

**Department of Health, Social Services and Public Safety**

**Western Health and Social Services Board Trust Accounts**

**For the year ended 31 March 2005**

*Laid before the Houses of Parliament  
by the Department of Health, Social Services and Public Safety in accordance  
with Paragraph 12(2) and (4) of the Schedule to the Northern Ireland Act 2000 and Article  
2(10) of the Northern Ireland Act 2000 (Prescribed Documents) Order 2004*

*5<sup>th</sup> February 2007*

*Laid before the Northern Ireland Assembly  
by the Department of Health, Social Services and Public Safety  
under Article 90(5) of the Health and Personal Social Services (NI) Order 1972  
(as amended by the Audit and Accountability Order 2003)*

*5<sup>th</sup> February 2007*

Ordered by The House of Commons to be printed

*5<sup>th</sup> February 2007*

**HC 240  
NIA 393/03**

**LONDON: THE STATIONERY OFFICE**

**£22.50**

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**ALTNAGELVIN HOSPITALS HSS TRUST  
ANNUAL ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2005**

**FOREWORD**

These accounts for the year ended 31 March 2005 have been prepared in accordance with Article 90(2)(a) of the Health and Personal Social Services (Northern Ireland) Order 1972, as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, in a form directed by the Department of Health, Social Services and Public Safety.

## **STATEMENT OF ALTNAGELVIN HOSPITALS HSS TRUST'S RESPONSIBILITIES AND CHIEF EXECUTIVE'S RESPONSIBILITIES.**

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003), the Altnagelvin Hospitals HSS Trust is required to prepare financial statements for each financial year in the form and on the basis determined by the Department of Health, Social Services and Public Safety. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the Altnagelvin Hospitals HSS Trust, of its income and expenditure and cash flows for the financial year.

In preparing the financial statements the Trust is required to:

- observe the accounts direction issued by the Department of Health, Social Services and Public Safety including 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 have been followed, and disclose and explain any material departures in the financial statements.
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Trust will continue in operation.
- keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust.
- pursue and demonstrate value for money in the services the Trust provides and in its use of public assets and the resources it controls.

The Permanent Secretary of the Department of Health, Social Services and Public Safety as Accounting Officer for health and personal social services resources in Northern Ireland has designated Mrs Elaine Way of Altnagelvin Hospitals HSS Trust as the Accountable Officer for the Trust. Her relevant responsibilities as Accountable Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records, are set out in the Accountable Officer Memorandum, issued by the Department of Health, Social Services and Public Safety. The Accountable Officer is also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

## **CERTIFICATES OF DIRECTOR OF FINANCE, CHAIRMAN AND CHIEF EXECUTIVE**

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 15 to 59) which I am required to prepare on behalf of the Altnagelvin Hospitals Health and Social Services Trust have been compiled from and are in accordance with the accounts and financial records maintained by the Trust and with the accounting standards and policies for HSS Trusts approved by the DHSSPS.

Niall Smyth                      Director of Finance

17<sup>th</sup> August 2005              Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 15 to 59) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.

Gerard Guckian                Chairman

17<sup>th</sup> August 2005              Date

Elaine Way                      Chief Executive

17<sup>th</sup> August 2005              Date



## **STATEMENT ON INTERNAL CONTROL**

### *Scope of Responsibility*

The Board of Altnagelvin Hospitals Health & Social Services Trust is accountable for internal control. As Accountable Officer and Chief Executive of the Board of Altnagelvin Hospitals Health & Social Services Trust, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the organisation, and for reviewing the effectiveness of the system.

### *Purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Altnagelvin Hospitals Health & Social Services Trust for the year ended 31 March 2005, and up to the date of approval of the annual report and accounts, and accords with Department of Finance and Personnel guidance.

The Board exercises strategic control over the operation of the Trust through a system of corporate governance which includes:-

- A schedule of matters reserved for Board decisions;
- A Scheme of Delegation, which delegates decision making authority within set parameters to the Chief Executive and other officers;
- Standing Orders and Standing Financial Instructions;
- The establishment of an Audit Committee;
- The establishment of a Remuneration Committee.

The system of internal financial control is based on a framework of regular financial information, administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:-

- Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board;
- Regular reviews by the Board of periodic annual financial reports which indicate financial performance against the forecast;
- Setting targets to measure financial and other performances;
- Clearly defined capital investment control guidelines;
- A thorough requisition and approval system for procuring goods and services;
- A system of detailed recording and verification to protect the Trust's assets;
- Clear segregation of duties between Salaries & Wages and Personnel Departments for additions to or deletions from the payroll.
- Regular reports to senior management and the Audit Committee from the Chief Internal Auditor

Altnagelvin Hospitals Health & Social Services Trust has an internal audit function which operates to defined standards and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis. In 2004-05 Internal Audit reviewed the following systems:

- Patients' Property;
- Staff Travel & Subsistence;
- Non-Pay Expenditure;
- Order & Receipt of Goods;
- Payroll;
- Trust Funds;
- Financial Management;
- Non-Contract Income

In his Annual Report, the Chief Internal Auditor reported that the Altnagelvin Hospitals Health & Social Services Trust system of internal control was adequate and effective. Minor enhancements to the system were recommended in Internal Audit Reports and these have been or are being implemented.

With regard to the wider control environment Altnagelvin Hospitals Health & Social Services Trust has in place a range of organisational controls, commensurate with the current assessment of risk, designed to ensure the efficient and effective discharge of its business in accordance with the law and departmental direction. Every effort is made to ensure that the objectives of Altnagelvin Hospitals Health & Social Services Trust are pursued in accordance with the recognised and accepted standards of public administration. These organisational controls are handled through a series of committees responsible for various areas of risk management, as illustrated in the attached Appendix 1.

The Trust has established a Patient Advocate Service directly responsible to the Chief Executive to receive and respond to patient related complaints. This function is seen as an important component of the Trust Risk Management Strategy.

Altnagelvin Hospitals Health & Social Services Trust's recruitment and selection policies are based on the principle of equality of opportunity and controls are in place to ensure that all such decisions are taken in accordance with the relevant legislation. The Trust's Equality Scheme was approved by the Equality Commission in 2001.

#### *Capacity to handle risk*

Detailed policies and procedures are in place, and notified to all relevant staff, in order to minimise the risks to the health and safety of staff, the public and the environment within the following key areas:

1. Health and Safety;
2. Fire Safety;
3. Food Hygiene;
4. Waste Management; and
5. Control of Infection.

A planned system of risk assessments is undertaken annually in all Directorates & reported to the Risk Management and Standards Committee.

*The risk and control framework*

In 2001/02 the Department accepted the internationally recognized risk management standard AS/NZS 4360:1999, and the Trust has been working throughout 2004/05 to ensure its application, throughout the Trust.

Altnagelvin Hospitals Health & Social Services Trust has developed a risk management strategy, which has identified the Trust's objectives and risks and sets out a control strategy for each of the significant risks. Procedures have been put in place for verifying that aspects of risk management and internal control are regularly reviewed and reported and that risk management has been incorporated fully into the corporate planning and decision making processes of the Trust.

In working towards this the Trust has put the following arrangements in place:

- A Clinical and Social Care Governance Committee comprising non-executive directors of the Trust has been established;
- A Risk Management and Standards Committee, which is a multi-professional officer-level group, has also been formed to support the Clinical and Social Care Governance Committee;
- Two Executive Directors of the Trust have been designated to take the lead in promoting the governance and risk management agenda;
- A Risk Management Director has been in place within the Trust since 1996;
- A baseline survey has been carried out within the Trust to inform the Clinical Governance Committee of the level of understanding within the organisation of the governance and risk management agenda;
- A Clinical Incident Reporting System was developed in February 2000. All incidents are investigated and reviewed to ensure that appropriate action is taken and lessons are learned & communicated;
- A computerised Risk Management System, incorporating complaints, accidents, incidents, claims and risk register modules enables us to identify risks and trends;
- An organisation-wide Risk Register has been developed, as a working document, to ensure that significant risks are recorded, actions identified and implementation tracked;
- An annual review of Health & Safety risk assessments, against appropriate regulations takes place;
- A 'Hospital Transfusion Team' has been formed. The chair of this team is on the Hospital Risks Management and Standards Committee.
- Audits, with resultant recommendations and action plans, have been made against the UK Controls Assurance Standards in Infection Control, Equipment Management and Risk Management.

Altnagelvin Hospitals Health & Social Services Trust has introduced fourteen Controls Assurance Standards, in 2003/2004 & 2004/2005 in accordance with departmental guidance.

The standards are as follows:

1. Buildings, Land, Plant and Non-Medical Equipment.
2. Decontamination of Medical Devices.
3. Environmental Management.
4. Financial Management. **(Core Standard)**
5. Fire safety.
6. Governance. **(Core Standard)**.
7. Health and Safety.
8. Human Resources.
9. Infection Control.
10. Information Communication Technology.
11. Medical Devices & Equipment Management.
12. Medicines Management.
13. Risk Management. **(Core Standard)**
14. Waste Management

The Department set compliance targets for 2004/2005. Substantive Compliance was required for all Core Standards and the following standards: Decontamination of Medical Devices, Fire safety and Infection Control. Moderate Compliance was required for all other standards. The Trust met the required level of compliance through a process of: evidenced self-assessment, controlled action plans, and independent review by Internal Audit of those standards requiring substantive compliance. (See Appendix 2 for details)

**In addition to the Decontamination controls assurance standard , the DHSSPS commissioned an independent review of endoscope decontamination in Northern Ireland, following the identification of problems in May 2004. Altnagelvin Hospitals Trust was audited as part of this process. The report of the review team has identified a number of recommendations that require to be implemented across Northern Ireland. The Trust has developed an action plan regarding these recommendations and will report progress and action these recommendations (as required), throughout 2005/2006, in consultation with the DHSSPS.**

The Department has issued new Controls Assurance Standards for 2005/2006 in the following areas: Emergency Planning; Management of Purchasing and Supply; Records Management; and Transport and Fleet Management. The Trust will develop controlled action plans in order to meet the required level of compliance as set by the DHSSPS.

#### *Review of Effectiveness*

As Accountable Officer, I have responsibility for the review of effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Altnagelvin Hospitals Health & Social Services Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and

Audit Committee and a plan to address weaknesses and ensure continuous improvement to the system is in place.

**Elaine Way**

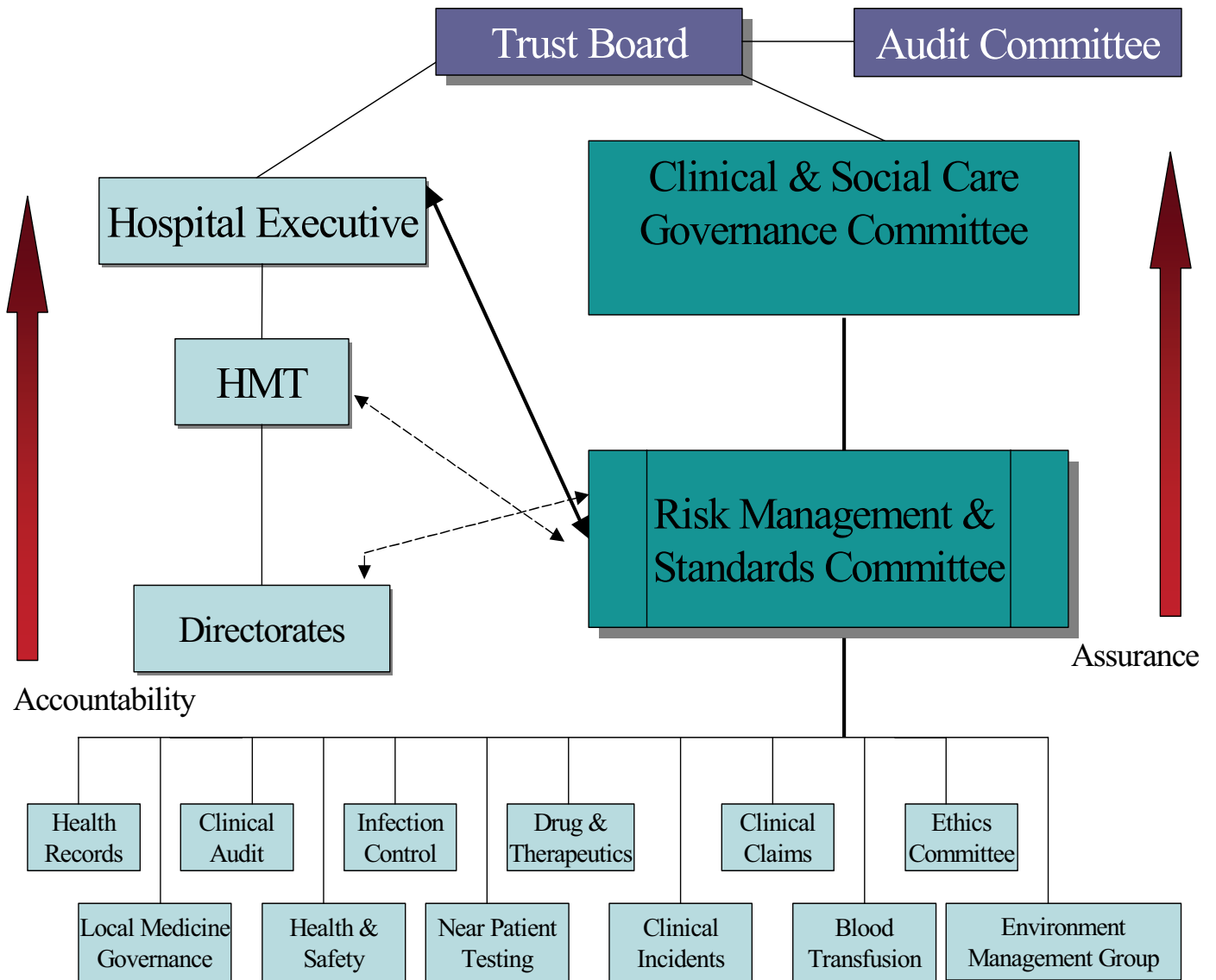
Mrs Elaine Way

Chief Executive

**17<sup>th</sup> August 2005**

# Appendix 1

## Altnagelvin Hospitals HSS Trust Risk Management Structure



## Appendix 2

### HPSS Controls Assurance Standards – Reference Table on Applicability and Expected Levels of Compliance

Level & Scoring	Negligible 0	Minimal 1-29	Moderate 30-69	Substantive 70-99	Full 100
Standard	Applicable to:	Altnagelvin Position	Progress expected in 2004/05		
1. Buildings, land, plant and non-medical equipment	All HPSS bodies	Substantive	Moderate		
2. Decontamination of medical devices	HSS Boards, HSS Trusts and NI Blood Transfusion Service Agency.	Substantive	Substantive		
3. Environmental Management	All HPSS bodies	Moderate	Moderate		
4. Financial Management (core standard)	All HPSS bodies	Substantive	Substantive		
5. Fire safety	All HPSS bodies	Substantive	Substantive		
6. Governance (core standard)	All HPSS bodies	Substantive	Substantive		
7. Health and Safety	All HPSS bodies	Substantive	Moderate		
8. Human Resources	All HPSS bodies	Substantive	Moderate		
9. Infection Control	HSS Trusts	Substantive	Substantive		
10. Information Communication Technology	All HPSS bodies	Moderate	Moderate		

<b>Standard</b>	<b>Applicable to:</b>	<b>Altnagelvin Position</b>	<b>Progress expected in 2004/05</b>
11. Medical Devices & Equipment Management	All HSS Trusts and NI Blood Transfusion Service Agency. Partially applicable to HSS Boards, Central Services Agency, NI Regional Medical Physics Agency and Health Promotion Agency	<b>Moderate</b>	<b>Moderate</b>
12. Medicines Management	All HPSS bodies, except the NI Guardian ad Litem Agency and the NI Medical and Dental Training Agency	<b>Moderate</b>	<b>Moderate</b>
13. Risk Management <b>(core standard)</b>	All HPSS bodies	<b>Substantive</b>	<b>Substantive</b>
14. Waste Management	All HPSS bodies	<b>Moderate</b>	<b>Moderate</b>



## **Altnagelvin Health and Social Services Trust**

### **The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly**

I certify that I have audited the financial statements on pages 15 to 59 under the Health and Personal Social Services (Northern Ireland) Order 1972 as amended. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 19 to 24.

#### **Respective responsibilities of the Board Members, Chief Executive and Auditor**

As described on page 3, the Board Members and Chief Executive are responsible for the preparation of the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and Department of Health, Social Services and Public Safety directions made thereunder and for ensuring the regularity of financial transactions. The Board Members and Chief Executive are also responsible for the preparation of the contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and Department of Health, Social Services and Public Safety directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Trust has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 5 to 9 reflects the Trust's compliance with the Department of Health, Social Services and Public Safety's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Health, Social Services and Public Safety, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Chief Executive's statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

#### **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board Members and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Altnagelvin Health and Social Services Trust at 31 March 2005 and of the surplus, total recognised gains and losses and cash flows for the year ended and have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and directions made thereunder by the Department of Health, Social Service and Public Safety; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Dowdall

**J M Dowdall CB  
Comptroller and Auditor General**

**Northern Ireland Audit Office  
106 University Street  
Belfast BT7 1EU**

**Date: 2<sup>nd</sup> September 2005**

**ALTNAGELVIN HOSPITALS HSS TRUST  
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED  
31 MARCH 2005**

	NOTE	2005 £000	2004 £000
Income from Activities	2	92,327	82,654
Other Operating Income	3	8,896	7,437
Operating Expenses	4,5	<u>(98,892)</u>	<u>(87,240)</u>
<b>OPERATING SURPLUS (DEFICIT)</b>		2,331	2,851
Profit/(loss) on disposal of Fixed Assets	7	<u>(2)</u>	<u>(36)</u>
<b>SURPLUS (DEFICIT) BEFORE INTEREST</b>		2,329	2,815
Interest Receivable		202	121
Interest Payable	8	<u>(1,110)</u>	<u>(1,178)</u>
<b>SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR</b>		1,421	1,758
Public Dividend Capital Dividends Payable	15	<u>(1,392)</u>	<u>(1,749)</u>
<b>OPERATIONAL SURPLUS (DEFICIT) BEFORE PROVISIONS</b>	21	29	9
Provisions for Future Obligations	9.1	<u>44</u>	<u>205</u>
<b>RETAINED SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR</b>		<u>73</u>	<u>214</u>
<b>BREAK EVEN POSITION</b>	21	<u>29</u>	<u>9</u>

The notes on pages 19 to 59 form part of these accounts  
All Income and Expenditure is derived from continuing activities.

