	
	- At 1 April 2012	-
	- Provision for debtors impairment	-
	- Receivables written off during the year as uncollectible	-
	- Unused amounts reversed	-
	- At 31 March 2013	-
	As of 31 March 2013, debtors with a carrying value of £nil (2012: £nil) were impaired and provided for. The amount of the provision was £nil (2012:£nil). The aging of these receivables is as follows:	
31 March 2013 £'000		31 March 2014 £'000
	- 3 to 6 months past due	-
	- Over 6 months past due	-
	-	-

There are no receivables assessed as individually impaired.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2014, debtors of carrying value of £nil (2013:£nil) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:

31 March 2013 £'000		31 March 2014 £'000
	- Up to 3 months past due	-
	- 3 to 6 months past due	-
	- Over 6 months past due	-
	-	-

The credit quality of receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available. Where no external credit rating is available, historical information about counterparty default rates is used.

Receivables that are neither past due nor impaired are shown by their credit risk below;

7. Trade and Other Receivables (Continued)

31 March 2013 £'000		31 March 2014 £'000
	Counterparties with external credit ratings	
-	A	-
-	BB	-
-	BBB	-
	Counterparties with no external credit rating:	
-	New customers	-
-	Existing customers with no defaults in the past	-
-	Existing customers with some defaults in the past	-
	<hr/>	<hr/>
-	Total neither past due or impaired	-
	<hr/>	<hr/>
	The maximum exposure to credit risk is the fair value of each class of receivable. The Commission does not hold any collateral as security.	
31 March 2013 £'000		31 March 2014 £'000
	The carrying amount of debtors are denominated in the following currencies:	
65	Pounds	64
-	Euros	-
-	US Dollars	-
	<hr/>	<hr/>
65		64
	<hr/>	<hr/>

All non-current receivables are due within 1 year (2012/13: 1 year) from the balance sheet date.

The carrying amount of short term receivables approximates their fair value.

The fair value of long term other receivables is £nil (2012/13: £nil)

The effective interest rate on non-current other receivables is nil% (2012/13: nil %)

8. Cash and Cash Equivalents

	At 01/04/13 £'000	Cash Flow £'000	At 31/03/14 £'000
PGO account balance	-	-	-
Cash at bank and in hand	3	(1)	2
Total cash - balance sheet	3	(1)	2
Overdrafts	-	-	-
Total cash - cash flow statement	3	(1)	2

Prior Year	At 01/04/12 £'000	Cash Flow £'000	At 31/03/13 £'000
PGO account balance	-	-	-
Cash at bank and in hand	-	3	3
Total cash - balance sheet	-	3	3
Overdrafts	-	-	-
Total cash - cash flow statement	-	3	3

Cash at bank is with major UK banks. The credit risk associated with cash at bank is considered to be low.

9. Trade and Other Payables

31 March 2013 £'000		31 March 2014 £'000
	Payables due within one year	
	NHS Scotland	
-	SGHSCD	-
25	Boards	10
25	Total NHS Scotland Payables	10
3	General Fund Payable	2
47	Trade Payables	16
180	Accruals	138
-	Deferred Income	-
-	Income tax and social security	-
-	VAT	-
-	Other Public Sector Bodies	-
255	Total Payables due within one year	166
-	Payables due after more than one year	-
255	TOTAL PAYABLES	166
	WGA Classification	
25	NHS Scotland	10
-	Central Government Bodies	-
20	Whole of Government Bodies	10
210	Balances with bodies external to Government	146
255	Total	166

There are no borrowings in either 2013/14 or 2012/13.

The carrying value of short term payables approximates their fair value. The carrying amount of payables is denominated in the following currencies;