## ALTNAGELVIN HOSPITALS HSS TRUST BALANCE SHEET AS AT 31 MARCH 2005

		2005		2004	
	NOTE	£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Intangible assets	10		87		0
Tangible assets	11		85,780		79,743
			85,867		79,743
<b>CURRENT ASSETS</b>					
Stocks and work in progress	12	1,699		1,720	
Debtors: Amounts falling due					
Within one year	13	5,680		4,328	
After one year	13	629		429	
Short term investments	14	1,176		199	
Cash at bank and in hand		26		76	
			9,210		6,752
CREDITORS: Amounts falling due					
within one year	15		(14,000)		(9,152)
<b>NET CURRENT ASSETS (LIABILITIES)</b>			<b>(4,790)</b>		<b>(2,400)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>81,077</b>		<b>77,343</b>
<b>Creditors:</b> Amounts falling due after more than					
one year	15		(12,122)		(12,905)
Provisions for Liabilities and Charges	17		(1,731)		(1,783)
<b>TOTAL ASSETS EMPLOYED</b>			<b>67,224</b>		<b>62,655</b>
<b>FINANCED BY:</b>					
<b>CAPITAL AND RESERVES</b>					
Public dividend capital	18		48,407		44,153
Revaluation reserve	19		17,774		17,767
Donation reserve	19		262		229
Realised donation reserve	19		0		0
Other reserves	19		0		0
Income and expenditure reserve	19		781		506
			<b>67,224</b>		<b>62,655</b>

The notes on pages 19 to 59 form part of these accounts

Signed: Elaine Way (Chief Executive)

Date: 17<sup>th</sup> August 2005

**ALTNAGELVIN HOSPITALS HSS TRUST**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005**

	2005		2004	
	£000	£000	£000	£000
<b>Net Cash Inflow from Operating Activities (Note 29.1)</b>		9,800		5,458
<b>Returns on Investments and Servicing of Finance</b>				
Interest received	202		121	
Interest paid	(1,113)		(1,181)	
Interest element of finance lease rental payments	<u>0</u>		<u>0</u>	
<b>Net Cash (Outflow) Inflow from returns on Investments and Servicing of Finance</b>		(911)		(1,060)
<b>Capital Expenditure</b>				
Payments to acquire intangible fixed assets	(27)		0	
Receipts from sales of intangible fixed assets	0		0	
Payments to acquire tangible fixed assets	(9,658)		(9,128)	
Receipts from sale of tangible fixed assets	<u>0</u>		<u>0</u>	
<b>Net Cash Inflow (Outflow) from Capital Expenditure</b>		(9,685)		(9,128)
<b>Dividends Paid</b>		(1,749)		(2,515)
<b>Management of Liquid Resources</b>				
Purchase of current asset investments	0		0	
Sale of current asset investments	<u>0</u>		<u>0</u>	
<b>Net Cash Inflow (Outflow) from Management of Liquid Resources</b>		<u>0</u>		<u>0</u>
<b>Net Cash Inflow (Outflow) before Financing</b>		(2,545)		(7,245)
<b>Financing</b>				
New money capital reserve	0		0	
New public dividend capital	4,273		8,100	
New long-term loans - Government	0		0	
New long-term loans - Others	0		0	
New short-term loans - Government	0		0	
New short-term loans - Others	0		0	
Repayment of loans - Government	(782)		(782)	
Repayment of Public Dividend Capital	(19)		0	
Capital element of finance lease rental payments	<u>0</u>		<u>0</u>	
<b>Net Cash Inflow (Outflow) from Financing</b>		<u>3,472</u>		<u>7,318</u>
<b>Increase (Decrease) in Cash (Notes 29.2 and 3)</b>		<u><u>927</u></u>		<u><u>73</u></u>

The notes on page 57 and 58 form part of this statement

**ALTNAGELVIN HOSPITALS HSS TRUST**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE**  
**YEAR ENDED 31 MARCH 2005**

	2005		2004	
	£000	£000	£000	£000
Surplus (Deficit) for the financial year		1,421		1,758
Provisions for future obligations		<u>44</u>		<u>205</u>
Fixed asset impairment losses		1,465 0		1,963 (1,155)
<b>Non donated Fixed Assets</b>				
Indexation of fixed assets	5,271		5,893	
Unrealised Surplus (deficit) on revaluation of fixed assets	<u>(5,062)</u>		<u>5</u>	
		209		5,898
<b>Donated Assets</b>				
Additions to donated assets	62		4	
Changes to donation reserve (except transfers to realised donation reserve)	<u>(29)</u>	<u>33</u>	<u>(30)</u>	<u>(26)</u>
<b>Total recognised gains and losses relating to the year</b>		1,707		6,680
Additions to Capital Assets Reserve		<u>0</u>		<u>0</u>
<b>TOTAL GAINS/(LOSSES) RECOGNISED IN THE FINANCIAL YEAR</b>		<u><u>1,707</u></u>		<u><u>6,680</u></u>

# **ALTNAGELVIN HOSPITALS HSS TRUST ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

## **NOTES TO THE ACCOUNTS**

### **1. STATEMENT OF ACCOUNTING POLICIES**

#### **1.1 Authority**

These accounts have been prepared in a form determined by the Department of Health, Social Services and Public Safety in accordance with the requirements of Article 90(2)(a) of the Health and Personal Social Services (Northern Ireland) Order 1972 No 1265 (NI 14) as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003.

#### **1.2 Accounting Convention**

These accounts have been prepared under the historical cost convention as modified by the indexation and revaluation of tangible fixed assets.

#### **1.3 Basis of Preparation of Accounts**

The accounts have been prepared in accordance with the 2004/05 HPSS Trust Manual of Accounts issued by the Department of Health, Social Services and Public Safety.

The accounting policies contained in that Manual follow UK generally accepted accounting practice (UK GAAP) to the extent that it is meaningful and appropriate to HPSS Trusts. The accounting policies are selected in accordance with the principles set out in FRS 18 "Accounting Policies" as the most appropriate for giving a true and fair view. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The principal variations between UK GAAP and the accounting policies directed by the Department of Health, Social Services and Public Safety are:

Paragraph 20 of Financial Reporting Standard 3 "Reporting Financial Performance" requires certain items of expenditure to be separately disclosed in the income and expenditure account after operating surplus/(deficit). These expenditure items do not include the costs associated with provision for liabilities and charges which are normally included within the calculation of the operating surplus/(deficit). However, as the Department measures the operating performance of Trusts by reference to the operating surplus/(deficit) excluding the impact of certain provisions, the income and expenditure account is presented to disclose the operating surplus/(deficit) before provisions for future obligations.

Financial Reporting Standard 15 "Tangible Fixed Assets" requires impairment losses on revalued fixed assets to be recognised in the statement of total recognised gains and losses until the carrying value of the asset falls below depreciated historic cost, at which stage any further impairments are recognised in the income and expenditure account.

However, where an impairment arises due to consumption of economic benefits FRS 15 requires the loss to be recognised in the income and expenditure account in its entirety.

In the context of their capital accounting HSS Trusts take those impairment losses resulting from short term changes in price that are considered to be recoverable, in full to the revaluation reserve. These include impairments resulting from the revaluation of fixed assets from their cost to their

value in existing use when they become operational. This may lead to a negative revaluation reserve in certain instances.

#### **1.4 Intangible fixed assets**

Intangible fixed assets are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000 (either individually or as a grouped asset).

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred (either individually or as a grouped asset). They are amortised over the shorter of the term of the licence and their useful economic lives.

#### **1.5 Tangible Fixed Assets**

##### **Capitalisation**

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- individually have a cost of at least £5,000; OR
- they satisfy the criteria of a grouped assets i.e. collectively have a cost of at least £5,000, are functionally interdependent, broadly simultaneous purchase dates, and anticipated to have simultaneous disposal dates, under single managerial control and have an individual cost of £1,000 ; OR
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

##### **Valuation**

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

All land and buildings are restated to current value using professional valuations in accordance with FRS 15 every five years and in the intervening years by the use of indices. The buildings index is based on the All in Tender Price Index published by the Building Cost Information Service (BCIS). The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office.

Professional valuations are carried out by the District Valuers of the Valuations and Land Agency. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health, Social Services and Public Safety. In accordance with the



requirements of the Department, asset valuations were undertaken in 2004/05 as at the valuation date of 31 March 2005.

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

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

All adjustments arising from indexation and five-yearly revaluations are taken to the Revaluation Reserve. All impairments resulting from price changes are charged to the Statement of Total Recognised Gains and Losses. Falls in value when newly constructed assets are brought into use are also charged there. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

Assets in the course of construction are valued at current cost using the indexes as for land and buildings, as above. These assets include any existing land or buildings under the control of a contractor.

Residual interests in off-balance sheet Private Finance Initiative properties are included in tangible fixed assets as 'assets under construction and payments on account' where the PFI contract specifies the amount, or a nil value, at which the assets will be transferred to the Trust at the end of the contract. The residual interest is built up, on an actuarial basis, during the life of the contract by capitalising part of the unitary charge so that at the end of the contract the balance sheet value of the residual value plus the specified amount equal the expected fair value of the residual asset at the end of the contract. The estimated fair value of the asset on reversion is determined by the District Valuer based on Department of Health guidance. The District Valuer should provide an estimate of the anticipated fair value of the assets on the same basis as the District Valuer values the NHS Trusts estate.

Operational equipment other than IT equipment, which is considered to have nil inflation, is valued at net current replacement cost through annual uplift by the change in the value of the GDP deflator. Equipment surplus to requirements is valued at net recoverable amount.

### **Depreciation, amortisation and impairments**

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

Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

Impairment losses resulting from short-term changes in price that are considered to be recoverable in the longer term are taken in full to the revaluation reserve. These include impairments resulting from the revaluation of fixed assets from their cost to their value in existing use when they become operational. This may lead to a negative revaluation reserve in certain instances.

## **1.6 Donated Fixed Assets**

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the Donated Asset Reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are also taken to the Donated Asset Reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Income and Expenditure account. Similarly, any impairment on donated assets charged to the Income and Expenditure Account is matched by a transfer from the Donated Asset Reserve. On sale of donated assets, the value of the sale proceeds is transferred from the Donated Asset Reserve to the Income and Expenditure Reserve.

## **1.7 Research and development**

Research and development expenditure is charged against income in the year in which it is incurred, except in so far as development expenditure relates to a clearly defined project and the benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project.

## **1.8 Private Finance Initiative (PFI) transactions**

The HPSS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides definitive guidance for the application of the FRS 5 Amendment.

PFI schemes are schemes under which the PFI operator receives an annual payment from the Trust for the services provided by the PFI operator.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI obligations are recorded as an operating expense. Where the Trust has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Income and Expenditure Account. Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.

Where the balance of risks and rewards of ownership of the PFI property are borne by the Trust, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

## **1.9 Stocks and work-in-progress**

Stocks and work-in-progress are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

### **1.10 Provisions**

The Trust 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 risk-adjusted cash flows are adjusted using the Treasury's discount rate of 3.5% in real terms.

Provisions for clinical negligence are recognised only where it is more probable than not that a settlement will be required.

### **1.11 Clinical negligence central fund**

A Clinical Negligence Central Fund was established in 1998 to manage the payment of clinical negligence settlements. HSS Trusts are reimbursed by the Central Fund for payments made. Reimbursements are accounted for as income.

The reimbursements from the Central Fund in respect of clinical negligence liabilities and provisions are included within debtors.

### **1.12 Pensions**

The Trust participates in the HPSS Superannuation Scheme. Under this multi-employer defined benefit scheme both the Trust and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DHSSPS. The Trust is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis. Further information regarding the HPSS Superannuation Scheme can be found in the HPSS Superannuation Scheme Statement in the Departmental Resource Account for the Department of Health, Social Services and Public Safety.

The costs of early retirements are met by the Trust and charged to the Income and Expenditure Account at the time the Trust commits itself to the retirement.

### **1.13 Third Party Assets**

Assets belonging to third parties (such as money held on behalf of Patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in note 31 to the accounts.

### **1.14 Leases**

Assets held under finance leases are capitalised at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is subject to indexation and revaluation and is depreciated on its current fair value over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of interest on the outstanding balance. Rentals under operating leases are charged to the Income and Expenditure Account in the year in which they arise.

### **1.15 Losses**

This note (Note 27) is a memorandum statement unlike most notes to the accounts which provide further detail of figures in the primary accounting statements. Most of the contents will be included in operating expenses.

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**2. Income from Activities**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
NI Health and Social Services Boards	90,769	81,253
GB/Republic of Ireland Health Authorities	244	180
HSS Trusts	0	0
Non-HPSS:		
- private patients	394	349
- other	920	872
Clients contributions	0	0
<b>Total</b>	<b>92,327</b>	<b>82,654</b>

**3. Other Operating Income**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Patient transport services		
Other income from non-patient services	3,068	2,775
NICPMDE	2,340	1,707
SUMDE	1,105	759
Charitable and other contributions to expenditure	9	0
- Transfers from the donation reserve in respect of depreciation on donated assets	43	42
Income in respect of fixed asset impairments	327	0
Clinical Negligence Central Fund	640	507
Reversal of fixed asset impairments (specify)	0	0
Other income (specify where material)	0	525
Distiction Awards	524	360
Other Training	840	762
<b>Total</b>	<b>8,896</b>	<b>7,437</b>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**4. Operating Expenses**

**4.1 Operating Expenses are as follows:-**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Salaries and wages (excluding board members' remuneration)	65,912	56,081
Executive Board members remuneration	371	334
Non-executive Board members remuneration	51	0
Supplies and services – clinical	12,768	10,966
Supplies and services – general	2,189	2,114
Establishment	1,761	1,713
Transport	29	32
Premises	5,182	6,506
Bad debts	0	30
Depreciation and amortisation	4,330	3,938
Fixed asset impairments	327	19
Purchase of care from non-HPSS bodies and grants to voluntary organisations	0	0
Personal social services	0	0
Recharges from other HPSS organisations	4,024	3,854
Clinical Negligence Payments:		
- Provisions Utilised	0	0
- Other	0	0
Audit fees	24	27
Other auditors remuneration	0	0
Miscellaneous	1,924	1,626
<b>Total</b>	<b><u>98,892</u></b>	<b><u>87,240</u></b>

**4.2 Operating Leases**

Operating expenses include the following amounts in respect of hire and operating lease rentals:

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Hire of plant and machinery	0	0
Other operating leases	319	350
	<b><u>319</u></b>	<b><u>350</u></b>

Commitments under non-cancellable operating leases are:

	<b>Land and buildings</b>		<b>Other leases</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operating leases which expire:				
Within 1 year	0	0	77	8
Between 1 and 5 years	0	0	472	821
After 5 years	0	0	0	0
	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>549</u></b>	<b><u>829</u></b>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**NOTE 5.1**

**5.1 Staff Costs**

	<b>Directly employed £000</b>	<b>Other £000</b>	<b>2005 £000</b>	<b>2004 £000</b>
Salaries and Wages	58,368	360	58,728	49,335
Social security costs	4,231	0	4,231	3,801
Pension Costs for early retirement reflecting the single lump sum to buy over the full liability	0	0	0	0
Other pension costs	2,949	0	2,949	2,660
Early departure costs	4	0	4	0
Agency staff				289
Less recovered costs				(224)
<b>Total</b>	<b>65,552</b>	<b>360</b>	<b>65,912</b>	<b>55,861</b>

*Of the total, £0 has been charged to capital*

**5.2 Average Number of Employees**

	<b>Directly employed No.</b>	<b>Other No.</b>	<b>2005 No.</b>	<b>2004 No.</b>
Medical and dental	226	6	232	213
Nursing and Midwifery	1,008	0	1,008	938
Professions Allied to medicine	111	0	111	108
Ancillaries	96	0	96	94
Administrative and clerical	416	0	416	371
Ambulance staff	0	0	0	0
Works	27	1	28	26
Other Professional and technical	152	0	152	142
Social Services	1	0	1	1
Other	45	40	85	40
	<b>2,082</b>	<b>47</b>	<b>2,129</b>	<b>1,933</b>

Figures refer to wholetime equivalents (WTEs) rather than individuals

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**NOTE 5 (COND)**

**5.3 Senior Employees' Remuneration**

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Trust were as follows:

Name	Salary, including Performance Pay £000	Benefits in Kind (rounded to nearest £100)	Real increase in pension and lump sum at age 60 £000	Total accrued pension at age 60 and related lump sum £000	CETV at 31/03/04 £000	CETV at 31/03/05 £000	Real increase in CETV £000
<b>Non-Executive Members</b>							
Guckian G	15-20	0	0	0	0	0	0
Desmond D	0-5	0	0	0	0	0	0
Birthistle NP	0-5	0	0	0	0	0	0
Casey J	5-10	0	0	0	0	0	0
Henry C	5-10	0	0	0	0	0	0
Jefferson M	5-10	0	0	0	0	0	0
Orr TN	5-10	0	0	0	0	0	0
<b>Executive Members</b>							
Way E	10-15	0	6	127	N/A	470	1
Burnside S	65-70	0	11	157	627	N/A	17
Nesbitt G	140-145	200	*	*	*	*	*
McCartney R	60-65	0	12	81	277	333	39
Smyth N	55-60	300	5	67	263	292	14
Duddy I	50-55	200	*	*	*	*	*
Doherty M	45-50	800	5	70	258	287	12
Moore A	45-50	800	3	58	199	219	6
Melaugh T	45-50	300	*	*	*	*	*
Hill D	*	*	*	*	*	*	*

\* Consent to disclosure withheld

Note:

Mrs S Burnside terminated the post of CEO on 30th November 2004

Mrs E Way entered the post of CEO on 1st February 2005

Mr R McCartney acted-up to the post of CEO for December 2004 and January 2005

Mr D Hill acted-up to the Director of Business Service's post for December 2004 and January 2005.

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.



A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the HPSS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (Including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**NOTE 5 (CONTD)**

<b>5.4 Staff Benefits</b>	<b>2005 £000</b>	<b>2004 £000</b>
None	0	0
	0	0
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

**5.5 Trust Management Costs**

	<b>2005 £000</b>	<b>2004 £000</b>
Trust Management Costs	3,696	3,442
Total Income	101,223	90,091
% of total income	<u>3.7%</u>	<u>3.8%</u>

The above information is based on the Audit Commission's definition "M2" Trust management costs, as detailed in HSS (THR) 2/99.

**5.6 Retirements due to ill-health**

During 2004/05 there were 14 early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £54,033.

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**6.1 Public Sector Payment Policy - Measure of Compliance**

The Department requires that Trusts pay their non HPSS trade creditors in accordance with the CBI Prompt Payment Code and Government Accounting Rules. The Trust's payment policy is consistent with the CBI prompt payment codes and Government Accounting rules and its measure of compliance is:

	<b>2005</b>		<b>2004</b>
	<b>Number</b>	<b>£000</b>	<b>Number</b>
			<b>£000</b>
Total bills paid	34,734	35,019	34,445
Total bills paid within 30 day target	32,329	33,116	31,522
% of bills paid within 30 day target	<b>93.1%</b>	<b>94.6%</b>	<b>91.5%</b>
	<b>92.8%</b>		<b>92.8%</b>

**6.2 The Late Payment of Commercial Debts Regulations 2002**

The amount included within Interest Payable (Note 8) arising from claims made by small businesses under this legislation are as follows :

	<b>£000</b>
<b>Total</b>	<u>0</u>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**7. Profit (Loss) on Disposal of Fixed Assets**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Profit on disposal of intangible assets	0	0
Loss on disposal of intangible assets	0	0
Profit on disposal of land and buildings	0	0
Loss on disposal of land and buildings	0	(36)
Profit on disposal of plant and equipment	0	0
Loss on disposal of plant and equipment	(2)	0
	<hr/>	<hr/>
<b>Total</b>	<b>(2)</b>	<b>(36)</b>
	<hr/> <hr/>	<hr/> <hr/>

**8. Interest Payable**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Originating interest bearing debt	1,110	1,178
Further borrowing (government)	0	0
Further borrowing (other)	0	0
Finance leases	0	0
Other interest (Specify)	0	0
	<hr/>	<hr/>
<b>Total</b>	<b>1,110</b>	<b>1,178</b>
	<hr/> <hr/>	<hr/> <hr/>

An amount of £61,571 is included within Note 9.3 for the unwinding of discount on provisions.

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**9.1 Provisions for Future Obligations**

	<b>2005 £000</b>	<b>2004 £000</b>
Provisions in year:		
Clinical Negligence	295	(162)
Pensions	0	0
Employers liability	(20)	(52)
Public (Occupiers) liability	7	11
Injury benefit	2	0
Accrued leave	0	1
Restructuring	0	0
Industrial Relations Cases	0	0
Other	0	0
	<hr/>	<hr/>
<b>Arising during the year (net) (9.2)</b>	284	(202)
Unwinding of Discount on Provisions (9.3)	62	132
Utilised in year (9.4)	(398)	(401)
Other (Specify)	0	0
	<hr/>	<hr/>
<b>Movement in Year (subtotal) (note 17)</b>	<b>(52)</b>	<b>(471)</b>
Reimbursements receivable (note 9.5)	8	266
	<hr/>	<hr/>
<b>Total Increase/decrease (to Income and Expenditure Account)</b>	<b>(44)</b>	<b>(205)</b>

**9.2 Arising During the Year**

	<b>2005 £000</b>	<b>2004 £000</b>
Provided in year (note 17)	664	487
Provisions not required (reversed /unused)	(380)	(689)
	<hr/>	<hr/>
<b>Total Provided in year (9.1)</b>	<b>284</b>	<b>(202)</b>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**Note 9 Continued**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
<b>9.3 Unwinding of Discount on Provisions</b>		
Unwinding of discount on Provisions is analysed as follows:		
Clinical Negligence	55	110
Other	7	22
	<hr/>	<hr/>
<b>Total Unwinding of Discounts on Provisions (Note 9.1)</b>	<b><u>62</u></b>	<b><u>132</u></b>
	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
<b>9.4 Utilised in year</b>		
Clinical Negligence (Note 17)	(358)	(214)
Pensions relating to other staff (note 17)	(1)	(1)
Restructuring (note 17)	0	0
Other (note 17)	(39)	(186)
	<hr/>	<hr/>
<b>Total Utilised (Note 9.1)</b>	<b><u>(398)</u></b>	<b><u>(401)</u></b>
	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
<b>9.5 Reimbursements Receivable</b>		
Clinical Negligence Central Fund	8	266
Other (Specify)	0	0
	<hr/>	<hr/>
<b>Total Reimbursements Receivable</b>	<b><u>8</u></b>	<b><u>266</u></b>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**10 Intangible Fixed Assets**

<b>Cost or Valuation</b>	<b>Software licences £000</b>	<b>Other licences and trademarks £000</b>	<b>Patents £000</b>	<b>Development Expenditure £000</b>	<b>Total £000</b>
At 1 April 2004	0	0	0	0	0
Indexation	0	0	0	0	0
Additions - purchased	27	0	0	0	27
Additions - donated	0	0	0	0	0
Reclassifications	84	0	0	0	84
Other Revaluation					
Impairments	0	0	0	0	0
Disposals	0	0	0	0	0
<b>At 31 March 2005</b>	<b>111</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>111</b>
<b>Amortisation</b>					
At 1 April 2004	0	0	0	0	0
Indexation	0	0	0	0	0
Transfers	5	0	0	0	5
Revaluation	0	0	0	0	0
Impairments	0	0	0	0	0
Disposals	0	0	0	0	0
Reversal of impairments	0	0	0	0	0
Provided during the year	19	0	0	0	19
<b>At 31 March 2005</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>
<b>Net Book Value</b>					
At 31 March 2005					
- Purchased	87	0	0	0	87
- Donated					
<b>Total at 31 March 2005</b>	<b>87</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>87</b>
At 31 March 2004					
- Purchased	0	0	0	0	0
- Donated	0	0	0	0	0
<b>Total at 31 March 2004</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**11. Tangible Fixed Assets**

11.1 Tangible fixed assets comprise the following elements:

**Purchased Assets**

<b>Cost or Valuation</b>	<b>Land £000</b>	<b>Buildings Installations and fittings £000</b>	<b>Computer Equipment £000</b>	<b>Other Equipment £000</b>	<b>Assets under Construction £000</b>	<b>Total £000</b>
At 1 April 2004	7,093	69,969	2,995	14,783	6,240	101,080
Indexation	368	5,542	0	319	0	6,229
Additions	0	1,573	48	1,015	7,833	10,469
Reclassifications	0	0	0	0	0	0
Transfers	0	13,100	(83)	0	(12,912)	105
Revaluation	0	0	0	0	0	0
Impairments	0	(432)	0	0	0	(432)
Disposals	0	0	(225)	(852)	0	(1,077)
National Revaluation Exercise	3,351	(21,184)	0	0	0	(17,833)

At 31 March 2005	<b>10,812</b>	<b>68,568</b>	<b>2,735</b>	<b>15,265</b>	<b>1,161</b>	<b>98,541</b>
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**Depreciation**

At 1 April 2004	0	9,242	1,849	10,475	0	21,566
Indexation	0	732	0	226	0	958
Transfers	0	188	(5)	0	0	183
Revaluation	0	0	0	0	0	0
Impairments	0	(105)	0	0	0	(105)
Disposals	0	0	(224)	(852)	0	(1,076)
Reversal of impairments	0	0	0	0	0	0
Provided during the year	0	2,714	331	1,223	0	4,268
National Revaluation Exercise	0	(12,771)	0	0	0	(12,771)

At 31 March 2005	<b>0</b>	<b>0</b>	<b>1,951</b>	<b>11,072</b>	<b>0</b>	<b>13,023</b>
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**Net Book Value**

At 31 March 2005	<b>10,812</b>	<b>68,568</b>	<b>784</b>	<b>4,193</b>	<b>1,161</b>	<b>85,518</b>
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At 31 March 2004	<b>7,093</b>	<b>60,727</b>	<b>1,146</b>	<b>4,308</b>	<b>6,240</b>	<b>79,514</b>
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Of the total net book value at 31 March 2005, £105,000 related to buildings, installations and fittings valued at open market value for alternative use.



**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**Note 11.1 (Contd)**

**Donated Assets**

	<b>Land £000</b>	<b>Buildings Installations and fittings £000</b>	<b>Computer Equipment £000</b>	<b>Other Equipment £000</b>	<b>Assets under Construction £000</b>	<b>Total £000</b>
<b>Cost or Valuation</b>						
At 1 April 2004	0	105	10	431	0	546
Indexation	0	8	0	9	0	17
Additions	0	0	1	61	0	62
Transfers	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Disposals	0	0	0	(26)	0	(26)
National Revaluation Exercise	0	(14)	0	0	0	(14)
At 31 March 2005	<b>0</b>	<b>99</b>	<b>11</b>	<b>475</b>	<b>0</b>	<b>585</b>
<b>Depreciation</b>						
At 1 April 2004	0	14	3	300	0	317
Indexation	0	1	0	7	0	8
Transfers	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Disposals	0	0	0	(26)	0	(26)
Provided during the year	0	4	2	37	0	43
National Revaluation Exercise	0	(19)	0	0	0	(19)
At 31 March 2005	<b>0</b>	<b>0</b>	<b>5</b>	<b>318</b>	<b>0</b>	<b>323</b>
<b>Net Book Value</b>						
At 31 March 2005	<b>0</b>	<b>99</b>	<b>6</b>	<b>157</b>	<b>0</b>	<b>262</b>
At 31 March 2004	<b>0</b>	<b>91</b>	<b>7</b>	<b>131</b>	<b>0</b>	<b>229</b>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**11.2 Total Tangible Fixed Assets:**

	<b>Purchased £000</b>	<b>Donated £000</b>	<b>2005 Total £000</b>	<b>2004 £000</b>
Net book value:				
Land	10,812	0	10,812	7,093
Buildings installations and fittings	68,568	99	68,667	60,818
Computer Equipment	784	6	790	1,153
Other Equipment	4,193	157	4,350	4,439
Assets under construction	<u>1,161</u>	<u>0</u>	<u>1,161</u>	<u>6,240</u>
<b>Total</b>	<b><u>85,518</u></b>	<b><u>262</u></b>	<b><u>85,780</u></b>	<b><u>79,743</u></b>

**11.3 The net book value of land and buildings comprises:**

	<b>2005 £000</b>	<b>2004 £000</b>
Freehold	79,109	67,643
Long leasehold	270	177
Short leasehold	0	0
	<u>79,379</u>	<u>67,820</u>

**11.4**

**The net book value of assets held under finance leases and hire purchase contracts are as follows:**

	<b>2005 £000</b>	<b>2004 £000</b>
Land	0	0
Buildings, Installations and fittings	0	0
Equipment	0	0
Assets under construction	<u>0</u>	<u>0</u>
	<b><u>0</u></b>	<b><u>0</u></b>

The total amount of depreciation charged in the Income and Expenditure Account in respect of assets held under finance leases and hire purchase contracts is £0 (2004 £0)

**ALTNAGELVIN HOSPITALS HSS TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

<b>12.</b>	<b>Stocks and Work in Progress</b>	<b>2005</b>	<b>2004</b>
		<b>£000</b>	<b>£000</b>
	Raw Materials and consumables	1,699	1,720
	Work in progress	0	0
	Finished goods	0	0
	<b>Total</b>	<b>1,699</b>	<b>1,720</b>
<b>13.</b>	<b>Debtors</b>	<b>2005</b>	<b>2004</b>
		<b>£000</b>	<b>£000</b>
	Amounts falling due within one year:		
	HSS or NHS debtors	289	774
	Clinical Negligence - Central Fund	961	1,175
	Other debtors	4,080	2,001
	Pension Prepayments		
	in respect of former directors	0	0
	in respect of other staff	0	0
	Other prepayments and accrued income	350	378
	<b>Sub Total</b>	<b>5,680</b>	<b>4,328</b>
	The balances are net of a provision for bad debts of £173,922 (2004 £91,888)		
	Amounts falling due after more than one year:		
	HSS or NHS debtors	0	0
	Clinical Negligence - Central Fund	593	387
	Other debtors	36	42
	Pension Prepayments		
	in respect of former directors	0	0
	in respect of other staff	0	0
	Other prepayments and accrued income	0	0
	<b>Sub Total</b>	<b>629</b>	<b>429</b>
	<b>Total</b>	<b>6,309</b>	<b>4,757</b>
<b>14.</b>	<b>Short-term Investments</b>	<b>2005</b>	<b>2004</b>
		<b>£000</b>	<b>£000</b>
	Government Securities	0	0
	Other Approved Public Sector Organisations	0	0
	Banking Deposits	1,176	199
	Others (specify if in excess of £50,000)	0	0
	<b>Total</b>	<b>1,176</b>	<b>199</b>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**15. Creditors**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
<b>15.1 Creditors: Amounts falling due within one year:</b>		
Bank overdrafts	0	0
Current instalments due on loans	782	782
Interest payable	50	53
Public dividend capital dividend payable	1,392	1,749
PDC payable in respect of impairments	327	0
Payments received on account	0	0
HPSS or NHS creditors and accruals	262	346
Non HPSS or NHS trade revenue creditors	2,878	2,498
Non HPSS or NHS trade capital creditors	1,574	763
Payroll creditors including taxation and social security	6,575	2,576
Net obligations under finance leases	0	0
Clinical Negligence	0	0
Pensions		
- relating to former directors	0	0
- relating to other staff	0	0
Other accruals	160	285
Other creditors	0	100
	<u>14,000</u>	<u>9,152</u>
<b>Sub Total</b>	<b>14,000</b>	<b>9,152</b>
<b>15.2 Creditors: Amounts falling due after more than one year:</b>		
Long Term Loans	12,122	12,905
Obligations under finance leases and hire purchase contracts	0	0
HPSS or NHS Creditors	0	0
Clinical Negligence	0	0
Pensions		
- relating to former directors	0	0
- relating to other staff	0	0
Other	0	0
	<u>12,122</u>	<u>12,905</u>
<b>Sub Total</b>	<b>12,122</b>	<b>12,905</b>
<b>Total Creditors</b>	<b><u>26,122</u></b>	<b><u>22,057</u></b>

Pension creditors include £0 relating to payments due in future years under arrangements to buy out the liability for no early retirements over 5 years.

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**NOTE 15 (Contd)**

**15.3 Finance lease obligations**

The future minimum lease payments under finance leases to which the Trust was committed at the balance sheet date were as follows:

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Within one year	0	0
Between one and five years	0	0
After five years	<u>0</u>	<u>0</u>
Less finance charges allocated to future periods	<u>0</u>	<u>0</u>
	<b><u>0</u></b>	<b><u>0</u></b>

This total net obligation under finance leases can be analysed as follows:

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Creditors: amounts due within one year	0	0
Creditors: amounts due after more than one year	<u>0</u>	<u>0</u>
	<b><u>0</u></b>	<b><u>0</u></b>

**15.4 Public Dividend Capital Dividends**

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
The dividend is in respect of Public Dividend Capital	1,392	1,749
	<u>1,392</u>	<u>1,749</u>
	<b><u>1,392</u></b>	<b><u>1,749</u></b>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**16. Loans**

	<b>Government Loans £000</b>	<b>Other Loans £000</b>	<b>2005 £000</b>	<b>2004 £000</b>
Amounts falling due:				
In one year or less	782	0	782	782
Between one and two years	782	0	782	782
Between two and five years	2,346	0	2,346	2,346
In five years or more	8,994	0	8,994	9,776
<b>Total</b>	<b>12,904</b>	<b>0</b>	<b>12,904</b>	<b>13,686</b>

	<b>Government Loans £000</b>	<b>Other Loans £000</b>	<b>2005 £000</b>	<b>2004 £000</b>
Wholly repayable within five years	0	0	0	0
Wholly repayable after five years, not by instalments	0	0	0	0
Wholly or partially repayable after five years by instalments	12,904	0	12,904	13,687
<b>Total</b>	<b>12,904</b>	<b>0</b>	<b>12,904</b>	<b>13,687</b>

Total Repayable after five years by instalments	<b>8,994</b>	<b>0</b>	<b>8,994</b>	<b>9,776</b>
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Loans wholly or partially repayable after five years:

Terms of payment	<b>Interest Rate %</b>	<b>2005 £000</b>	<b>2004 £000</b>
Originating Capital Debt	8.250	12,904	13,687

**ALTNAGELVIN HOSPITALS HSS TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**17. Provisions for liabilities and charges**

	<b>Pensions relating to former directors £000</b>	<b>Pensions relating to other staff £000</b>	<b>Clinical negligence £000</b>	<b>Restructuring £000</b>	<b>Other £000</b>	<b>2005 £000</b>	<b>2004 £000</b>
Balance at 31 March 2004	0	15	1,562	0	206	1,783	2,254
Arising during the year	0	0	602	0	62	664	487
Utilised during the year	0	(1)	(358)	0	(39)	(398)	(401)
Reverse unused	0	0	(307)	0	(73)	(380)	(689)
Unwinding of discount	0	0	55	0	7	62	132
At 31 March 2005	<b>0</b>	<b>14</b>	<b>1,554</b>	<b>0</b>	<b>163</b>	<b>1,731</b>	<b>1,783</b>

**Income and Expenditure Account Charges**

	<b>£000</b>
Arising during the year	664
Utilised during the year	(398)
Reversed unused	(380)
Unwinding of discounts	62
<b>Total</b>	<b>(52)</b>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

Note 17 (Contd)

**Expected Timing of Cash Flow**

	<b>Pensions relating to former directors £000</b>	<b>Pensions relating to other staff £000</b>	<b>Clinical Negligence £000</b>	<b>Restructuring £000</b>	<b>Other £000</b>	<b>2005 £000</b>	<b>2004 £000</b>
Within 1 year	0	1	961	0	123	1,085	1,360
1 - 5 years	0	4	593	0	40	637	392
Over 5 years	0	9	0	0	0	9	32

The Clinical Negligence, Employers and Public Liabilities in the provisions have been calculated on an estimated value approach, based on the estimates of settlement values and timings as assessed by the Trust Legal Advisors. The "other" provisions relate to Public Liabilities.

Expected reimbursements from the Clinical Negligence Central Fund included in debtors are :-

Clinical Negligence Central Fund	<b>£000</b> 1,554
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The clinical negligence provision includes £0 for incidents against which claims have not, as yet been received. The related reimbursements, included in debtors, amount to £0.

In addition to the clinical negligence provision, contingent liabilities for clinical negligence are given in Note 25.



**ALTNAGELVIN HOSPITALS HSS TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**18. Public Dividend Capital**

	<b>2005</b>	<b>2004</b>
Public dividend capital was issued as follows:	<b>£000</b>	<b>£000</b>
During the reporting year	4,254	8,100
In prior years	44,153	36,053
<b>Total</b>	<b><u>48,407</u></b>	<b><u>44,153</u></b>

**19. Movements on Reserves**

	<b>Revaluation Reserve £000</b>	<b>Donation Reserve £000</b>	<b>Realised Donation Reserve £000</b>	<b>Other Reserves £000</b>	<b>Income and Expenditure Reserve £000</b>	<b>Total £000</b>
At 1 April 2004	17,767	229	0	0	506	18,502
Retained surplus (deficit) for year	0	0	0	0	73	73
Revaluation and indexation of fixed assets	209	14	0	0	0	223
Transfer of realised profits (losses)	(3)	0	0	0	3	0
Movements in donation reserve	0	19	0	0	0	19
Fixed Asset Impairments	0	0	0	0	0	0
Other reserve movements (specify)	(199)	0	0	0	199	0
At 31 March 2005	<b><u>17,774</u></b>	<b><u>262</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>781</u></b>	<b><u>18,817</u></b>

**ALTNAGELVIN HOSPITALS HSS TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**20. Reconciliation of Movement in Government Funds**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Surplus (deficit) for the financial year	1,421	1,758
less provisions for future obligations	44	205
less public dividend capital dividends	<u>(1,392)</u>	<u>(1,749)</u>
	<b>73</b>	<b>214</b>
Gains (losses) from revaluation/indexation of		
Purchased fixed assets	209	4,764
Public dividend capital repayments	(19)	0
Public dividend capital issued	4,273	8,100
New Government loans issued	0	0
Government loans repayments	(782)	(782)
Additions (reductions) in other reserves	<u>0</u>	<u>(2)</u>
Net Movement in Government funds	<b>3,754</b>	<b>12,294</b>
Government funds at 31 March 2004	<u><b>76,113</b></u>	<u><b>63,819</b></u>
Government funds at 31 March 2005	<u><u><b>79,867</b></u></u>	<u><u><b>76,113</b></u></u>

# ALTNAGELVIN HOSPITALS HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

### NOTES TO THE ACCOUNTS

#### 21 Financial Performance Targets

##### 21.1 Capital Cost Absorption Duty

The Trust is required to absorb the cost of capital at a rate of 3.5% of average relevant net assets. The rate is calculated as the percentage that interest payable on Government borrowing plus dividends payable on public dividend capital, totalling £2,502,201, bears to the average relevant net assets of £76,129,983 that is 3.3%.

The return for 2004/2005 is calculated as 3.3% (2003/2004 4.4%)

The variance is within the Department's materiality range of 3.0% - 4.0%.

The Capital Cost Absorption Rate is calculated as follows:

**Capital Cost Absorption rate (%) = (TDR/Average relevant net assets) x 100**

	<b>2005</b>
	<b>£000</b>
<b>Trust Debt Remuneration is calculated as:</b>	
Interest payable on Government borrowing	1,110
Plus	
Dividends payable on Public Dividend Capital	<u>1,392</u>
Trust Debt Remuneration	<u><u>2,502</u></u>

##### **Average Relevant Net Assets is calculated as:**

Average relevant net assets is the simple average of opening and closing relevant net assets, where each are calculated as follows:

	<b>Opening</b>	<b>Closing</b>	<b>Average</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Total capital and reserves* (equivalent to total net assets)	62,655	72,281	67,468
Less:			
Donation reserve	(229)	(262)	(246)
Purchased assets in the course of construction	(6,240)	(1,161)	(3,700)
Short-term assets	(199)	(1,176)	(688)
Finance Lease assets (during their primary lease term)			
Plus:			
Loans and overdrafts	13,687	12,904	13,296
Finance Lease Creditors (capital only)			
<b>Relevant Net Assets</b>	<u><u>69,674</u></u>	<u><u>82,586</u></u>	<u><u>76,130</u></u>

\*Capital and reserves excludes the impact of the national revaluation exercise.

**ALTNAGELVIN HOSPITALS HSS TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**21.2 Break Even Performance**

The Trust is required to ensure that its income is sufficient to meet its expenditure taking one year with another. Over the last five years the Trust has achieved the following results:

	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
i. Turnover	<u>65,855</u>	<u>73,523</u>	<u>81,488</u>	<u>90,091</u>	<u>101,223</u>
ii. Operational Surplus/(Deficit) for Financial Year before Provisions and Exceptional Income	<u>764</u>	<u>4</u>	<u>45</u>	<u>9</u>	<u>29</u>
iii. Break Even in year position	764	4	45	9	29
iv. Break Even cumulative position(opening)	(2,312)	59	72	131	154
v. Other Adjustments	7	9	14	14	3
vi. Exceptional Income Year ended 31 March 2001	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
vii. Break Even Cumulative position(closing)	<u><u>59</u></u>	<u><u>72</u></u>	<u><u>131</u></u>	<u><u>154</u></u>	<u><u>186</u></u>

If a Break Even cumulative deficit - anticipated financial year of recovery

If more than 2 years- agree period

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

Note 21.2 (Contd)

	2000/01 %	2001/02 %	2002/2003 %	2003/2004 %	2004/2005 %
<b>Materiality Test:</b>					
Break Even in year position as % of turnover	1.2%	0.0%	0.1%	0.0%	0.0%
Break Even cumulative position as % of turnover	-3.5%	0.1%	0.1%	0.1%	0.2%

**ALTNAGELVIN HOSPITALS HSS TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**21.3 External Financing Limit**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
External Financing Limit set by the Department	<u><u>2,872</u></u>	<u><u>7,244</u></u>

The Trust stayed within its External Financing Limit by £0. The Trust's External Financing Requirement for the year was £2,872,003 and was met as follows:-

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Increase (decrease) in:		
Public dividend capital	4,581	8,100
Government long-term loans	(782)	(782)
Other long-term loans		
Short-term loans		
Overdrafts	0	0
Finance lease capital creditors		
(Increase) decrease in:		
Short-term investments	(977)	(189)
Cash at bank and in hand	50	115
External Finance Accessed	<u><u>2,872</u></u>	<u><u>7,244</u></u>

**21.4 Capital Resource Limit**

The Trust is given a Capital Resource Limit which it is not permitted to overspend.