31 March 2013 £'000		31 March 2014 £'000
255	Pounds	166
-	Euros	-
-	US Dollars	-
255		166

10. Movement on Working Capital Balances

2013 Net Movement £'000		Note	2014 Opening Balances £'000	2014 Closing Balances £'000	2014 Net Movement £'000
	INVENTORIES				
-	Balance Sheet		-	-	-
-	Net Decrease/(Increase)				-
	TRADE AND OTHER RECEIVABLES				
	Due within one year	7	65	64	
	Due after more than one year	7	-	-	
			65	64	
	Less: Property, Plant & Equipment (Capital) included in above		-	-	
	Less: Intangible Assets (Capital) included in above		-	-	
	Less: General Fund Debtor included in above		-	-	
			65	64	
(49)	Net Decrease/(Increase)				1
	TRADE AND OTHER PAYABLES				
	Due within one year	9	255	166	
	Due after more than one year	9	-	-	
	Less: Property, Plant & Equipment (Capital) included in above		-	-	
	Less: Intangible Assets (Capital) included in above		-	-	
	Less: Bank Overdraft	9	-	-	
	Less: General Fund Creditor included in above	9	(3)	(2)	
	Less: Lease and PFI Creditors included in above	9	-	-	
	Less: Interest payable included in above	9	-	-	
			252	164	
91	Net (Decrease)/Increase				(88)
	PROVISIONS				
-	Balance Sheet		-	-	-
-	Transfer from Provision to General Fund		-	-	-
-	Net (Decrease)/Increase				-
42	NET MOVEMENT (Decrease)/Increase				(87)

11. Contingent Asset

During the year to 31 March 2014, the Commission was notified that it was a beneficiary to a will. As of 31 March 2014, the Commission is unable to establish the value of the bequest due to other claims against the estate in question.

12. Contingent Liabilities

There are no Contingent Liabilities that have not been provided for in the accounts (2013: £nil).

13. Post Balance Sheet Events

On 23rd June 2014 the Commission signed a lease for accommodation for the activities of the National Confidential Forum, the annual cost of which is £34k.

The Commission has no post Balance Sheet events after the reporting period which have a material effect on the accounts.

14. Commitments

The Commission has no Capital Commitments as at 31 March 2014 (2013: £nil).

Other financial commitments

The Commission has entered into non-cancellable contracts (which are not leases or PFI contracts), for the provision of software support services

The payments to which the Commission is committed during 2014/15, analysed by the period during which the commitments expire are as follows:

	31 March 2014 £
Expiry within 1 year	-
Expiry within 2 to 5 years	50
Expiry after 5 years	-
Total	50

The Commission has not entered into any Financial Guarantees, Indemnities or provided any letters of Comfort.

15. Commitments under Leases

31 March 2013 £'000	Operating Leases Total future minimum lease payments under operating leases are given in the table below for the each of the following periods.	31 March 2014 £'000
	Obligations under operating leases comprise:	
	Land	
19	Not later than one year	16
18	Later than one year, not later than two years	-
-	Later than two years not later than five years	-
-	Later than five years	-
	Buildings	
165	Not later than one year	146
165	Later than one year, not later than two years	-
-	Later than two years not later than five years	-
-	Later than five years	-
	Other	
5	Not later than one year	4
1	Later than one year, not later than two years	4
-	Later than two years not later than five years	3
-	Later than five years	-
	Amounts charged to Operating Costs in the year were:	
6	Hire of equipment (including vehicles)	6
179	Other operating leases	162
185	Total	168

There are no contingent rents or Finance Leases.

16. Pension Costs

As described in note 1 (Accounting Policies) The Commission contributed to 2 defined benefit pension schemes, the National Health Service Superannuation Scheme (NHSSS) and the Lothian Pension Fund (LPF) for its directly employed staff. These schemes provide benefits based on final pensionable salary.

National Health Service Superannuation Scheme

The Commission participates in the National Health Service Superannuation Scheme for Scotland, which is a notional defined benefit scheme where contributions are credited to the Exchequer and the balance in the account is deemed to be invested in a portfolio of Government securities. The pension cost is assessed every five years by the Government Actuary; details of the

16. Pension Costs (Continued)

National Health Service Superannuation Scheme (continued)

most recent actuarial valuation can be found in the separate statement of the Scottish Public Pensions Agency (SPPA).

The National Health Service Superannuation Scheme for Scotland is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. The Commission will therefore account for its pension costs on a defined contribution basis as permitted by International Accounting Standard 19 (IAS 19).

For 2013/14, normal employer contributions of £259k were payable to the SPPA (prior year £249k) at the rate of 13.5% (13.5% in previous year) of total pensionable salaries. In addition, during the accounting period the NHS board incurred additional costs of £nil (prior year £nil) arising from the early retirement of staff. The most recent actuarial valuation discloses a balance of £370 million to be met by future contributions from employing authorities.