	<b>2005</b>
	<b>£000</b>
Gross Capital Expenditure (charge against the CRL)	10,496
Capital Resource Limit	<u>10,581</u>
Underspend against CRL	<u><u>85</u></u>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**22. Private Finance Transactions**

**22.1 PFI Schemes deemed to be off balance sheet**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Amounts included within operating expenses in respect of PFI transactions deemed to be off balance sheet	0	0

	<b>£000</b>	<b>£000</b>
The Trust is committed to make the following payments during the next year		
PFI scheme which expires within one year	0	0
2 to 5 years (inclusive)	0	0
6 to 10 years (inclusive)	0	0
11 to 15 years (inclusive)	0	0
16 to 20 years (inclusive)	0	0
21 to 25 years (inclusive)	0	0
26 to 30 years (inclusive)	0	0
31 to 35 years (inclusive)	0	0
	0	0

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Estimated capital value of the PFI schemes		
Carparks	0	0
ATICS Equipment Scheme	0	0
Bed Management Scheme	0	0
Equipment Leases	0	0
Laboratory Equipment Scheme	0	0
	0	0

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**22.2 Service element of PFI schemes deemed to be on balance sheet.**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Amounts included within operating expenses in respect of the 'service' element of PFI schemes deemed to be on balance sheet	0	0

The Trust is committed to make the following payments during the next year

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
PFI scheme which expires within one year		
2 to 5 years (inclusive)	0	0
6 to 10 years (inclusive)	0	0
11 to 15 years (inclusive)	0	0
16 to 20 years (inclusive)	0	0
21 to 25 years (inclusive)	0	0
26 to 30 years (inclusive)	0	0
31 to 35 years (inclusive)	0	0
	0	0



**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**23. Capital Commitments**

Capital commitments at the balance sheet date were:-

	<b>Finance Leases £000</b>	<b>Other £000</b>	<b>2005 Total £000</b>	<b>2004 Total £000</b>
Contracted	0	1,243	1,243	6,732
Authorised by the Board, but not contracted	<u>0</u>	<u>410</u>	<u>410</u>	<u>221</u>
<b>Total</b>	<b><u>0</u></b>	<b><u>1,653</u></b>	<b><u>1,653</u></b>	<b><u>6,953</u></b>

**24. Post Balance Sheet Events**

**Non Adjusting Event:**

Altnagelvin Hospitals HSS Trust signed a Private Finance Initiative (PFI) Project Agreement, with United Healthcare Land Company Limited, **on 26th April 2005**, for the development of a Laboratory and Pharmacy Services Centre at Altnagelvin Hospital and the provision of Facilities Maintenance Services, for a 25 year period.

The total Annual PFI Unitary Charge payment is £1,646,305 ( Service element £262,562p.a.) payable after construction is complete ( Target May 2007 ).

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**25. Contingent Liabilities**

**Clinical Negligence**

The Trust has contingent liabilities of £1,051,678 for clinical negligence incidents. The Trust's financial liability, if any, cannot be determined until the related claims are resolved. An estimate of the amount involved, inclusive of legal costs, is:

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Total estimate of contingent clinical negligence liabilities	1,052	955
Amount recoverable from the Clinical Negligence Central Fund	<u>(1,052)</u>	<u>(955)</u>
Net Contingent Liability	<u><u>0</u></u>	<u><u>0</u></u>

In addition to the above contingent liability, provisions for clinical negligence are given in Note 17.

Other clinical litigation claims could arise in the future due to incidents which have already occurred.

Contingencies not relating to clinical negligence are as follows:

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Public Liability	0	0
Employers' Liability	0	0
Accrued Leave	0	0
Injury Benefit	0	0
Other (Specify)	<u>0</u>	<u>0</u>
Total	<u><u>0</u></u>	<u><u>0</u></u>

**26. Related Party Transactions**

During the year, none of the board members, members of the key management staff or other related parties has undertaken any material transactions with the Altnagelvin Hospitals HSS Trust.

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

27.

**Analysis of Losses and Special Payments**

TYPE OF LOSS	NO. OF CASES	VALUE £
1 Cash Losses - Theft, fraud etc	9	3,467
2 Cash Losses - Overpayments of salaries, wages and allowances	0	0
3 Cash Losses - Other causes (including unvouched and incompletely vouched payments)	0	0
4 Nugatory and fruitless payments - Abandoned Capital Schemes	0	0
5 Other nugatory and fruitless payments	0	0
6 Bad debts and claims abandoned	0	0
7 Stores and Inventory Losses - Theft, fraud, arson (whether proved or suspected) etc	0	0
i. Bedding and linen	0	0
ii. Other equipment and property	0	0
8 Stores and Inventory Losses - Incidents of the service (result of fire, flood, etc)	0	0
9 Stores and Inventory Losses - Deterioration in store	20	12,545
10 Stores and Inventory Losses - Stocktaking discrepancies	0	0
11 Stores and Inventory Losses - Other causes	1	87
i. Bedding and linen	0	0
ii. Other equipment and property	0	0
12 Compensation payments (legal obligation)	0	0
i. Clinical Negligence	0	0
ii. Public Liability	0	0
iii. Employers Liability	0	0
13 Ex-gratia payments - Compensation payments (including payments to patients and staff)	38	721,815
14 Ex-gratia payments - Other payments	6	473
15 Extra statutory payments	0	0
16 a. Losses sustained as a result of damage to buildings and fixtures arising from bomb explosions or civil commotion.	0	0
b. Damage to vehicles	0	0
<b>TOTAL</b>	<b>74</b>	<b>738,387</b>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**28. Intra-Government balances**

Name	Creditors		Debtors	
	Amounts falling due within 1 year £000	Amounts falling due after more than 1 year £000	Amounts falling due after more than 1 year £000	Amounts falling due within 1 year £000
Other central government bodies	3,019	12,122	0	2,457
Northern Ireland Health and Social Service Boards	1	0	0	1,551
HSS Trusts	51	0	0	194
NHS Trusts	1	0	0	0
Agencies & Special Agencies	209	0	0	5
Non-Departmental Public Bodies	0	0	0	0
Local Authorities	0	0	0	0
Public corporations and trading funds	0	0	0	0
Total	<b>3,281</b>	<b>12,122</b>	<b>0</b>	<b>4,207</b>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**29. Notes to the Cash Flow Statement**

**29.1 Reconciliation of operating surplus (deficit) to net cash inflow from operating activities**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Operating surplus (deficit)	2,331	2,851
Depreciation charge	4,330	3,938
Provisions for future obligations (I&E Account)	44	205
Fixed asset impairments	327	19
Transfer from donation reserve	(43)	(42)
Non-cash Items	0	0
Increase (decrease) in provisions (Balance Sheet)	(52)	(471)
(Increase) decrease in stocks	21	(227)
(Increase) decrease in debtors	(1,552)	165
Increase (decrease) in creditors	4,394	(980)
	<u>4,394</u>	<u>(980)</u>
<b>Net cash inflow from operating activities</b>	<b><u>9,800</u></b>	<b><u>5,458</u></b>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**29. Notes to the Cash Flow Statement**

**29.2 Reconciliation of net cash flow to movement in net debt**

	2005		2004	
	£000	£000	£000	£000
Increase/(decrease) in cash in the period	927		74	
Cash inflow from new debt	0		0	
Cash outflow from debt repaid and finance lease capital payments	782		782	
Cash (inflow)/outflow from decrease/increase in liquid resources	<u>0</u>		<u>0</u>	
Change in net debt resulting from cash flows		1,709		856
Non-cash changes in debt		<u>0</u>		<u>(14,268)</u>
Net Debt at 1 April 2004		<u>(13,412)</u>		<u>0</u>
Net Debt at 31 March 2005		<u><u>(11,703)</u></u>		<u><u>(13,412)</u></u>

**29.3 Analysis of changes in net debt**

	At 1 April 2004 £000	Cash flows £000	Non-cash changes £000	At 31 March 2005 £000
Cash at bank and in hand	76	(50)		26
Bank overdrafts	0	0		0
Debt due within 1 year	(782)	782	(782)	(782)
Debt due after 1 year	(12,905)	0	782	(12,123)
Finance leases	0	0		0
Current asset investments	<u>199</u>	<u>977</u>		<u>1,176</u>
	<u><u>(13,412)</u></u>	<u><u>1,709</u></u>	<u><u>0</u></u>	<u><u>(11,703)</u></u>

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**30. Financial Instruments**

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the relationship with HSS Commissioners, and the manner in which they are funded, the Altnagelvin Hospitals HSS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk that would be typical of the listed companies to which FRS 13 mainly applies. The Altnagelvin Hospitals HSS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Altnagelvin Hospitals HSS Trust in undertaking its activities.

**31. Third party assets**

The Trust held £1,434 cash at bank and in hand at 31/3/05 which relates to monies held by the Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts. A separate audited account of these monies is maintained by the Trust.

**ALTNAGELVIN HOSPITAL HSS TRUST**  
**STATEMENT OF TRUSTS RESPONSIBILITIES IN RELATION TO**  
**PATIENTS/RESIDENTS MONIES**

The Trust is required by Health and Personal Social Services (Northern Ireland) Order 1991 to prepare and submit accounts in such form as the Department may direct.

The Trust is also required to maintain proper and distinct accounting records and is responsible for safeguarding the monies held on behalf of patients/residents and for taking reasonable steps to prevent and detect fraud and other irregularities.



# **ALTNAGELVIN HEALTH AND SOCIAL SERVICES TRUST**

## **ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS**

### **The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly**

I certify that I have audited the account on page 63 which the Trust is required by the Health and Personal Social Services (Northern Ireland) Order 1991 to prepare and submit in such form as the Department of Health, Social Services and Public Safety may direct.

### **Respective Responsibilities of the Board Members and Chief Executive and Auditor**

As described on page 60 the Board Members and Chief Executive are responsible for the preparation and submission of the account as required by the Health and Personal Social Service (Northern Ireland ) Order 1991 in such form as the Department of Health, Social Services and Public Safety directs and for ensuring the regularity of financial transactions. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the account properly presents the payments and receipts of the monies held on behalf of patients/residents and are properly prepared as required by the Health and Personal Social Services (Northern Ireland) Order 1991 in such form as the Department of Health, Social Services and Public Safety directs, and whether in all material respects the payments and receipts conform to the authorities which govern them. I also report if, in my opinion the Trust has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

### **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the account. It also includes an assessment of the judgements made by the Board Members and Chief Executive in the preparation of the account.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the account is free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the payments and receipts conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the account.

## **Opinion**

In my opinion:

- the account properly presents the payments and receipts of the monies held on behalf of patients/residents by the Altnagelvin Health and Social Services Trust for the year ended 31 March 2005 and balances held at that date and have been properly prepared as required by the Health and Personal Social Services (NI) Order 1991 in such form as the Department of Health, Social Services and Public Safety may direct; and
- in all material respects the payments and receipts conform to the authorities which govern them.

I have no observations to make on this account.

John Dowdall

**J M Dowdall CB**  
**Comptroller and Auditor General**

**Northern Ireland Audit Office**  
**106 University Street**  
**Belfast BT7 1EU**

**Date: 2nd September 2005**

**ALTNAGELVIN HOSPITALS HSS TRUST  
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS**

Previous Year	RECEIPTS		
£		£	£
	At 1 April 2004		
1,230	1. Investments (at cost)	1,874	
360	2. Cash at Bank	200	2,074
	3. Cash in Hand		
10,935	Amounts Received in the Year	2,298	
85	Interest Received	62	2,360
<b>12,610</b>	<b>TOTAL</b>		<b>4,434</b>
	PAYMENTS		
10,536	Amounts Paid to or on behalf of Patients/Residents		3,000
	At 31 March 2005		
1,874	1. Investments (at cost)	1,384	
200	2. Cash at Bank	50	1,434
	3. Cash in Hand		
<b>12,610</b>	<b>TOTAL</b>		<b>4,434</b>

Schedule of investments held at 31 March 2005

Cost Price	Investment	Nominal Value	Cost Price
£		£	£
0		0	0

I certify that the above account has been compiled from and is in accordance with the financial records maintained by the Trust.

Niall Smyth Director of Finance  
17th August 2005 Date

I certify that the above account has been submitted to and duly approved by the Trust Board.

Elaine Way Chief Executive  
17th August 2005 Date

**FOYLE HEALTH AND SOCIAL SERVICES TRUST**  
**ANNUAL ACCOUNTS FOR THE YEAR ENDED**  
**31<sup>st</sup> MARCH 2005**

## **FOREWORD**

These accounts for the year ended 31 March 2005 have been prepared in accordance with Article 90(2)(a) of the Health and Personal Social Services (Northern Ireland) Order 1972, as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, in a form directed by the Department of Health, Social Services and Public Safety.

## **STATEMENT OF FOYLE HEALTH AND SOCIAL SERVICES TRUST'S RESPONSIBILITIES AND CHIEF EXECUTIVE'S RESPONSIBILITIES.**

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003), Foyle Health and Social Services Trust is required to prepare financial statements for each financial year in the form and on the basis determined by the Department of Health, Social Services and Public Safety. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the Trust, of its income and expenditure and cash flows for the financial year.

In preparing the financial statements the Trust is required to:

- observe the accounts direction issued by the Department of Health, Social
- Services and Public Safety including 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 have been followed, and
- disclose and explain any material departures in the financial statements.
- prepare the financial statements on the going concern basis, unless it is
- inappropriate to presume that the Trust will continue in operation.
- keep proper accounting records which disclose with reasonable accuracy at any
- time the financial position of the Trust.
- pursue and demonstrate value for money in the services the Trust provides and
- in its use of public assets and the resources it controls.

The Permanent Secretary of the Department of Health, Social Services and Public Safety as

Accounting Officer for health and personal social services resources in Northern Ireland has designated Joe Lusby of Foyle Health and Social Services Trust as the Accountable Officer for the Trust. His relevant responsibilities as Accountable Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Accountable Officer Memorandum, issued by the Department of Health, Social Services and Public Safety. The Accountable Officer is also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

## **CERTIFICATES OF DIRECTOR OF FINANCE, CHAIRMAN AND CHIEF EXECUTIVE**

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 74 to 117) which I am required to prepare on behalf of Foyle Health and Social Services Trust have been compiled from and are in accordance with the accounts and financial records maintained by the Trust and with the accounting standards and policies for HSS Trusts approved by the DHSSPS.

Lesley Mitchell

**Director of Finance**

19<sup>th</sup> August 2005

**Date**

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 74 to 117) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.

Anthony Jackson

**Chairman**

19<sup>th</sup> August 2005

**Date**

Joe Lusby

**Chief Executive**

19<sup>th</sup> August 2005

**Date**

## **Statement on Internal Control for the Financial Year 2004/2005**

### *Scope of Responsibility*

The Board of Foyle Health and Social Services Trust is accountable for internal control. As Accountable Officer and Chief Executive of the Board of Foyle HSS Trust, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the organisation, and for reviewing the effectiveness of the system.

### *Purpose of the System of Internal Control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Foyle HSS Trust for the year ended 31 March 2005, and up to the date of approval of the annual report and accounts, and accords with Department of Finance and Personnel guidance.

The Board exercises strategic control over the operation of the organisation through a system of corporate governance which includes: -

- A schedule of matters reserved for Board decisions;
- A scheme of delegation, which delegates decision making authority within set parameters to the Chief Executive and other officers;
- Standing Orders and Standing Financial Instructions;
- The establishment of an Audit Committee;
- The establishment of a Clinical and Social Care Governance Committee;
- The establishment of a Remuneration Committee to oversee Senior Executives remuneration.

The system of internal financial control is based on a framework of regular financial information, administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes: -

- Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board;
- Monthly review by the Board of reports which indicate financial performance against the forecast;
- Clearly defined capital investment controls;
- Formal budget management disciplines;
- Preparation of Annual Accounts;
- A thorough requisition and approval system for procuring goods and services;
- A system of detailed recording and notification to protect the Trust's assets;
- Clear segregation of duties between the Salaries & Wages and Personnel Departments for additions and deletion from the Payroll;



- Regular reports to Senior Management and the Audit Committee from the Chief Internal Auditor.
- The Trust has an internal audit function which operates to defined standards and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis. In 2004-05 Internal Audit reviewed the following systems:
- Contracted Out Domiciliary Care, Fixed Assets, Order & Receipt of Goods & Stock Control, Patients' Property, Payroll, Staff Travel & Subsistence Payments, Trust Funds, Non Pay Expenditure (Westcare Business Services), Payroll (Westcare Business Services), Staff Travel & Subsistence Payments (Westcare Business Services) and Supplies & Services (Westcare Business Services).

In his annual report, the Chief Internal Auditor reported that the Trust's system of internal financial control was adequate and effective. However, weaknesses in control were identified in a small number of areas. Recommendations to address these control weaknesses have been or are being implemented.

With regard to the wider control environment the Trust has in place a range of organisational controls, commensurate with the current assessment of risk, designed to ensure the efficient and effective discharge of its business in accordance with the law and departmental direction. Every effort is made to ensure that the objectives of the Trust are pursued in accordance with the recognised and accepted standards of public administration. Such controls include: -

Established organisational structures are in place in relation to clinical and social care governance and risk management. These comprise of: -

- The Clinical and Social Care Governance Committee which reports directly to the Trust Board and is chaired by a Non-Executive Director. Membership of the Committee reflects all of the Trust's key service areas.
- The Risk Management Committee which reports to the Clinical and Social Care Governance Committee and is chaired by the Trust's Chief Executive and comprises of Senior Executives.
- The Trust's recruitment and selection policies are based on the principle of equality of opportunity and controls are in place to ensure that all such decisions are taken in accordance with the relevant legislation. The Trust's Equality Scheme was approved by the Equality Commission in June 2001 and annual statutory monitoring returns are provided.
- With regard to estate management, decisions are taken within the context of an estate control plan, which prioritises management action based on an assessment of risk.
- The Chief Executive with the approval of the Trust has certified compliance with Fire Code, this process is underpinned by an annual report on Fire Safety presented to the Trust Board.
- The Trust has in place a Health and Safety Committee with representation from Staff and Management side. The Committee reviews progress in relation to the Health and Safety agenda and commissions a series of inspections.

### **Capacity to Handle Risk**

As outlined above appropriate organisational reporting structures are in place to ensure that risk is identified and managed throughout the Trust. A fundamental review of the Trust's Risk Management Strategy was carried out during 2003/04 and approved by the Trust Board. This revised strategy was issued to staff and sets out the organisational and individual responsibilities for risk management.

In the year considerable work was undertaken in relation to the ongoing development of risk registers and the achievement of controls assurance standards. The awareness and training underpinning these two initiatives has enabled the Trust to involve staff across all disciplines and service areas.

### **The Risk and Control Framework**

The Trust has developed and reviewed its risk management strategy, which has identified the organisation's objectives and risks and sets out a control strategy for each of the significant risks. Procedures have been put in place for verifying that aspects of risk management and internal control are regularly reviewed and reported.

A revised incident reporting policy and procedure was introduced with new reporting forms during the course of the year. This allows managers to grade incidents and incorporates follow up investigation arrangements for any serious incidents. Awareness training to support the introduction of the new arrangements was provided to staff across the Trust.

The Trust has, with the involvement of staff across all programmes of care, developed programme Risk Registers and a consolidated corporate Risk Register.

Considerable work has also been undertaken in relation to each of the 14 identified controls assurance standards for 2004/05. Work progressed throughout the year has secured the necessary levels of compliance for the controls standards with the exception of the Decontamination Standards.

In addition a baseline assessment on clinical and social care governance was completed in June 2003. Feedback by the NHS Clinical Governance Support Team and Deloitte & Touche demonstrated that the Trust were considered reasonable in most areas.

The actions outlined below are planned in the coming year:

- To continue a programme of risk management training and education including the completion of a Training Needs Analysis;
- Implement and maintain effective feedback systems to the Clinical and Social Care Committee on progress relating to risk management activities;
- Continue to improve compliance with existing Controls Assurance Standards and develop actions plans to meet compliance for the standards issued for 2005/06;
- Ensure a comprehensive programme of risk assessments are carried out throughout the Trust which will be used to update risk registers;
- A comprehensive action plan based on the baseline assessment developed to take forward the clinical and social care governance agenda;
- Amalgamation of Risk Management and Clinical and Social Care Committees;
- Establishment of Programme of Care Clinical and Social Care Governance groups reporting directly to the Committee.
- Take forward action plan in relation to Decontamination to raise the compliance score from 62% to the required 70%. Progress will be monitored during the year by the Clinical and Social Care Governance Committee.

## **Review of Effectiveness**

As Accountable Officer, I have responsibility for the review of effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Foyle HSS Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Clinical and Social Care Governance Committee and Audit Committee and a plan to address weaknesses and ensure continuous improvement to the system is in place.

Date 19<sup>th</sup> August 2005      **Accountable Officer** Joe Lusby  
**Chief Executive**

## **FOYLE HEALTH AND SOCIAL SERVICES TRUST**

The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly

I certify that I have audited the financial statements on pages 74 to 117 under the Health and Personal Social Services (Northern Ireland) Order 1972 as amended. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 78 to 82.

### **Respective responsibilities of the Board Members, Chief Executive and Auditor**

As described on page 66, the Board Members and Chief Executive are responsible for the preparation of the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and Department of Health, Social Services and Public Safety directions made thereunder and for ensuring the regularity of financial transactions. The Board Members and Chief Executive are also responsible for the preparation of the contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and Department of Health, Social Services and Public Safety directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Trust has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 68-71 reflects the Trust's compliance with the Department of Health, Social Services and Public Safety's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Health, Social Services and Public Safety, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Chief Executive's statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

### **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board members and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Foyle Health and Social Services Trust at 31 March 2005 and of the surplus, total recognised gains and losses and cash flows for the year ended and have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and directions made thereunder by the Department of Health, Social Services and Public Safety; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements

**J M Dowdall CB**  
**Comptroller and Auditor General**

**Northern Ireland Audit Office**  
**106 University Street**  
**Belfast BT7 1EU**

**Date:** \_\_\_\_\_ **19<sup>th</sup> August 2005** \_\_\_\_\_

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31**  
**MARCH 2005**

	NOTE	2005 £'000	2004 £'000
Income from Activities	2	107,889	100,533
Other Operating Income	3	4,433	3,026
Operating Expenses	4,5	<u>(110,706)</u>	<u>(102,255)</u>
<b>OPERATING SURPLUS (DEFICIT)</b>		1,616	1,304
Profit/(loss) on disposal of Fixed Assets	7	<u>(47)</u>	<u>147</u>
<b>SURPLUS (DEFICIT) BEFORE INTEREST</b>		1,569	1,451
Interest Receivable		309	274
Interest Payable	8	<u>(879)</u>	<u>(930)</u>
<b>SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR</b>		999	795
Public Dividend Capital Dividends Payable	15	<u>(976)</u>	<u>(774)</u>
<b>OPERATIONAL SURPLUS (DEFICIT) BEFORE PROVISIONS</b>		23	21
Provisions for Future Obligations	9.1	<u>(20)</u>	<u>(104)</u>
<b>RETAINED SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR</b>		<u><u>3</u></u>	<u><u>(83)</u></u>
<b>BREAK EVEN POSITION</b>	21	<u><u>23</u></u>	<u><u>21</u></u>

The notes on pages 78 to 117 form part of these accounts  
All Income and Expenditure is derived from continuing activities.

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**BALANCE SHEET AS AT 31 MARCH 2005**

		2005		2004	
	NOTE	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	10		26		32
Tangible assets	11		<u>60,016</u>		<u>51,198</u>
			60,042		51,230
<b>CURRENT ASSETS</b>					
Stocks and work in progress	12	342		423	
Debtors: Amounts falling due					
Within one year	13	4,506		2,349	
After one year	13	48		63	
Short term investments	14	320		299	
Cash at bank and in hand		<u>21</u>		<u>20</u>	
			5,237		3,154
CREDITORS: Amounts falling due					
within one year	15		<u>(8,232)</u>		<u>(7,157)</u>
<b>NET CURRENT ASSETS (LIABILITIES)</b>			<u>(2,995)</u>		<u>(4,003)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			57,047		47,227
<b>Creditors:</b> Amounts falling due after more than					
one year	15		(9,601)		(10,221)
Provisions for Liabilities and Charges	17		<u>(1,457)</u>		<u>(1,461)</u>
<b>TOTAL ASSETS EMPLOYED</b>			<u><b>45,989</b></u>		<u><b>35,545</b></u>
<b>FINANCED BY:</b>					
<b>CAPITAL AND RESERVES</b>					
Public dividend capital	18		23,441		19,586
Revaluation reserve	19		21,780		15,191
Donation reserve	19		10		15
Realised donation reserve	19		2		2
Other reserves	19		0		0
Income and expenditure reserve	19		<u>756</u>		<u>751</u>
			<u><b>45,989</b></u>		<u><b>35,545</b></u>

The notes on pages 78 to 117 form part of these accounts

Signed...Joe Lusby.....(Chief Executive) Date...19 August 2005.....

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE**  
**YEAR ENDED 31 MARCH 2005**

	2005		2004	
	£'000	£'000	£'000	£'000
Surplus (Deficit) for the financial year		999		795
Provisions for future obligations		<u>(20)</u>		<u>(104)</u>
Fixed asset impairment losses		979 (220)		691 (352)
<b>Non donated Fixed Assets</b>				
Indexation of fixed assets	3,497		3,797	
Unrealised Surplus (deficit) on revaluation of fixed assets	<u>3,314</u>		<u>92</u>	
		6,811		3,889
<b>Donated Assets</b>				
Additions to donated assets	0		0	
Changes to donation reserve (except transfers to realised donation reserve)	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
<b>Total recognised gains and losses relating to the year</b>		7,571		4,229
Additions to Capital Assets Reserve		<u>3,855</u>		<u>900</u>
<b>TOTAL GAINS/(LOSSES) RECOGNISED IN THE FINANCIAL YEAR</b>		<u><u>11,426</u></u>		<u><u>5,129</u></u>



# FOYLE HEALTH & SOCIAL SERVICES TRUST

## CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	2005		2004	
	£'000	£'000	£'000	£'000
<b>Net Cash Inflow from Operating Activities (Note 29.1)</b>		3,380		4,798
<b>Returns on Investments and Servicing of Finance</b>				
Interest received	304		271	
Interest paid	(881)		(932)	
Interest element of finance lease rental payments	<u>0</u>		<u>0</u>	
<b>Net Cash (Outflow) Inflow from returns on Investments and Servicing of Finance</b>		(577)		(661)
<b>Capital Expenditure</b>				
Payments to acquire intangible fixed assets	(5,119)		(3,769)	
Receipts from sales of intangible fixed assets				
Payments to acquire tangible fixed assets				
Receipts from sale of tangible fixed assets	<u>(168)</u>		<u>214</u>	
<b>Net Cash Inflow (Outflow) from Capital Expenditure</b>		(5,287)		(3,555)
<b>Dividends Paid</b>		(774)		(1,574)
<b>Management of Liquid Resources</b>				
Purchase of current asset investments	(22)		716	
Sale of current asset investments	<u>0</u>		<u>0</u>	
<b>Net Cash Inflow (Outflow) from Management of Liquid Resources</b>		<u>(22)</u>		<u>716</u>
<b>Net Cash Inflow (Outflow) before Financing</b>		(3,280)		(276)
<b>Financing</b>				
New money capital reserve				
New public dividend capital	4,500		900	
New long-term loans - Government				
New long-term loans - Others				
New short-term loans - Government				
New short-term loans - Others				
Repayment of loans - Government	(619)		(619)	
Repayment of Public Dividend Capital	(600)			
Capital element of finance lease rental payments	<u></u>		<u></u>	
<b>Net Cash Inflow (Outflow) from Financing</b>		<u>3,281</u>		<u>281</u>
<b>Increase (Decrease) in Cash (Notes 29.2 and 3)</b>		<u><u>1</u></u>		<u><u>5</u></u>

The notes on pages 115 to 116 form part of this statement

**FOYLE HEALTH AND SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**1. STATEMENT OF ACCOUNTING POLICIES**

**1.1 Authority**

These accounts have been prepared in a form determined by the Department of Health, Social Services and Public Safety in accordance with the requirements of Article 90(2)(a) of the Health and Personal Social Services (Northern Ireland) Order 1972 No 1265 (NI 14) as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003.

**1.2 Accounting Convention**

These accounts have been prepared under the historical cost convention as modified by the indexation and revaluation of tangible fixed assets.

**1.3 Basis of Preparation of Accounts**

The accounts have been prepared in accordance with the 2004/05 HPSS Trust Manual of Accounts issued by the Department of Health, Social Services and Public Safety.

The accounting policies contained in that Manual follow UK generally accepted accounting practice (UK GAAP) to the extent that it is meaningful and appropriate to HPSS Trusts. The accounting policies are selected in accordance with the principles set out in FRS 18 "Accounting Policies" as the most appropriate for giving a true and fair view. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The principal variations between UK GAAP and the accounting policies directed by the Department of Health, Social Services and Public Safety are:

Paragraph 20 of Financial Reporting Standard 3 "Reporting Financial Performance" requires certain items of expenditure to be separately disclosed in the income and expenditure account after operating surplus/(deficit). These expenditure items do not include the costs associated with provision for liabilities and charges which are normally included within the calculation of the operating surplus/(deficit). However, as the Department measures the operating performance of Trusts by reference to the operating surplus/(deficit) excluding the impact of certain provisions, the income and expenditure account is presented to disclose the operating surplus/(deficit) before provisions for future obligations.

Financial Reporting Standard 15 "Tangible Fixed Assets" requires impairment losses on revalued fixed assets to be recognised in the statement of total recognised gains and losses until the carrying value of the asset falls below depreciated historic cost, at which stage any further impairments are recognised in the income and expenditure account.

However, where an impairment arises due to consumption of economic benefits FRS 15 requires the loss to be recognised in the income and expenditure account in its entirety.

In the context of their capital accounting HSS Trusts take those impairment losses resulting from short term changes in price that are considered to be recoverable, in full to the revaluation reserve. These include impairments resulting from the revaluation of fixed assets from their cost to their

value in existing use when they become operational. This may lead to a negative revaluation reserve in certain instances.

#### **1.4 Intangible fixed assets**

Intangible fixed assets are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000 (either individually or as a grouped asset).

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred (either individually or as a grouped asset). They are amortised over the shorter of the term of the licence and their useful economic lives.

#### **1.5 Tangible Fixed Assets**

##### **Capitalisation**

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- individually have a cost of at least £5,000; OR
- they satisfy the criteria of a grouped assets ie collectively have a cost of at least £5,000, are functionally interdependent, broadly simultaneous purchase dates, and anticipated to have simultaneous disposal dates, under single managerial control and have an individual cost of £1,000 ;OR
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

##### **Valuation**

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

All land and buildings are restated to current value using professional valuations in accordance with FRS 15 every five years and in the intervening years by the use of indices. The buildings index is based on the All in Tender Price Index published by the Building Cost Information Service (BCIS). The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office.

Professional valuations are carried out by the District Valuers of the Valuations and Land Agency. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements

of the Department of Health, Social Services and Public Safety. In accordance with the requirements of the Department, asset valuations were undertaken in 2004/05 as at the valuation date of 31 March 2005.

The valuations are carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property. The value of land for existing use purposes is assessed at Existing Use Value.

For non-operational properties including surplus land, the valuations are carried out at Open Market Value.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

All adjustments arising from indexation and five-yearly revaluations are taken to the Revaluation Reserve. All impairments resulting from price changes are charged to the Statement of Total Recognised Gains and Losses. Falls in value when newly constructed assets are brought into use are also charged there. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

Assets in the course of construction are valued at current cost using the indexes as for land and buildings, as above. These assets include any existing land or buildings under the control of a contractor.

Residual interests in off-balance sheet Private Finance Initiative properties are included in tangible fixed assets as 'assets under construction and payments on account' where the PFI contract specifies the amount, or a nil value, at which the assets will be transferred to the Trust at the end of the contract. The residual interest is built up, on an actuarial basis, during the life of the contract by capitalising part of the unitary charge so that at the end of the contract the balance sheet value of the residual value plus the specified amount equal the expected fair value of the residual asset at the end of the contract. The estimated fair value of the asset on reversion is determined by the District Valuer based on Department of Health guidance. The District Valuer should provide an estimate of the anticipated fair value of the assets on the same basis as the District Valuer values the NHS Trusts estate.

Operational equipment other than IT equipment, which is considered to have nil inflation is valued at net current replacement cost through annual uplift by the change in the value of the GDP deflator. Equipment surplus to requirements is valued at net recoverable amount.

### **Depreciation, amortisation and impairments**

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

Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

Impairment losses resulting from short-term changes in price that are considered to be recoverable in the longer term are taken in full to the revaluation reserve. These include impairments resulting

from the revaluation of fixed assets from their cost to their value in existing use when they become operational. This may lead to a negative revaluation reserve in certain instances.

## **1.6 Donated Fixed Assets**

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the Donated Asset Reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are also taken to the Donated Asset Reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Income and Expenditure account.

Similarly, any impairment on donated assets charged to the Income and Expenditure Account is matched by a transfer from the Donated Asset Reserve. On sale of donated assets, the value of the sale proceeds is transferred from the Donated Asset Reserve to the Income and Expenditure Reserve.

## **1.7 Research and development**

Research and development expenditure is charged against income in the year in which it is incurred, except in so far as development expenditure relates to a clearly defined project and the benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project.

## **1.8 Private Finance Initiative (PFI) transactions**

The HPSS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides definitive guidance for the application of the FRS 5 Amendment.

PFI schemes are schemes under which the PFI operator receives an annual payment from the Trust for the services provided by the PFI operator.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI obligations are recorded as an operating expense. Where the Trust has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Income and Expenditure Account.

Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset. Where the balance of risks and rewards of ownership of the PFI property are borne by the Trust, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

## **1.9 Stocks and work-in-progress**

Stocks and work-in-progress are valued at the lower of cost and net realisable value.

This is considered to be a reasonable approximation to current cost due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

### **1.10 Provisions**

The Trust 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 risk-adjusted cash flows are adjusted using the Treasury's discount rate of 3.5% in real terms.

Provisions for clinical negligence are recognised only where it is more probable than not that a settlement will be required.

### **1.11 Clinical negligence central fund**

A Clinical Negligence Central Fund was established in 1998 to manage the payment of clinical negligence settlements. HSS Trusts are reimbursed by the Central Fund for payments made. Reimbursements are accounted for as income.

The reimbursements from the Central Fund in respect of clinical negligence liabilities and provisions are included within debtors.

### **1.12 Pensions**

The Trust participates in the HPSS Superannuation Scheme. Under this multiemployer defined benefit scheme both the Trust and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DHSSPS. The Trust is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis. Further information regarding the HPSS Superannuation Scheme can be found in the HPSS Superannuation Scheme Statement in the Departmental Resource Account for the Department of Health, Social Services and Public Safety. The costs of early retirements are met by the Trust and charged to the Income and Expenditure Account at the time the Trust commits itself to the retirement.

### **1.13 Third Party Assets**

Assets belonging to third parties (such as money held on behalf of Patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in note 31 to the accounts.

### **1.14 Leases**

Assets held under finance leases are capitalised at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is subject to indexation and revaluation and is depreciated on its current fair value over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of interest on the outstanding balance. Rentals under operating leases are charged to the Income and Expenditure Account in the year in which they arise.

### **1.15 Losses**

This note (Note 27) is a memorandum statement unlike most notes to the accounts which provide further detail of figures in the primary accounting statements. Most of the contents will be included in operating expenses.

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**2. Income from Activities**

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
NI Health and Social Services Boards	90,139	83,245
GB/Republic of Ireland Health Authorities	147	150
HSS Trusts	11,500	10,896
Non-HPSS:		
- private patients	0	0
- other	0	0
Clients contributions	6,103	6,242
<b>Total</b>	<b>107,889</b>	<b>100,533</b>

**3. Other Operating Income**

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
Patient transport services	0	0
Other income from non-patient services	1,808	1,772
NICPMDE	207	169
SUMDE	9	8
Charitable and other contributions to expenditure		
- Transfers from the donation reserve in respect of depreciation on donated assets	5	6
Income in respect of fixed asset impairments	600	38
Clinical Negligence Central Fund	10	8
Reversal of fixed asset impairments (specify)	0	0
Other income (specify where material)	1,794	1,025
<b>Total</b>	<b>4,433</b>	<b>3,026</b>

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**4. Operating Expenses**

**4.1 Operating Expenses are as follows:-**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Salaries and wages (excluding board members' remuneration)	60,402	54,734
Executive Board members remuneration	471	336
Non-executive Board members remuneration	49	45
Supplies and services - clinical	2,130	2,232
Supplies and services - general	2,254	2,252
Establishment	3,567	3,132
Transport	638	648
Premises	7,303	7,654
Bad debts	50	17
Depreciation and amortisation	2,342	2,077
Fixed asset impairments	600	38
Purchase of care from non-HPSS bodies and grants to voluntary organisations	24,180	23,026
Personal social services	2,784	2,514
Recharges from other HPSS organisations	1,535	1,243
Clinical Negligence Payments:		
- Provisions Utilised	0	0
- Other	0	0
Audit fees	24	20
Other auditors remuneration	0	0
Miscellaneous	2,377	2,287
<b>Total</b>	<b><u>110,706</u></b>	<b><u>102,255</u></b>

**4.2 Operating Leases**

Operating expenses include the following amounts in respect of hire and operating lease rentals:

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Hire of plant and machinery	0	0
Other operating leases	149	119
	<b><u>149</u></b>	<b><u>119</u></b>

Commitments under non-cancellable operating leases are:

	<b>Land and buildings</b>		<b>Other leases</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire:				
Within 1 year	4	0		0
Between 1 and 5 years	94	147		0
After 5 years	1,019	822		0
	<b><u>1,117</u></b>	<b><u>969</u></b>	<b><u>0</u></b>	<b><u>0</u></b>



**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**Note 5 Information regarding Board Members and Employees**

**5.1 Staff Costs**

	<b>Directly employed £'000</b>	<b>Other £'000</b>	<b>2005 £'000</b>	<b>2004 £'000</b>
Salaries and Wages	53,932	1,193	55,125	48,834
Social security costs	3,630	0	3,630	3,290
Pension Costs for early retirement reflecting the single lump sum to buy over the full liability				
Other pension costs	2,840	0	2,840	2,612
Early Departure Costs	0	0	0	0
<b>Total</b>	<b>60,402</b>	<b>1,193</b>	<b>61,595</b>	<b>54,736</b>

*Of the total, £0 has been charged to capital*

**5.2 Average Number of Employees**

	<b>Directly employed No.</b>	<b>Other No.</b>	<b>2005 No.</b>	<b>2004 No.</b>
Medical and dental	54	4	58	59
Nursing and Midwifery	676	8	684	664
Professions Allied to medicine	120	2	122	109
Ancillaries	124	1	125	116
Administrative and clerical	543	24	567	524
Ambulance staff	0	0	0	0
Works	74	0	74	74
Other Professional and technical	0	0	0	0
Social Services	797	2	799	807
Other	30	0	30	29
<b>Total</b>	<b>2,418</b>	<b>41</b>	<b>2,459</b>	<b>2,382</b>

Figures refer to wholetime equivalents (WTEs) rather than individuals

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**  
**NOTE 5 (CONTD)**

**5.3 Senior Employees' Remuneration**

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Trust were as follows:

Name	Salary, including Performance Pay	Benefits in Kind (rounded to nearest £100)	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 and related lump sum	CETV at 31/03/04	CETV at 31/03/05	Real increase in CETV
	£'000		£'000	£'000	£'000	£'000	£'000
<b>Non-Executive Members</b>							
Mr A Jackson	20-25	0	0	0	0	0	0
Mr P Babington (to 06/05/04)	0-5	0	0	0	0	0	0
Mrs A M Holmes	5-10	0	0	0	0	0	0
Mrs I Hogg	5-10	0	0	0	0	0	0
Mrs F Durkan	5-10	0	0	0	0	0	0
Mr J McKeever (from 07/05/04)	0-5	0	0	0	0	0	0
Mrs S O'Kane (from 07/05/04)	0-5	0	0	0	0	0	0
<b>Executive Members</b>							
Mrs E Way (Chief Executive to 31/01/05)	75-80	0	0-5 plus 0-5 lump sum	30-35 plus 95-100 lump sum	435	0	3
Mr J Lusby (Chief Executive from 01/02/05)	10-15	0	0-5 plus 10-15 lump sum	25-30 plus 80-85 lump sum	319	387	48
Mr J Lusby (Director of Business Services to 31/01/05)			Consent to disclosure withheld				
Mr J Doherty			Consent to disclosure withheld				
Mrs P Mahon			Consent to disclosure withheld				
Mrs L Mitchell			Consent to disclosure withheld				
Mrs N Sherrin			Consent to disclosure withheld				
Dr A O'Hara			Consent to disclosure withheld				

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the HPSS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines prescribed by the institute and Faculty of Actuaries.