Provisions/Pre-payments amounting to £nil (prior year £nil) are included in the Balance Sheet and reflect the difference between the amounts charged to the Statement of Comprehensive Net Expenditure and the amounts paid directly.

Changes to the scheme were implemented from 1 April 2008. Existing staff, and those joining the scheme up to 31 March 2008, will keep the benefits of the existing scheme but will be given the choice to transfer to the new scheme.

Existing scheme:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 60. Annual benefits are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay tiered contribution rates ranging from 5% to 13.3% of pensionable earnings (2012-13: 5% - 10.9%). Pensions are increased in line with Consumer Prices Index.

On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump-sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Child allowances are payable according to the number of dependent children and whether there is a surviving parent who will get a scheme widow/widower's pension. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately where the member has more than 2 years service.

16. Pension Costs (Continued)

National Health Service Superannuation Scheme (continued)

Where service exceeds 5 years, the pension is calculated using specially enhanced service, with a maximum enhancement of 10 years.

Members aged 50 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this the member will be able to retire on the full pension and lump sum which they have earned.

New 2008 arrangements:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 65. Pension will have an accrual rate of 1/60th and be calculated on the basis of the average of the best consecutive three years pensionable pay in the ten years before retirement. There is an option to exchange part of Pension benefits for a cash lump sum at retirement, up to 25% of overall Pension Value. Members pay tiered contribution rates ranging from 5% to 13.3% of pensionable earnings. Pensions and allowances are index linked to protect their value.

	2013/14	2012/13
	£'000	£'000
Pension cost charge for the year	259	249
Additional costs arising from early retirement	-	-
Provisions/Prepayments included in the Balance Sheet	-	-

Level of Participation in the NHS Superannuation Scheme for Scotland

Revisions to IAS 19 require multi-employer defined benefit schemes, treated as defined contribution schemes, to include an indication of the level of participation of the entity in the plan compared with other participating entities. The data is not available as at 31 March 2014, however, in the year to 31 March 2013, the Commission employer contributions to the scheme amounted to £0.249m which is 0.04% of the total NHS employer contributions received of £595.6m.

Local Government Pension Scheme

The Commission participates in the Lothian Pension Fund (LPF), part of the Local Government Pension Scheme, a defined benefit statutory scheme. The fund is administered by the City of Edinburgh Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998 as amended.

The pension cost charge for the year was £19k (prior year £18k). There were no costs arising from early retirement of staff.

16. Pension Costs (Continued)
Local Government Pension Scheme (Continued)

	2013/14	2012/13
	£'000	Restated £'000
Pension cost charge for the year	23	29
IAS 19 (revised) adjustment	(7)	(11)
Additional cost arising from cessation payment provision included in the balance sheet	3	-
	19	18

A full actuarial valuation was carried out on 31 March 2011 and updated to 31 March 2014 by a qualified independent actuary.

The major assumptions used by the actuary in these valuations were:

	31 March 2014	31 March 2013
Inflation / Pension Increase Rate	2.6%	2.8%
Salary increase rate	1.0%	1.0%
Discount rate	4.1%	4.5%

Sensitivity Analysis

IAS requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below;

Change in assumptions at 31 March 2014	Approximate % increase to employer	Approximate monetary amount £'000
0.5% Decrease in Real Discount Rate	7%	124
1 Year increase in member life expectancy	3%	55
0.5% Increase in the Salary Increase Rate	-	9
0.5% Increase in the Pension increase rate	6%	117

Life expectancy is based on the fund's VitaCurves with improvements from 2008 in line with the medium cohort and a 1% p.a. underpin. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	20.4 years	22.8 years
Future Pensioners	22.6 years	25.4 years

16. Pension Costs (Continued)

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Estimated Employer's contributions for the year to 31 March 2015 are approximately £23,000.

The amounts recognised in the balance sheet are as follows:

	31 March 2014 £000	31 March 2013 £000
Present value of funded liabilities	(1,822)	(1,753)
Fair value of plan assets	1,741	1,692
	<hr/>	<hr/>
Net (under)/overfunding in funded plans	(81)	(61)
Present value of unfunded liabilities	0	0
	<hr/>	<hr/>
Deficit	(81)	(61)
	<hr/> <hr/>	<hr/> <hr/>
Amount in balance sheet		
Liabilities	81	61
Assets	0	0
	<hr/>	<hr/>
Net asset/(liability)	(81)	(61)
	<hr/> <hr/>	<hr/> <hr/>

Analysis of the amount recognised in the SOCNE:

	31 March 2014 £'000	Restated 31 March 2013 £'000
Current service cost	(17)	(20)
Past Service Cost	0	0
Effect of settlements	0	0
Interest income on plan assets	75	74
Interest cost on defined benefit obligation	(78)	(79)
	<hr/>	<hr/>
Total	(20)	(25)
	<hr/> <hr/>	<hr/> <hr/>

16. Pension Costs (Continued)

Analysis of amounts included in other comprehensive income:

	31 March 2014 £'000	Restated 31 March 2013 £'000
Actuarial (losses) in defined benefit obligation	(49)	(129)
Actuarial gains in the fair value of plan assets	25	168
	<u>(24)</u>	<u>39</u>

Changes in fair value of the plan assets are as follows:

	31 March 2014 £'000	31 March 2013 £'000
Opening fair value of employer assets	1,692	1,632
Interest income on plan assets	75	74
Plan participants contributions	6	14
Employer contributions	24	31
Re-measurements – return on assets	25	168
excluding amounts included in net interest		
Benefits paid	(81)	(227)
	<u>1,741</u>	<u>1,692</u>

Reconciliation of defined benefit obligation:

	31 March 2014 £'000	31 March 2013 £'000
Opening defined benefit obligation	1,753	1,738
Current service cost	17	20
Interest cost on defined benefit obligation	78	79
Plan participants contributions	6	14
Re-measurements – change in financial assumptions	49	130
Re-measurements – other experience	-	(1)
Benefits paid	(81)	(227)
	<u>1,822</u>	<u>1,753</u>

16. Pension Costs (Continued)

Fair Value of Employer Assets

The below asset values are at bid value as required under IAS19.

Asset Categories	31 March 2014				31 March 2013			
	Quoted Prices in Active Markets £'000	Prices not quoted in Active Markets £'000	Total £'000	%	Quoted Prices in Active Markets £'000	Prices not quoted in Active Markets £'000	Total £'000	%
Equity Securities:								
Consumer	263.8	-	263.8	15	216.8	-	216.8	13
Manufacturing	237.7	-	237.7	14	208.7	-	208.7	12
Energy & Utilities	193.7	-	193.7	11	122.3	-	122.3	7
Financial institutions	121.3	-	121.3	7	184.2	-	184.2	11
Health and Care	118.8	-	118.8	7	88.8	-	88.8	5
Information Tech	113.3	-	113.3	7	103.5	-	103.5	6
Other	76.9	-	76.9	5	50.8	-	50.8	3
Debt Securities:								
Corporate Bonds (Investment grade)	56.3	-	56.3	3	65.1	-	65.1	4
Corporate bonds (non-investment grade)	8.5	-	8.5	-	5.6	-	5.6	-
UK Government	59.2	-	59.2	3	64.3	-	64.3	4
Other	1.5	-	1.5	-	1.7	-	1.7	-
Private Equity:								
All	14.2	197.0	211.2	12	-	194.5	194.5	11
Real Estate:								
UK Property	-	121.3	121.3	7	-	116.9	116.9	7
O'Seas Property	-	14.1	14.1	1	-	16.0	16.0	1
Investment funds and unit trusts								
Equities	18.1	6.5	24.5	2	113.7	34.3	148	9
Bonds	-	7.4	7.4	-	-	8.5	85	1
Hedge Funds	-	-	-	-	-	-	-	-
Commodities	-	5.9	5.9	-	-	10.7	10.7	1
Infrastructure	-	-	-	-	-	-	-	-
Other	-	5.7	5.7	-	-	5.6	5.6	-
Derivatives:								
Inflation	-	-	-	-	-	-	-	-
Interest rate	-	-	-	-	-	-	-	-
Foreign Exchange	-	-	-	-	-	-	-	-
Other	0.2	-	0.2	-	0.2	-	0.2	-
Cash and Cash equivalents								
All	99.7	-	99.7	6	79.9	-	79.9	5
Totals	1,383	358	1,741	100	1,305	387	1,692	100

17. Prior Year Adjustment and restated Statement of Comprehensive Net Expenditure, Statement of Changes in Taxpayers' Equity

The commission adopted IAS19 (revised) effective 1 April 2013. The impact of the change created a £4,000 prior year charge which has been charged to reserves.