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (Including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
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**NOTE 5 (CONTD)**

<b>5.4 Staff Benefits</b>	<b>2005</b>	<b>2004</b>
(Specify)	<b>£'000</b>	<b>£'000</b>
	<u>0</u>	<u>0</u>

**5.5 Trust Management Costs**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Trust Management Costs	4,676	4,276
Total Income	104,786	96,491
% of total income	<u>4.46%</u>	<u>4.43%</u>

The above information is based on the Audit Commission's definition "M2" Trust management costs, as detailed in HSS (THR) 2/99.

**5.6 Retirements due to ill-health**

During 2004/05 there were no early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £Nil.

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
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**NOTE 6 RELATED PARTY TRANSACTIONS**

**6.1 Public Sector Payment Policy - Measure of Compliance**

The Department requires that Trusts pay their non HPSS trade creditors in accordance with the CBI Prompt Payment Code and Government Accounting Rules. The Trust's payment policy is consistent with the CBI prompt payment codes and Government Accounting rules and its measure of compliance is:

	<b>Number</b>	<b>2005 £'000</b>	<b>Number</b>	<b>2004 £'000</b>
Total bills paid	24,127	53,258	23,859	48,710
Total bills paid within 30 day target	19,755	51,219	19,686	46,937
% of bills paid within 30 day target	<b>82%</b>	<b>96%</b>	<b>86%</b>	<b>96%</b>

**6.2 The Late Payment of Commercial Debts Regulations 2002**

The amount included within Interest Payable (Note 8) arising from claims made by small businesses under this legislation are as follows :

	<b>£'000</b>
<b>Total</b>	<u><u>0</u></u>

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
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**7. Profit (Loss) on Disposal of Fixed Assets**

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
Profit on disposal of intangible assets	0	0
Loss on disposal of intangible assets	0	0
Profit on disposal of land and buildings	11	130
Loss on disposal of land and buildings	(83)	(12)
Profit on disposal of plant and equipment	28	30
Loss on disposal of plant and equipment	(3)	(1)
	<hr/>	<hr/>
<b>Total</b>	<b>(47)</b>	<b>147</b>
	<hr/> <hr/>	<hr/> <hr/>

**8. Interest Payable**

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
Originating interest bearing debt	879	930
Further borrowing (government)		
Further borrowing (other)		
Finance leases		
Other interest (Specify)	0	
	<hr/>	<hr/>
<b>Total</b>	<b>879</b>	<b>930</b>
	<hr/> <hr/>	<hr/> <hr/>

An amount of £27,399 is included within Note 9.3 for the unwinding of discount on provisions.

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**Note 9 Provisions for Future Obligations**

**9.1 Provisions for Future Obligations**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Provisions in year:		
Clinical Negligence	(15)	(126)
Pensions	(6)	(6)
Employers liability	20	105
Public (Occupiers) liability	(15)	26
Injury benefit	(5)	236
Accrued leave	0	(45)
Restructuring	0	0
Industrial Relations Cases	0	0
Other	0	0
	<hr/>	<hr/>
<b>Arising during the year (net) (Note 9.2)</b>	<b>(21)</b>	<b>190</b>
Unwinding of Discount on Provisions (Note 9.3)	27	50
Utilised in year (Note 9.4)	(10)	(267)
Other (Specify)	0	0
	<hr/>	<hr/>
<b>Movement in Year (subtotal) (Note 17)</b>	<b>(4)</b>	<b>(27)</b>
Reimbursements receivable (Note 9.5)	24	131
	<hr/>	<hr/>
<b>Total Increase/decrease (to Income and Expenditure Account)</b>	<b>20</b>	<b>104</b>
	<hr/> <hr/>	<hr/> <hr/>

**9.2 Arising During the Year**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Provided in year (Note 17)	113	464
Provisions not required (reversed unused) (Note 17)	(134)	(274)
	<hr/>	<hr/>
<b>Total Provided in year (Note 9.1)</b>	<b>(21)</b>	<b>190</b>
	<hr/> <hr/>	<hr/> <hr/>

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
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Note 9 (Contd)	2005 £'000	2004 £'000
<b>9.3 Unwinding of Discount on Provisions</b>		
Unwinding of discount on Provisions is analysed as follows:		
Clinical Negligence	0	2
Other	27	48
<b>Total Unwinding of Discounts on Provisions (Note 9.1)</b>	<u>27</u>	<u>50</u>
	<b>2005 £'000</b>	<b>2004 £'000</b>
<b>9.4 Utilised in year</b>		
Clinical Negligence (Note 17)	(10)	(7)
Pensions relating to other staff (Note 17)	0	
Restructuring (Note 17)	0	
Other (Note 17)	0	(260)
<b>Total Utilised (Note 9.4)</b>	<u>(10)</u>	<u>(267)</u>
	<b>2005 £'000</b>	<b>2004 £'000</b>
<b>9.5 Reimbursements Receivable</b>		
Clinical Negligence Central Fund	24	131
Other (Specify)		
<b>Total Reimbursements Receivable</b>	<u>24</u>	<u>131</u>



**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**10 Intangible Fixed Assets**

<b>Cost or Valuation</b>	<b>Software licences £'000</b>	<b>Other licences and trademarks £'000</b>	<b>Patents £'000</b>	<b>Development Expenditure £'000</b>	<b>Total £'000</b>
At 1 April 2004	32				32
Indexation					0
Additions - purchased					0
Additions - donated					0
Reclassifications					0
Other Revaluation					0
Impairments					0
Disposals					0
At 1 April 2005	<b>32</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32</b>
<b>Amortisation</b>					
At 1 April 2004					0
Indexation					0
Transfers					0
Revaluation					0
Impairments					0
Disposals					0
Reversal of impairments					0
Provided during the year	6				6
At 31 March 2005	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>
<b>Net Book Value</b>					
At 31 March 2005	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26</b>
- Purchased					
- Donated					
<b>Total at 31 March 2005</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26</b>
At 31 March 2004					
- Purchased	32	0	0	0	32
- Donated	0	0	0	0	0
<b>Total at 31 March 2004</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32</b>

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**11. Tangible Fixed Assets**

**11.1 Tangible fixed assets comprise the following elements:**

**Purchased Assets**

<b>Cost or Valuation</b>	<b>Land £'000</b>	<b>Buildings Installations and fittings £'000</b>	<b>Computer Equipment £'000</b>	<b>Other Equipment £'000</b>	<b>Assets under Construction £'000</b>	<b>Total £'000</b>
At 1 April 2004	8,102	43,132	2,701	4,406	1,140	59,481
Indexation	420	3,416	0	95	0	3,931
Additions	0	1,044	85	384	3,733	5,246
Reclassifications	0	0	0			0
Transfers	(114)	(303)	0		417	0
Revaluation	0	0	0	1	-	1
Impairments	0	(802)	0			(802)
Disposals	(16)	(32)	(79)	(441)	0	(568)
National Revaluation Exercise	3,468	(6,971)	0	0	120	(3,383)
<b>At 31 March 2005</b>	<b>11,860</b>	<b>39,484</b>	<b>2,707</b>	<b>4,445</b>	<b>5,410</b>	<b>63,906</b>
<b>Depreciation</b>						
At 1 April 2004	0	4,861	1,171	2,268	0	8,300
Indexation	0	385	0	49	0	434
Transfers	0	(78)	0	0	78	0
Revaluation	0	0	0	0	0	0
Impairments	0	(202)	0	0	0	(202)
Disposals	0	(10)	(79)	(432)	0	(521)
Reversal of impairments	0	0	0	0	0	0
Provided during the year	0	1,405	444	481	0	2,330
National Revaluation Exercise	0	(6,361)	0	0	(78)	(6,439)
<b>At 31 March 2005</b>	<b>0</b>	<b>0</b>	<b>1,536</b>	<b>2,366</b>	<b>0</b>	<b>3,902</b>
<b>Net Book Value</b>						
<b>At 31 March 2005</b>	<b>11,860</b>	<b>39,484</b>	<b>1,171</b>	<b>2,079</b>	<b>5,410</b>	<b>60,004</b>
<b>At 31 March 2004</b>	<b>8,102</b>	<b>38,271</b>	<b>1,530</b>	<b>2,138</b>	<b>1,140</b>	<b>51,181</b>

Of the total net book value at 31 March 2005, £6,538,000 related to buildings, installations and fittings valued at open market value for alternative use.

FOYLE HEALTH & SOCIAL SERVICES TRUST  
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**NOTES TO THE ACCOUNTS**

**Note 11.1 (Contd)**

**Donated Assets**

	<b>Land</b>	<b>Buildings Installations and fittings</b>	<b>Computer Equipment</b>	<b>Other Equipment</b>	<b>Assets under Construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>						
At 1 April 2004				35		35
Indexation				1		1
Additions						0
Transfers						0
Impairments						0
Revaluation						0
Disposals						0
National Revaluation Exercise						0
<hr/>						
At 31 March 2005	<b>0</b>	<b>0</b>	<b>0</b>	<b>36</b>	<b>0</b>	<b>36</b>
<hr/>						
<b>Depreciation</b>						
At 1 April 2004				18	0	18
Indexation				1		1
Transfers						0
Impairments						0
Revaluation						0
Disposals						0
Reversal of Impairments						0
Provided during the year				5		5
National Revaluation Exercise						0
<hr/>						
At 31 March 2005	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>24</b>
<hr/>						
<b>Net Book Value</b>						
At 31 March 2005	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>12</b>
<hr/>						
At 31 March 2004	<b>0</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>0</b>	<b>17</b>
<hr/>						

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**11.2 Total Tangible Fixed Assets:**

	<b>Purchased</b>	<b>Donated</b>	<b>Total</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net book value:				
Land	11,860	0	11,860	8,102
Buildings installations and fittings	39,484	0	39,484	38,271
Computer Equipment	1,171	0	1,171	1,530
Other Equipment	2,079	12	2,091	2,155
Assets under construction	<u>5,410</u>	<u>0</u>	<u>5,410</u>	<u>1,140</u>
<b>Total</b>	<b><u>60,004</u></b>	<b><u>12</u></b>	<b><u>60,016</u></b>	<b><u>51,198</u></b>

**11.3 The net book value of land and buildings comprises:**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Freehold	51,344	46,373
Long leasehold		
Short leasehold		
	<u>51,344</u>	<u>46,373</u>

**11.4**

**The net book value of assets held under finance leases and hire purchase contracts are as follows:**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Land		
Buildings, Installations and fittings		
Equipment		
Assets under construction		
	<u>0</u>	<u>0</u>

The total amount of depreciation charged in the Income and Expenditure Account in respect of assets held under finance leases and hire purchase contracts is £0 (2004 £0)

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

<b>12.</b>	<b>Stocks and Work in Progress</b>	<b>2005</b>	<b>2004</b>
		<b>£'000</b>	<b>£'000</b>
	Raw Materials and consumables		
	Work in progress		
	Finished goods	342	423
		<hr/>	<hr/>
	<b>Total</b>	<b>342</b>	<b>423</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>13.</b>	<b>Debtors</b>	<b>2005</b>	<b>2004</b>
		<b>£'000</b>	<b>£'000</b>
	Amounts falling due within one year:		
	HSS or NHS debtors	1,734	(24)
	Clinical Negligence - Central Fund	0	16
	Other debtors	2,484	2,126
	Pension Prepayments		
	in respect of former directors	0	0
	in respect of other staff	0	0
	Other prepayments and accrued income	288	231
		<hr/>	<hr/>
	Sub Total	<b>4,506</b>	<b>2,349</b>
		<hr/>	<hr/>
	The balances are net of a provision for bad debts of £172,288	(2004 £126,908)	
	Amounts falling due after more than one year:		
	HSS or NHS debtors		
	Clinical Negligence - Central Fund	21	28
	Other debtors	27	35
	Pension Prepayments		
	in respect of former directors		0
	in respect of other staff		0
	Other prepayments and accrued income		0
		<hr/>	<hr/>
	Sub Total	<b>48</b>	<b>63</b>
		<hr/>	<hr/>
	<b>Total</b>	<b>4,554</b>	<b>2,412</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>14.</b>	<b>Short-term Investments</b>	<b>2005</b>	<b>2004</b>
		<b>£'000</b>	<b>£'000</b>
	Government Securities	0	0
	Other Approved Public Sector Organisations	0	0
	Banking Deposits	320	299
	Others (specify if in excess of £50,000)		0
		<hr/>	<hr/>
	<b>Total</b>	<b>320</b>	<b>299</b>
		<hr/> <hr/>	<hr/> <hr/>

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**15. Creditors**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
<b>15.1 Creditors: Amounts falling due within one year:</b>		
Bank overdrafts	0	0
Current instalments due on loans	619	619
Interest payable	39	42
Public dividend capital dividend payable	976	774
PDC payable in respect of impairments	600	0
Payments received on account	0	0
HPSS or NHS creditors and accruals	303	224
Non HPSS or NHS trade revenue creditors	1,911	2,899
Non HPSS or NHS trade capital creditors	133	109
Payroll creditors including taxation and social security	3,604	2,446
Net obligations under finance leases	0	0
Clinical Negligence	0	0
Pensions		
- relating to former directors	0	0
- relating to other staff	0	0
Other accruals	0	0
Other creditors	47	44
	<b>8,232</b>	<b>7,157</b>
<b>Sub Total</b>	<b>8,232</b>	<b>7,157</b>
 <b>15.2 Creditors: Amounts falling due after more than one year:</b>		
Long Term Loans	9,601	10,221
Obligations under finance leases and hire purchase contracts		
HPSS or NHS Creditors		
Clinical Negligence		
Pensions		
- relating to former directors		
- relating to other staff		
Other		
	<b>9,601</b>	<b>10,221</b>
<b>Sub Total</b>	<b>9,601</b>	<b>10,221</b>
<b>Total Creditors</b>	<b>17,833</b>	<b>17,378</b>

Pension creditors include £0 relating to payments due in future years under arrangements to buy out the liability for Y early retirements over 5 years.

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**Note 15 (Contd)**

**15.3 Finance lease obligations**

The future minimum lease payments under finance leases to which the Trust was committed at the balance sheet date were as follows:

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
Within one year		
Between one and five years		
After five years		
Less finance charges allocated to future periods		
	<b>0</b>	<b>0</b>

This total net obligation under finance leases can be analysed as follows:

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
Creditors: amounts due within one year		
Creditors: amounts due after more than one year		
	<b>0</b>	<b>0</b>

**15.4 Public Dividend Capital Dividends**

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
The dividend is in respect of Public Dividend Capital	976	774
	<b>976</b>	<b>774</b>

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
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**16. Loans**

	<b>Government Loans £'000</b>	<b>Other Loans £'000</b>	<b>2005 £'000</b>	<b>2004 £'000</b>
Amounts falling due:				
In one year or less	619		619	619
Between one and two years	619		619	619
Between two and five years	1,857		1,857	1,858
In five years or more	7,125		7,125	7,744
<b>Total</b>	<b>10,220</b>	<b>0</b>	<b>10,220</b>	<b>10,840</b>

	<b>Government Loans £'000</b>	<b>Other Loans £'000</b>	<b>2005 £'000</b>	<b>2004 £'000</b>
Wholly repayable within five years				
Wholly repayable after five years, not by instalments				
Wholly or partially repayable after five years by instalments	10,220		10,220	10,840
<b>Total</b>	<b>10,220</b>	<b>0</b>	<b>10,220</b>	<b>10,840</b>

Total Repayable after five years by installments	7,125	0	7,125	7,744
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Loans wholly or partially repayable after five years:	7,125	0	7,125	7,744
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Terms of payment	<b>Interest Rate %</b>	<b>2005 £'000</b>	<b>2004 £'000</b>
Originating Interest Bearing Debt	8.25	10,220	10,840



**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
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**17. Provisions for liabilities and charges**

	<b>Pensions relating to former directors £'000</b>	<b>Pensions relating to other staff £'000</b>	<b>Clinical negligence £'000</b>	<b>Restructuring £'000</b>	<b>Other £'000</b>	<b>2005 £'000</b>	<b>2004 £'000</b>
Balance at 31 March 2004	0	87	45	0	1,329	1,461	1,488
Arising during the year	0	0	0	0	113	113	464
Utilised during the year			(10)			(10)	(267)
Reverse unused		(8)	(15)		(111)	(134)	(274)
Unwinding of discount		7	1		19	27	50
At 31 March 2005	<b>0</b>	<b>86</b>	<b>21</b>	<b>0</b>	<b>1,350</b>	<b>1,457</b>	<b>1,461</b>

**Income and Expenditure Account Charges**

	<b>£'000</b>
Arising during the year	113
Utilised during the year	(10)
Reversed unused	(134)
Unwinding of discounts	<u>27</u>
<b>Total</b>	<b><u>(4)</u></b>

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**Note 17 (Contd)**

**Expected Timing of Cash Flow**

	<b>Pensions relating to former directors £'000</b>	<b>Pensions relating to other staff £'000</b>	<b>Clinical Negligence £'000</b>	<b>Restructuring £'000</b>	<b>Other £'000</b>	<b>2005 £'000</b>	<b>2004 £'000</b>
Within 1 year			0	0	610	610	543
1 - 5 years			26	21	244	291	351
Over 5 years			61	0	495	556	567

[For each class of provision, give an indication of the uncertainties about the amounts and timings and any major assumptions made concerning future events. For the 'other' class, give a brief description of the nature of the obligations. Where reimbursements are expected a similar disclosure to that for Clinical Negligence should also be included]

Expected reimbursements from the Clinical Negligence Central Fund included in debtors are :-

Clinical Negligence Central Fund	<b>£'000</b> <u>24</u>
----------------------------------	---------------------------

The clinical negligence provision includes £Nil for incidents against which claims have not, as yet been received. The related reimbursements, included in debtors, amount to £Nil.

In addition to the clinical negligence provision, contingent liabilities for clinical negligence are given in Note 25.

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**18. Public Dividend Capital**

	<b>2005</b>	<b>2004</b>
Public dividend capital was issued as follows:	<b>£'000</b>	<b>£'000</b>
During the reporting year	3,855	900
In prior years	19,586	18,686
<b>Total</b>	<b><u>23,441</u></b>	<b><u>19,586</u></b>

**19. Movements on Reserves**

	<b>Revaluation Reserve</b>	<b>Donation Reserve</b>	<b>Realised Donation Reserve</b>	<b>Other Reserves</b>	<b>Income and Expenditure Reserve</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2004	15,191	15	2	0	751	15,959
Retained surplus (deficit) for year					3	3
Revaluation and indexation of fixed assets	6,776	0				6,776
Transfer of realised profits (losses)	(2)				2	0
Movements in donation reserve		(5)				(5)
Fixed Asset Impairments	(220)					(220)
Other reserve movements: Prior Year Disposals	35					35
At 31 March 2005	<b><u>21,780</u></b>	<b><u>10</u></b>	<b><u>2</u></b>	<b><u>0</u></b>	<b><u>756</u></b>	<b><u>22,548</u></b>

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**20. Reconciliation of Movement in Government Funds**

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
Surplus (deficit) for the financial year	999	795
less provisions for future obligations	(20)	(104)
less public dividend capital dividends	<u>(976)</u>	<u>(774)</u>
	<b>3</b>	<b>(83)</b>
Gains (losses) from revaluation/indexation of		
Purchased fixed assets	6,554	3,537
Public dividend capital repayments	(645)	0
Public dividend capital issued	4,500	900
New Government loans issued	0	0
Government loans repayments	(619)	(619)
Additions (reductions) in other reserves	<u>35</u>	<u>0</u>
Net Movement in Government funds	<b>9,828</b>	<b>3,735</b>
Government funds at 31 March 2004	<u><b>46,369</b></u>	<u><b>42,634</b></u>
Government funds at 31 March 2005	<u><u><b>56,197</b></u></u>	<u><u><b>46,369</b></u></u>

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**21 Financial Performance Targets**

**21.1 Capital Cost Absorption Duty**

The Trust is required to absorb the cost of capital at a rate of 3.5% of average relevant net assets. The rate is calculated as the percentage that interest payable on Government borrowing plus dividends payable on public dividend capital, totalling £1,855,405 bears to the average relevant net assets of £44,450,711 that is 4.17%.

The return for 2004/2005 is calculated as 4.17% (2003/2004 3.95%)

The Capital Cost Absorption Rate is calculated as follows:

**Capital Cost Absorption rate (%) = (TDR/Average relevant net assets) x 100**

	<b>2005</b>
	<b>£'000</b>
<b>Trust Debt Remuneration is calculated as:</b>	
Interest payable on Government borrowing	879
Plus	
Dividends payable on Public Dividend Capital	<u>976</u>
Trust Debt Remuneration	<u><u>1,855</u></u>

**Average Relevant Net Assets is calculated as:**

Average relevant net assets is the simple average of opening and closing relevant net assets, where each are calculated as follows:

	<b>Opening</b>	<b>Closing</b>	<b>Average</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total capital and reserves* (equivalent to total net assets)	35,545	39,495	37,520
Less:			
Donation reserve	(17)	(12)	(14)
Purchased assets in the course of construction	(1,140)	(5,410)	(3,275)
Short-term assets	(299)	(320)	(310)
Finance Lease assets (during their primary lease term)			
Plus:			
Loans and overdrafts	10,840	10,220	10,530
Finance Lease Creditors (capital only)			
<b>Relevant Net Assets</b>	<u><u>44,929</u></u>	<u><u>43,973</u></u>	<u><u>44,451</u></u>

\*Capital and reserves excludes the impact of the national revaluation exercise.

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**21.2 Break Even Performance**

The Trust is required to ensure that its income is sufficient to meet its expenditure taking one year with another. Over the last five years the Trust has achieved the following results:

	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
i. Turnover	<u>78,415</u>	<u>83,990</u>	<u>94,575</u>	<u>103,559</u>	<u>112,322</u>
Operational Surplus/(Deficit) for Financial Year before Provisions and					
ii. Exceptional Income	<u>86</u>	<u>45</u>	<u>27</u>	<u>21</u>	<u>23</u>
iii. Break Even in year position	86	45	27	21	23
iv. Break Even cumulative position(opening)	400	488	533	560	581
v. Other Adjustments	2	0	0	0	0
vi. Exceptional Income Year ended 31 March 2001	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
vii. Break Even Cumulative position(closing)	<u><u>488</u></u>	<u><u>533</u></u>	<u><u>560</u></u>	<u><u>581</u></u>	<u><u>604</u></u>
If a Break Even cumulative deficit - anticipated financial year of recovery					<u>N/A</u>
If more than 2 years- agree period					<u>N/A</u>

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

Note 21.2 (Contd)

	2000/01	2001/02	2002/03	2003/04	2004/05
	%	%	%	%	%
<b>Materiality Test:</b>					
Break Even in year position as % of turnover	0.1%	0.1%	0.0%	0.0%	0.0%
Break Even cumulative position as % of turnover	0.6%	0.6%	0.6%	0.6%	0.5%

The Trust reported a surplus in 1996/97 of £445,000 which has been carried forward as a cumulative surplus and resulted in a 0.5% breakeven cumulative position in 2004/05. This cumulative surplus has been applied to purchase fixed assets.

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**  
**NOTE 21 (CONTD.)**

**21.3 External Financing Limit**

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
External Financing Limit set by the Department	<u><u>3,884</u></u>	<u><u>996</u></u>

The Trust stayed within its External Financing Limit by £25,000. The Trust's External Financing Requirement for the year was £3,859,000 and was met as follows:-

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
Increase (decrease) in:		
Public dividend capital	4,500	900
Government long-term loans	(619)	(619)
Other long-term loans		
Short-term loans		
Overdrafts	0	
Finance lease capital creditors		
(Increase) decrease in:		
Short-term investments	(21)	716
Cash at bank and in hand	(1)	(5)
External Finance Accessed	<u><u>3,859</u></u>	<u><u>992</u></u>

**21.4 Capital Resource Limit**

The Trust is given a Capital Resource Limit which it is not permitted to overspend.

	<b>2005</b> <b>£'000</b>
Gross Capital Expenditure (charge against the CRL)	5,246
Capital Resource Limit	<u>5,829</u>
(Over)/Underspend against CRL	<u><u>583</u></u>

The overspend was caused by (please specify)



**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**22. Private Finance Transactions**

**22.1 PFI Schemes deemed to be off balance sheet**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Amounts included within operating expenses in respect of PFI transactions deemed to be off balance sheet	<hr/>	<hr/>
	<b>£'000</b>	<b>£'000</b>
The Trust is committed to make the following payments during the next year		
PFI scheme which expires within one year		
2 to 5 years (inclusive)		
6 to 10 years (inclusive)		
11 to 15 years (inclusive)		
16 to 20 years (inclusive)		
21 to 25 years (inclusive)		
26 to 30 years (inclusive)		
31 to 35 years (inclusive) etc.		
	<hr/>	<hr/>
	0	0
	<hr/>	<hr/>
	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Estimated capital value of the PFI schemes		
Carparks		
ATICS Equipment Scheme		
Bed Management Scheme		
Equipment Leases		
Laboratory Equipment Scheme		
	<hr/>	<hr/>
	0	0
	<hr/>	<hr/>
Contract start date	dd/mm/yy	
Contract end date	dd/mm/yy	

Description of the scheme (including whether or not it has resulted in guarantees, commitment or other rights and obligations).

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**  
**NOTE 22 (CONTD)**

**22.2 Service element of PFI schemes deemed to be on balance sheet.**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Amounts included within operating expenses in respect of the 'service' element of PFI schemes deemed to be on balance sheet	_____	_____
The Trust is committed to make the following payments during the next year		
	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
PFI scheme which expires within one year		
2 to 5 years (inclusive)		
6 to 10 years (inclusive)		
11 to 15 years (inclusive)		
16 to 20 years (inclusive)		
21 to 25 years (inclusive)		
26 to 30 years (inclusive)		
31 to 35 years (inclusive)		
	_____	_____
	<u>0</u>	<u>0</u>

The estimated annual payments in future years are expected to be materially different from those which the Trust is committed to make during the next year. The likely financial effect of this is +/- £X (2004 +/- £X).

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**23. Capital Commitments**

Capital commitments at the balance sheet date were:-

	<b>Finance Leases £'000</b>	<b>Other £'000</b>	<b>2005 Total £'000</b>	<b>2004 Total £'000</b>
Contracted	0	1,430	1,430	4,531
Authorised by the Board, but not contracted	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>0</u></b>	<b><u>1,430</u></b>	<b><u>1,430</u></b>	<b><u>4,531</u></b>

**24. Post Balance Sheet Events**

There are no post balance sheet events having a material effect on the accounts

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**25. Contingent Liabilities**

**Clinical Negligence**

The Trust has contingent liabilities of £33,000 for clinical negligence incidents. The Trust's financial liability, if any, cannot be determined until the related claims are resolved. An estimate of the amount involved, inclusive of legal costs, is:

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Total estimate of contingent clinical negligence liabilities	33	95
Amount recoverable from the Clinical Negligence Central Fund	<u>(33)</u>	<u>(95)</u>
Net Contingent Liability	<u><u>0</u></u>	<u><u>0</u></u>

In addition to the above contingent liability, provisions for clinical negligence are given in Note 17.

Other clinical litigation claims could arise in the future due to incidents which have already occurred. The expenditure which may arise from such claims cannot be determined as yet.

[Contingencies not relating to clinical negligence are as follows:]

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Public Liability	0	0
Employers' Liability	0	0
Accrued Leave	0	0
Injury Benefit	252	255
Other (Specify)	<u>0</u>	<u>0</u>
Total	<u><u>252</u></u>	<u><u>255</u></u>

**26. Related Party Transactions**

During the year, none of the board members, members of the key management staff or other related parties has undertaken any material transactions with the Foyle HSS Trust.

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**27. Analysis of Losses and Special Payments**

TYPE OF LOSS	NO. OF CASES	VALUE £
1 Cash Losses - Theft, fraud etc	4	185
2 Cash Losses - Overpayments of salaries, wages and allowances		
3 Cash Losses - Other causes (including unvouched and incompletely vouched payments)		
4 Nugatory and fruitless payments - Abandoned Capital Schemes		
5 Other nugatory and fruitless payments	2	40
6 Bad debts and claims abandoned	22	5,103
7 Stores and Inventory Losses - Theft, fraud, arson (whether proved or suspected) etc		
i. Bedding and linen		
ii. Other equipment and property	1	25
8 Stores and Inventory Losses - Incidents of the service (result of fire, flood, etc)	1	49
9 Stores and Inventory Losses - Deterioration in store	403	6,584
10 Stores and Inventory Losses - Stocktaking discrepancies	24	56
11 Stores and Inventory Losses - Other causes		
i. Bedding and linen		
ii. Other equipment and property	88	3,428
12 Compensation payments (legal obligation)		
i. Clinical Negligence	1	10,000
ii. Public Liability		
iii. Employers Liability	6	69,500
13 Ex-gratia payments - Compensation payments (including payments to patients and staff)	17	4,153
14 Ex-gratia payments - Other payments	4	38,809
15 Extra statutory payments		
16 a. Losses sustained as a result of damage to buildings and fixtures arising from bomb explosions or civil commotion.		
b. Damage to vehicles	2	495
<b>TOTAL</b>	<b>575</b>	<b>138,427</b>

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**28. Intra-Government balances**

Name	Creditors		Debtors	
	Amounts falling due within 1 year £'000	Amounts falling due after more than 1 year £'000	Amounts falling due after more than 1 year £'000	Amounts falling due within 1 year £'000
Other central government bodies	3,112			69
Northern Ireland Health and Social Service Boards	1			1,747
HSS Trusts	1,300			363
NHS Trusts	10			-
Agencies & Special Agencies	296			68
Non-Departmental Public Bodies	-			
Local Authorities				
Public corporations and trading funds				
Total	<b>4,719</b>	<b>0</b>	<b>0</b>	<b>2,247</b>

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**29. Notes to the Cash Flow Statement**

**29.1 Reconciliation of operating surplus (deficit) to net cash inflow from operating activities**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Operating surplus (deficit)	1,616	1,304
Depreciation charge	2,343	2,077
Provisions for future obligations (I&E Account)	(20)	(104)
Fixed asset impairments	600	38
Transfer from donation reserve	(5)	(18)
Non-cash Items	(5)	(7)
Increase (decrease) in provisions (Balance Sheet)	20	104
(Increase) decrease in stocks	81	(116)
(Increase) decrease in debtors	(1,769)	(691)
Increase (decrease) in creditors	519	2,211
	<u>519</u>	<u>2,211</u>
<b>Net cash inflow from operating activities</b>	<b><u>3,380</u></b>	<b><u>4,798</u></b>

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**  
**NOTE 29 (CONTD)**

**29.2 Reconciliation of net cash flow to movement in net debt**

	2005		2004	
	£'000	£'000	£'000	£'000
Increase/(decrease) in cash in the period	1		5	
Cash inflow from new debt	0		0	
Cash outflow from debt repaid and finance lease capital payments	619		619	
Cash (inflow)/outflow from decrease/increase in liquid resources	<u>22</u>		<u>(716)</u>	
Change in net debt resulting from cash flows		642		(92)
Non-cash changes in debt				<u>0</u>
Net Debt at 1 April 2004		<u>(10,524)</u>		<u>(10,432)</u>
Net Debt at 31 March 2005		<u><u>(9,882)</u></u>		<u><u>(10,524)</u></u>

**29.3 Analysis of changes in net debt**

	At 1 April 2004 £'000	Cash flows £'000	Non-cash changes £'000	At 31 March 2005 £'000
Cash at bank and in hand	20	1		21
Bank overdrafts	0	0		0
Debt due within 1 year	(619)	619	(619)	(619)
Debt due after 1 year	(10,224)		619	(9,605)
Finance leases				0
Current asset investments	<u>299</u>	<u>22</u>		<u>321</u>
	<u><u>(10,524)</u></u>	<u><u>642</u></u>	<u><u>0</u></u>	<u><u>(9,882)</u></u>



**FOYLE HEALTH AND SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**  
**NOTES TO THE ACCOUNTS**

**30. Financial Instruments**

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the relationship with HSS Commissioners, and the manner in which they are funded, Foyle Health and Social Services Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk that would be typical of the listed companies to which FRS 13 mainly applies. Foyle Health and Social Services Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing Foyle Health and Social Services Trust in undertaking its activities.

**31. Third Party Assets**

The Trust held £584,134 cash at bank and in hand at 31/3/2005 which relates to monies held by the Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts. A separate audited account of these monies is maintained by the Trust.

## **STATEMENT OF TRUST'S RESPONSIBILITIES IN RELATION TO PATIENTS'/RESIDENTS' MONIES**

The Trust is required by Health and Personal Social Services (Northern Ireland) Order 1991 to prepare and submit accounts in such form as the Department may direct.

**The Trust is also required to maintain proper and distinct accounting records and is responsible for safeguarding the monies held on behalf of patients/residents and for taking reasonable steps to prevent and detect fraud and other irregularities.**

## **Foyle HSS Trust**

### **Account of Monies held on behalf of Patients/Residents**

The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly

I certify that I have audited the account on page 121 which the Trust is required by the Health and Personal Social Services (Northern Ireland) Order 1991 to prepare and submit in such form as the Department of Health, Social Services and Public Safety may direct.

### **Respective Responsibilities of the Board Members and Chief Executive and Auditor**

As described on page 118 the Board Members and Chief Executive are responsible for the preparation and submission of the account as required by the Health and Personal Social Service (Northern Ireland ) Order 1991 in such form as the Department of Health, Social Services and Public Safety directs and for ensuring the regularity of financial transactions. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the account properly present the payments and receipts of the monies held on behalf of patients/residents and are properly prepared as required by the Health and Personal Social Services (Northern Ireland) Order 1991 in such form as the Department of Health, Social Services and Public Safety directs, and whether in all material respects the payments and receipts conform to the authorities which govern them. I also report if, in my opinion the Trust has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

### **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the account. It also includes an assessment of the judgements made by the Board Members and Chief Executive in the preparation of the account.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the account is free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the payments and receipts conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the account.

## **Opinion**

In my opinion:

- the account properly present the payments and receipts of the monies held on behalf of patients/residents by the Foyle Health and Social Services Trust for the year ended 31 March 2005 and balances held at that date and have been properly prepared as required by the Health and Personal Social Services (NI) Order 1991 in such form as the Department of Health, Social Services and Public Safety may direct; and
- in all material respects the payments and receipts conform to the authorities which govern them.

I have no observations to make on this account.

**J M Dowdall CB  
Comptroller and Auditor General**

**Northern Ireland Audit Office  
106 University Street  
Belfast BT7 1EU**

**Date: 19th August 2005**

**FOYLE HEALTH & SOCIAL SERVICES TRUST**  
**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS**

Previous Year	RECEIPTS		
£		£	£
	Balance at 1 April 2004		
458,563	1. Investments (at cost)	460,115	
3,948	2. Cash at Bank	39,069	
2,830	3. Cash in Hand	2,830	502,014
284,396	Amounts Received in the Year		504,259
17,176	Interest Received		24,518
<b>766,913</b>	<b>TOTAL</b>		<b>1,030,791</b>
PAYMENTS			
264,899	Amounts Paid to or on behalf of Patients/Residents		446,657
	Balance at 31 March 2005		
460,115	1. Investments (at cost)	524,846	
39,069	2. Cash at Bank	56,358	
2,830	3. Cash in Hand	2,930	584,134
<b>766,913</b>	<b>TOTAL</b>		<b>1,030,791</b>

Schedule of investments held at 31 March 2005

Cost Price	Investment	Nominal Value	Cost Price
£		£	£
460,115	Anglo Irish Bank	524,846	524,846

I certify that the above account has been compiled from and is in accordance with the financial records maintained by the Trust.

Lesley Mitchell **Director of Finance**  
19/8/2005 **Date**

I certify that the above account has been submitted to and duly approved by the Trust Board.

Joe Lusby **Chief Executive**  
19/8/2005 **Date**

**SPERRIN LAKELAND HEALTH AND SOCIAL SERVICES TRUST  
ANNUAL ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2005**

## **FOREWORD**

These accounts for the year ended 31st March 2005 have been prepared in accordance with Article 90(2)(a) of the Health and Personal Social Services (Northern Ireland) Order 1972, as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, in a form directed by the Department of Health, Social Services and Public Safety.

## **STATEMENT OF SPERRIN LAKELAND HEALTH AND SOCIAL SERVICES TRUST'S RESPONSIBILITIES AND CHIEF EXECUTIVE'S RESPONSIBILITIES.**

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003), the Trust is required to prepare financial statements for each financial year in the form and on the basis determined by the Department of Health, Social Services and Public Safety. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the Sperrin Lakeland Health and Social Services Trust, of its income and expenditure and cash flows for the financial year.

In preparing the financial statements the Trust is required to :-

- observe the accounts direction issued by the Department of Health, Social Services and Public Safety including 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 have been followed, and disclose and explain any material departures in the financial statements.
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Trust will continue in operation.
- keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust.
- pursue and demonstrate value for money in the services the Trust provides and in its use of public assets and the resources it controls.

The Permanent Secretary of the Department of Health, Social Services and Public Safety as Accounting Officer for health and personal social services resources in Northern Ireland has designated Mr. Rod Halls of Sperrin Lakeland Health and Social Services Trust as the Accountable Officer for the Trust. His relevant responsibilities as Accountable Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Accountable Officer Memorandum, issued by the Department of Health, Social Services and Public Safety. The Accountable Officer is also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps to prevent and detect fraud and other irregularities.



## **CERTIFICATES OF DIRECTOR OF FINANCE, CHAIRMAN AND CHIEF EXECUTIVE**

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 134 to 178) which I am required to prepare on behalf of the Sperrin Lakeland Health and Social Services Trust have been compiled from and are in accordance with the accounts and financial records maintained by the Trust and with the accounting standards and policies for HSS Trusts approved by the DHSSPS.

**Mr. C. McCauley**      **Director of Finance**  
**4th August 2005**      **Date**

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 134 to 178) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.

**Mr H. Mullan**      **Chairman**  
**4th August 2005**      **Date**

**Mr R. Halls**      **Chief Executive**  
**4th August 2005**      **Date**

# **SPERRIN LAKELAND HEALTH AND SOCIAL CARE TRUST**

## **STATEMENT ON INTERNAL CONTROL FOR THE YEAR 2004-2005**

### **Scope of Responsibility**

1. The Trust Board of the Sperrin Lakeland Health and Social Care Trust is accountable for internal control. As Accountable Officer and Chief Executive of the Board of Sperrin Lakeland Health and Social Care Trust, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the organisation, and for reviewing the effectiveness of the system.

### **Purpose of the system of internal control**

2. The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks to the achievement of the organisation's policies, aims and objectives, and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Sperrin Lakeland Health and Social Care Trust for the year ended 31st March 2005, and up to the date of approval of the annual report and accounts and accords with the Department of Finance and Personnel guidance.
4. The Trust Board exercises strategic control over the operation of the Sperrin Lakeland Health and Social Care Trust through a system of corporate governance which includes;-
  - A schedule of matters reserved for Trust Board decisions
  - A scheme of delegation, which delegates decision making authority within set parameters to the Chief Executive and other officers.
  - Standing Orders and Standing Financial Instructions
  - The existence of an Audit Committee
  - A Remuneration Committee to oversee Senior Executives' Pay
  - A Clinical and Social Care Governance Committee
5. The system of internal financial control is based upon a framework of:
  - Regular financial information
  - Administrative procedures incorporating supervision and segregation of duties
  - A system of delegation and accountability
  - Physical controls over access to assets and data
  - Independent review of these processes by Internal Audit.
6. In particular, the system includes:
  - Comprehensive budgeting systems with an annual budget which is agreed by the Trust Board.