Reconciliation of Statement of Comprehensive Net Expenditure previously stated to restated as at 31 March 2013	2012/13
	£'000
Net Operating Costs previously stated under IAS 19	3,587
IAS 19 (revised) Prior year adjustment	4
Restated Net Operating Costs under IAS 19 (revised)	3,591
Other Comprehensive net Expenditure previously stated under IAS 19	-
IAS 19 (revised) Prior year adjustment	(39)
Other Comprehensive net Expenditure under IAS 19 (revised)	3,552

	2012/13
	£'000
SOCNE (Admin Costs) - current service costs	20
SOCNE (Admin Costs) - employer contributions	(31)
SOCNE (Admin Income) - net interest	5
SOCNE (Admin Income) - net interest	10
Net prior year charge to Net Operating Costs	4
Actuarial gains/losses on post employment benefit obligations	(35)
Net credit to Other Comprehensive net Expenditure	(35)

Statement of Comprehensive Net Expenditure	Previously Stated	Restated
	2012/13	2012/13
	£'000	£'000
Administration costs	3,613	3,607
Less: Administration income	(26)	(16)
Net Operating Costs	3,587	3,591
Other Comprehensive Net Expenditure		
Actuarial gains/ losses on post employment benefit obligations	-	(35)
Total Comprehensive Expenditure	3,587	3,556

Statement of Changes in Taxpayers' Equity	Previously Stated	Restated
	2012/13	2012/13
Balance at 1 April 2012	(113)	(113)
Other adjustments pension	35	39
Net operating cost for the year	(3,587)	(3,591)
Total recognised income and expense for 2012/13	(3,552)	(3,552)
Funding:		
Drawn down	3,505	3,505
Movement in General Fund (Creditor)/Debtor	(3)	(3)
Balance at 31 March 2013	(163)	(163)

18. Financial Instruments

(a) Financial Instruments by category

2013 Total			Loans and Receivables	Assets at Fair Value through profit and loss	Available for sale	2014 Total
£'000	AT 31 MARCH 2013	Note	£'000	£'000	£'000	£'000
	Assets per balance sheet					
-	Investments		-	-	-	-
-	Derivative financial instruments		-	-	-	-
-	Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	7	-	-	-	-
3	Cash and cash equivalents	8	2	-	-	2
3			2	-	-	2

2013 Total				Liabilities at Fair Value through profit and loss	Other financial liabilities	2014 Total
£'000	AT 31 MARCH 2013	Note		£'000	£'000	£'000
	Liabilities per balance sheet					
-	Finance lease liabilities			-	-	-
-	PFI Liabilities			-	-	-
-	Derivative financial instruments			-	-	-
-	Trade and other payables excluding statutory liabilities (VAT and income tax and social security)	9		-	155	155
229				-	155	155

Exposure to Risk

The Commission's activities expose it to a variety of risks:

Credit risk - the possibility that other parties might fail to pay amounts due.

Liquidity risk – the possibility that the Commission might not have funds available to meet its commitments to make payments.

18. Financial Instruments (continued)

18(b) Financial Risk Factors

Market risk – the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

Because of the largely non-trading nature of its activities and the way in which government departments are financed, the Commission is not exposed to the degree of financial risk faced by business entities.

'Risk Management policies'. The Commission provides written principles for overall risk management, as well as written policies covering standing financial Instructions and Financial Operating procedures.

(a) Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and other institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Commission.

No losses are expected from non-performance by any counterparties in relation to deposits.

(b) Liquidity Risk

The Scottish Parliament makes provision for the use of resources by the Commission for revenue and capital purposes in a Budget Act for each financial year. Resources and accruing resources may be used only for the purposes specified and up to the amounts specified in the Budget Act. The Act also specifies an overall cash authorisation to operate for the financial Year. The Commission is not therefore exposed to significant liquidity risks.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

18(b) Financial Risk Factors (Continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
31-Mar-14	-	-	-	-
PFI Liabilities	-	-	-	-
Finance lease liabilities	-	-	-	-
Derivative financial instruments	-	-	-	-
Trade and other payables excluding statutory liabilities	155	-	-	-
Total	155	-	-	-

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
31-Mar-13	-	-	-	-
PFI Liabilities	-	-	-	-
Finance lease liabilities	-	-	-	-
Derivative financial instruments	-	-	-	-
Trade and other payables excluding statutory liabilities	229	-	-	-
Total	229	-	-	-

(c) Market Risk

The Commission has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the Commission in undertaking its activities.

i) Cash flow and fair value interest rate risk

The Commission has no significant interest bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of changes in market interest rates.

ii) Foreign Currency Risk

The Commission is not exposed to foreign exchange rates.

iii) Price risk

The Commission is not exposed to equity security price risk.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current HM Treasury interest rate that is available for similar financial instruments.

19. Segmental Reporting

Segmental information as required under IFRS has been reported based on Financial Information used by Management to operate the Commission.

	Mental Welfare Commission £'000	Total 2014 £'000
Net operating cost	3,636	3,636
Total segment revenue	57	57
Inter-segment revenue		
Revenue from external sources	57	57
Impairment losses recognised in Statement of Comprehensive Net Expenditure	-	-
Impairment losses recognised in Reserves	-	-
Impairment reversals recognised in Statement of Comprehensive Net Expenditure	-	-
Impairment reversals recognised in Reserves	-	-
Depreciation and amortisation	65	65
Interest income		
Interest expense	-	-
Non-current assets held for sale	-	-
Additions to non-current assets (other than financial instruments and deferred tax assets) (i.e. capital expenditure)	-	-

The Commission considers that the Board is the Chief Operating decision maker as it is the highest level of authority within the Commission.

A single segment has been reported as the Operational Management Group is presented with monthly single segment accounts and runs the organisation based on these.

The following financial results for the year were presented to the May 2014 Operational Management Group;

	£'000
Reported to Operational Management Group 5th May 2014	3,636
Per Annual Accounts	3,636

The Commission received income from the Scottish Government to fund the acquisition of information technology equipment in respect of the proposed hosting of the National Confidential Forum on behalf of the Scottish Government.

19. Segmental reporting – Prior Year (as adjusted for prior year adjustment)

Segmental information as required under IFRS has been reported for each strategic objective

	Mental Welfare Commission Restated £'000	Total 2013 Restated £'000
Net operating cost	3,591	3,591
Total segment revenue	16	16
Inter-segment revenue	-	-
Revenue from external sources	16	16
Impairment losses recognised in Statement of Comprehensive Net Expenditure	-	-
Impairment losses recognised in Reserves	-	-
Impairment reversals recognised in Statement of Comprehensive Net Expenditure	-	-
Impairment reversals recognised in Reserves	-	-
Depreciation and amortisation	71	71
Interest income	-	-
Interest expense	-	-
Non-current assets held for sale	-	-
Additions to non-current assets (other than financial instruments and deferred tax assets)(i.e. capital expenditure)	-	-

A single segment has been reported as the Operational Management Group is presented with monthly single segment accounts and runs the organisation based on these.

The following financial results for the year were presented to the May 2013 Management Group;

	£'000
Reported to Management Group 6th May 2013	3,587
Per Annual Accounts previously presented	3,587
Prior Year adjustment (note 17)	4
Per Annual Accounts restated	3,591

The Commission received income from an external customer, seconding out a member of practitioner staff (at cost) during the year. The body who seconded staff from the Commission is based in Scotland.

20. Related Party Transactions

The Commission has not entered into any material transactions with other Government departments and other Central Government organisations.

No Board Member, key manager or other related party has undertaken any material transaction with the Commission during the year.



MENTAL WELFARE COMMISSION FOR SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of sections 56(1), (1B) and (3) of the National Health Service (Scotland) Act 1978, as applied by Schedule 1 paragraph 9(c) of the Mental Health (Care and Treatment) (Scotland) Act 2003, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.
4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated 10/2/2006



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