- Regular reviews by the Trust Board of periodic financial reports which indicate financial performance against the forecast.
  - Setting targets to measure financial and other performances.
  - Clearly defined capital investment control guidelines.
  - A thorough requisition and approval system for procuring goods and services.
  - A system of detailed recording and verification to protect the Trust's assets.
  - Clear segregation of duties between Salaries & Wages and Personnel Departments for additions to or deletions from the Payroll.
  - Regular reports to Senior Management and the Audit Committee from the Chief Internal Auditor.
7. The Trust's Internal Audit function operates to standards set out in the NHS Internal Audit Manual and its work is informed by an analysis of risk to which the Trust is exposed. Annual audit plans are based on this analysis and are approved by the Audit Committee. In 2004/05 Internal Audit reviewed the following systems:
- Cash and Banking
  - Fixed Assets
  - Non-Pay Expenditure
  - Order and Receipt of Goods
  - Patients' Property
  - Payroll
  - Staff Travel and Subsistence
  - Trust Funds
8. In his Annual Report, the Chief Internal Auditor reported that the Sperrin Lakeland Health and Social Care Trust had in place an adequate system of internal financial control that was deemed to be operating effectively. Minor enhancements to the system were recommended in Internal Audit Reports and these have been or are being implemented.
9. With regard to the wider control environment, the Sperrin Lakeland Health and Social Care Trust has in place a range of organisational controls, commensurate with the current assessment of risk, designed to ensure the efficient and effective discharge of its business in accordance with the law and Departmental direction. Every effort is made to ensure that the objectives of the Sperrin Lakeland Health and Social Care Trust are pursued in accordance with the recognised and accepted standards of public administration.
10. The Sperrin Lakeland Health and Social Care Trust's recruitment and selection policies are based on the principle of equality of opportunity and controls are in place to ensure that all such decisions are taken in accordance with relevant legislation. The Sperrin Lakeland Health and Social Care Trust's Equality Scheme was approved by the Equality Commission in July 2001.

## **11. Capacity to handle risk**

The Chief Executive has overall accountability for risk management within Sperrin Lakeland Health and Social Care Trust. Lead responsibility for implementing risk management has been delegated to the Medical Director, the Director of Finance, the Director of Corporate Affairs and professional executive directors as follows:-

- The Medical Director is lead for clinical and social care governance and is responsible for medical practice risk management
- The Director of Finance is responsible for financial risk management
- The Director of Corporate Affairs is responsible for corporate risk management
- The Social Worker Executive Director and Nursing Executive Director are responsible for professional practice risk management
- The Clinical and Social Care Governance Committee is responsible for formulating and overseeing policy and strategy, plans and systems of clinical risk management. As one of the reporting groups to the committee, the Risk Management Steering Group is responsible for developing and overseeing risk management strategy for non-clinical risk management.
- During 2004-05 the following corporate training/guidance has been provided to staff in respect of risk management:-
- Incident Reporting Policy & Guidance has been updated, refined and approved by the Clinical & Social Care Governance Committee in February 2005
- Root cause analysis training for key staff in November 2004
- Health & safety / risk awareness included in Trust induction training
- Risk Management Awareness training provided to 751 staff across all professions representing 15% of the workforce
- National Examining Board for Occupational Safety & Health (NEBOSH) certification of two Risk Assessment Facilitators
- Institution of Occupational Safety and Health (IOSH) "Healthcare : Risk and Safety Management" course completed by Risk Assessment Facilitator – Community Care
- Trust guidance developed on risk assessment process, including identification and analysis of risk, development of action plans and review

In addition, there has been risk specific training provided throughout the organisation on an ongoing basis. These include back care, moving and handling, care & responsibility, infection control, fire safety, waste disposal, resuscitation techniques, emergency planning and food hygiene.

## **12. The risk and control framework**

### **Actions during 2004/2005**

#### **Risk and Governance Review of Acute Hospital Services**

- In early 2005 Sperrin Lakeland Health and Social Care Trust commissioned members from the NHS Clinical Governance Support Team to perform a comprehensive risk and

governance review of acute hospital services within the Trust. The objectives in the terms of reference for the review are as follows :

[] To assess the effectiveness of the Trust's clinical and social care governance arrangements including the extent to which the Trust's Clinical and Social Care Governance strategy has been embedded across acute care specialties.

[] To identify and assess service and practice-specific risks and the effectiveness of current arrangements to manage these risks.

[] To make recommendations and develop a comprehensive action plan to :

- improve the effectiveness of governance arrangements within the Trust both at specialty specific and corporate levels
- address and manage key risks in the short and medium term, until the new hospital is established
- ensure the delivery of high quality and safe services to the Fermanagh and West Tyrone population in the longer term.

The Phase 1 Report, published on 19th May 2005, highlighted some significant issues in relation to strategic capacity and capability, clinical governance arrangements and leadership. In conjunction with representatives from the WHSSB, DHSSPS and the NHS Clinical Governance Support Group, the Trust has begun the process of implementing the recommendations detailed in the Phase 1 Report including changes in the senior management arrangements within the Trust.

### **Compliance with Controls Assurance Standards**

- A review of action plans and levels of compliance for the 6 existing Controls Assurance Standards was carried out. Self-assessment, scoring, compilation of evidence files and development of action plans for 8 Control Assurance Standards which became "live" on 1 April 2004 was also carried out. Reported levels of compliance with the 14 Controls Assurance Standards are set out below.

Arising from the findings of the Phase 1 report referred to above, a review of the Trust's level of compliance with the Governance and Risk Management Controls Assurance standards is being carried out. As the review is not yet complete, the Trust's level of compliance with these two standards remains undetermined.

<b>Controls Assurance Standard Issued For 2004/2005</b>	<b>Expected Levels of Compliance with Standard</b>	<b>Levels of Compliance with Standards Achieved by Organisation</b>
Financial Management	Substantive	Substantive
<b>Governance</b>	<b>Substantive</b>	<b>Undetermined</b>
<b>Risk Management</b>	<b>Substantive</b>	<b>Undetermined</b>
Decontamination of Medical Devices	Substantive	Substantive
Fire Safety	Substantive	Substantive
Infection Control	Substantive	Substantive
Human Resources	Moderate	Substantive
Medical Devices and Equipment Management	Moderate	Moderate
Medicines Management	Moderate	Moderate
Buildings, land, plant & non-medical equipment	Moderate	Moderate

Environmental Management	Moderate	Moderate
Health & Safety	Moderate	Moderate
Information & Communication Technology	Moderate	Substantive
Waste Management	Moderate	Moderate

Key:

Level & Scoring	Descriptor
Moderate 30 – 69	<ul style="list-style-type: none"> <li>* A moderate degree of organisation-wide compliance with the requirements set by the standard.</li> <li>* Demonstrable evidence that work is ongoing across most parts of the organisation to achieve compliance, although some directorates or departments may be in the very early stages of compliance.</li> <li>* Medium percentage of compliance by professional people as part of the self-assessment process.</li> </ul>
Substantive 70 - 99	<ul style="list-style-type: none"> <li>* Substantive organisation-wide compliance with all requirements set by the standard.</li> <li>* Demonstrable evidence that most parts of the organisation are meeting most of the requirements set by the standard.</li> <li>* Only minor non-compliance issues requiring, in the main, minor action (s).</li> <li>* High percentage of compliance by professional people as part of the self-assessment process.</li> </ul>
Full 100	<ul style="list-style-type: none"> <li>* Full compliance across the whole organisation with all requirements set by the standard</li> </ul>

- Further risk management work and activity undertaken during 2004-2005 included:-
  - Establishment of a dedicated Hotline for reporting serious adverse incidents in response to Circular HSS(PPM)06/04 - Reporting and Follow-up on Serious Adverse Incidents : Interim Guidance
  - Risk Management Steering Group met on 4 occasions during the reporting year
  - Co-ordination arrangements for progress reports against risks identified in corporate risk register

### Plans for 2005/2006

- Implementation of the recommendations contained in the Phase 1 report from the NHS Clinical Governance Support Team
- Assist in the development of the Phase 2 and Phase 3 Review and implementation of subsequent recommendations
- Further development of corporate risk register
- Skills training to enhance use of the risk management software system
- Further development of corporate and directorate risk registers

- Target general risk management awareness programme to groups of staff where uptake of training has been below benchmark (15%)
- Continue to review and, where possible, progress action plans associated with Controls Assurance Standards and non-clinical risk assessments
- Review levels of compliance, collate evidence and develop / progress action plans associated with additional Controls Assurance Standards issued
- Review Risk Management Strategy
- Review of Trust's A3 Incident Reporting Form

### **13. Review of Effectiveness**

As Accountable Officer, I have responsibility for the review of effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Sperrin Lakeland Health and Social Care Trust who have the responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and Audit Committee and a plan to address weaknesses and ensure continuous improvement to the system is in place

#### **Significant internal control problems**

The Risk and Governance Review of Acute Hospital Services, Phase 1 report on the validation of the Trust's initial risk assessment into anaesthetics and critical care services, reported significant internal control problems which demonstrated that internal controls were not operating effectively. Subsequent reports are likely to confirm similar problems. The Trust, in conjunction with colleagues in the WHSSB and DHSSPS along with the NHS Clinical Governance Support Team, has commenced the implementation of recommendations contained in the report. The Trust Board and senior managers are fully committed to improving the effectiveness of controls across the Trust, recognising that the seriousness of the situation will take time to rectify fully.

**Mr R. Halls**  
**4th August 2005**

**Chief Executive**

## **SPERRIN LAKELAND HEALTH AND SOCIAL SERVICES TRUST**

### **The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly.**

I certify that I have audited the financial statements on pages 134 to 178 under the Health and Personal Social Services (Northern Ireland) Order 1972 as amended by Article 6 of the Audit and Accountability (Northern Ireland) 2003. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 138 to 142.

### **Respective responsibilities of the Board Members, Chief Executive and Auditor.**

As described on page 124, the Board Members and Chief Executive are responsible for the preparation of the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003 and Department of Health, Social Services and Public Safety directions made thereunder and for ensuring the regularity of financial transactions. The Board Members and Chief Executive are also responsible for the preparation and content of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003 and Department of Health, Social Services and Public Safety directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Trust has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 126 to 131 reflects the Trust's compliance with the Department of Health, Social Services and Public Safety's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Health, Social Services and Public Safety, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Chief Executive's statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

### **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board members and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.



I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of Sperrin Lakeland Health and Social Services Trust at 31st March 2005 and of the deficit, total recognised gains and losses and cash flows for the year ended and have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003 and directions made thereunder by the Department of Health, Social Services and Public Safety and;
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

**J M Dowdall CB**  
**Comptroller and Auditor General**  
**Date: 22nd August 2005**

**Northern Ireland Audit Office**  
**106 University Street**  
**Belfast BT7 1EU**

## SPERRIN LAKELAND HSS TRUST

### INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	NOTE	2005 £000	2004 £000
Income from Activities	2	135,073	123,985
Other Operating Income	3	5,308	3,836
Operating Expenses	4,5	<u>(138,227)</u>	<u>(126,434)</u>
<b>OPERATING SURPLUS (DEFICIT)</b>		2,154	1,387
Profit/(loss) on disposal of Fixed Assets	7	<u>8</u>	<u>9</u>
<b>SURPLUS (DEFICIT) BEFORE INTEREST</b>		2,162	1,396
Interest Receivable		263	262
Interest Payable	8	<u>(1,322)</u>	<u>(1,399)</u>
<b>SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR</b>		1,103	259
Public Dividend Capital Dividends Payable	15	<u>(1,195)</u>	<u>(394)</u>
<b>OPERATIONAL SURPLUS (DEFICIT) BEFORE PROVISIONS</b>		(92)	(135)
Provisions for Future Obligations	9.1	<u>106</u>	<u>(45)</u>
<b>RETAINED SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR</b>		<u><u>14</u></u>	<u><u>(180)</u></u>
<b>BREAK EVEN POSITION</b>	21	<u><u>(92)</u></u>	<u><u>(135)</u></u>

The notes on pages 138 to 178 form part of these accounts

All Income and Expenditure is derived from continuing activities.



## SPERRIN LAKELAND HSS TRUST

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2005

	2005		2004	
	£000	£000	£000	£000
Surplus (Deficit) for the financial year		1,103		259
Provisions for future obligations		<u>106</u>		<u>(45)</u>
Fixed asset impairment losses		1,209 0		214 (24)
<b>Non donated Fixed Assets</b>				
Indexation of fixed assets	4,635		5,035	
Unrealised Surplus (deficit) on revaluation of fixed assets	<u>20,519</u>		<u>168</u>	
		25,154		5,203
<b>Donated Assets</b>				
Additions to donated assets	23		0	
Changes to donation reserve (except transfers to realised donation reserve)	<u>2</u>	<u>25</u>	<u>(27)</u>	<u>(27)</u>
<b>Total recognised gains and losses relating to the year</b>		26,388		5,366
Additions to Capital Assets Reserve		<u>0</u>		<u>52</u>
<b>TOTAL GAINS/(LOSSES) RECOGNISED IN THE FINANCIAL YEAR</b>		<u><u>26,388</u></u>		<u><u>5,418</u></u>

# SPERRIN LAKELAND HSS TRUST

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	2005		2004	
	£000	£000	£000	£000
<b>Net Cash Inflow from Operating Activities (Note 29.1)</b>		6,534		3,610
<b>Returns on Investments and Servicing of Finance</b>				
Interest received	263		319	
Interest paid	(1,326)		(1,402)	
Interest element of finance lease rental payments	<u>0</u>		<u>0</u>	
<b>Net Cash (Outflow) Inflow from returns on Investments and Servicing of Finance</b>		(1,063)		(1,083)
<b>Capital Expenditure</b>				
Payments to acquire intangible fixed assets	0		0	
Receipts from sales of intangible fixed assets	0		0	
Payments to acquire tangible fixed assets	(4,724)		(4,901)	
Receipts from sale of tangible fixed assets	<u>7</u>		<u>16</u>	
<b>Net Cash Inflow (Outflow) from Capital Expenditure</b>		(4,717)		(4,885)
<b>Dividends Paid</b>		(394)		(1,922)
<b>Management of Liquid Resources</b>				
Purchase of current asset investments	(3,000)		0	
Sale of current asset investments	<u>0</u>		<u>5,300</u>	
<b>Net Cash Inflow (Outflow) from Management of Liquid Resources</b>		<u>(3,000)</u>		<u>5,300</u>
<b>Net Cash Inflow (Outflow) before Financing</b>		(2,640)		1,020
<b>Financing</b>				
New money capital reserve	0		0	
New public dividend capital	4,000		0	
New long-term loans - Government	0		0	
New long-term loans - Others	0		0	
New short-term loans - Government	0		0	
New short-term loans - Others	0		0	
Repayment of loans - Government	(931)		(931)	
Repayment of Public Dividend Capital	0		0	
Capital element of finance lease rental payments	<u>0</u>		<u>0</u>	
<b>Net Cash Inflow (Outflow) from Financing</b>		<u>3,069</u>		<u>(931)</u>
<b>Increase (Decrease) in Cash (Notes 29.2 and 3)</b>		<u><u>429</u></u>		<u><u>89</u></u>

The notes on pages 176 and 177 form part of this statement

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 1. STATEMENT OF ACCOUNTING POLICIES

#### 1.1 Authority

These accounts have been prepared in a form determined by the Department of Health, Social Services and Public Safety in accordance with the requirements of Article 90(2)(a) of the Health and Personal Social Services (Northern Ireland) Order 1972 No 1265 (NI 14) as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003.

#### 1.2 Accounting Convention

These accounts have been prepared under the historical cost convention as modified by the indexation and revaluation of tangible fixed assets.

#### 1.3 Basis of Preparation of Accounts

The accounts have been prepared in accordance with the 2004/05 HPSS Manual of Accounts issued by the Department of Health, Social Services and Public Safety.

The accounting policies contained in that Manual follow UK generally accepted accounting practice (UK GAAP) to the extent that it is meaningful and appropriate to HPSS Trusts. The accounting policies are selected in accordance with the principles set out in FRS 18 "Accounting Policies" as the most appropriate for giving a true and fair view. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The principal variations between UK GAAP and the accounting policies directed by the Department of Health, Social Services and Public Safety are:

Paragraph 20 of Financial Reporting Standard 3 "Reporting Financial Performance" requires certain items of expenditure to be separately disclosed in the income and expenditure account after operating surplus/(deficit). These expenditure items do not include the costs associated with provision for liabilities and charges which are normally included within the calculation of the operating surplus/(deficit). However, as the Department measures the operating performance of Trusts by reference to the operating surplus/(deficit) excluding the impact of certain provisions, the income and expenditure account is presented to disclose the operating surplus/(deficit) before provisions for future obligations.

Financial Reporting Standard 15 "Tangible Fixed Assets" requires impairment losses on revalued fixed assets to be recognised in the statement of total recognised gains and losses until the carrying value of the asset falls below depreciated historic cost, at which stage any further impairments are recognised in the income and expenditure account.

However, where an impairment arises due to consumption of economic benefits FRS 15 requires the loss to be recognised in the income and expenditure account in its entirety. In the context of their capital accounting HSS Trusts take those impairment losses resulting from short term changes in price that are recognised to be recoverable, in full to the revaluation reserve. These include

impairments resulting from the revaluation of fixed assets from their cost to their value in existing use when they become operational. This may lead to a negative revaluation reserve in certain instances.

#### **1.4 Intangible Fixed Assets**

Intangible fixed assets are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000 (either individually or as a grouped asset).

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred (either individually or as a grouped asset). They are amortised over the shorter of the term of the licence and their useful economic lives.

#### **1.5 Tangible Fixed Assets**

##### **Capitalisation**

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they :

- individually have a cost of at least £5,000; OR
- they satisfy the criteria of a grouped asset i.e. collectively have a cost of at least £5,000, are functionally interdependent, broadly simultaneous purchase dates, and anticipated to have simultaneous disposal dates, under single managerial control and have an individual cost of £1,000; OR
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

##### **Valuation**

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

All land and buildings are restated to current value using professional valuations in accordance with FRS 15 every five years and in the intervening years by use of indices. The buildings index is based on the All in Tender Price Index published by the Building Cost Information Service (BCIS). The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office.

Professional valuations are carried out by the District Valuers of the Valuations and Land Agency. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS)

Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health, Social Services and Public Safety. In accordance with the requirements of the Department, asset valuations were undertaken in 2004/05 as at the valuation date of 31 March 2005.

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

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

All adjustments arising from indexation and five-yearly revaluations are taken to the Revaluation Reserve. All impairments resulting from price changes are charged to the Statement of Total Recognised Gains and Losses. Falls in value when newly constructed assets are brought into use are also charged there. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

Assets in the course of construction are valued at cost. These assets include any existing land or buildings under the control of a contractor.

Residual interests in off-balance sheet Private Finance Initiative properties are included in tangible fixed assets as "assets under construction and payments on account" where the PFI contract specifies the amount, or a nil value, at which the assets will be transferred to the Trust at the end of the contract. The residual interest is built up, on an actuarial basis, during the life of the contract by capitalising part of the unitary charge so that at the end of the contract the balance sheet value of the residual value plus the specified amount equal the expected fair value of the residual asset at the end of the contract. The estimated fair value of the asset on reversion is determined by the District Valuer based on Department of Health guidance. The District Valuer should provide an estimate of the anticipated fair value of the assets on the same basis as the District Valuer values the NHS Trusts estate.

Operational equipment other than IT equipment, which is considered to have nil inflation, is valued at net current replacement cost through annual uplift by the change in the value of the GDP deflator. Equipment surplus to requirements is valued at net recoverable amount.

### **Depreciation, amortisation and impairments**

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

Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

Impairment losses resulting from short-term changes in price that are considered to be recoverable in the longer term are taken in full to the revaluation reserve. These include impairments resulting from the revaluation of fixed assets from their cost to their value in existing use when they become operational. This may lead to a negative revaluation reserve in certain instances.



## **1.6 Donated Fixed Assets**

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the Donated Asset Reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are also taken to the Donated Asset Reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Income and Expenditure Account. Similarly, any impairment on donated assets charged to the Income and Expenditure Account is matched by a transfer from the Donated Asset Reserve. On sale of donated assets, the value of the sale proceeds is transferred from the Donated Asset Reserve to the Income and Expenditure Reserve.

## **1.7 Research and Development**

Research and development expenditure is charged against income in the year in which it is incurred, except in so far as development expenditure relates to a clearly defined project and the benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project.

## **1.8 Private Finance Initiative (PFI) transactions**

The HPSS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides definitive guidance for the application of the FRS 5 Amendment.

PFI schemes are schemes under which the PFI operator receives an annual payment from the Trust for the services provided by the PFI operator.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI obligations are recorded as an operating expense.

Where the Trust has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Income and Expenditure Account.

Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.

Where the balance of risks and rewards of ownership of the PFI property are borne by the Trust, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

## **1.9 Stocks and work-in-progress**

Stocks and work-in-progress are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to the current cost due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

## **1.10 Provisions**

The Trust 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 risk-adjusted cash flows are adjusted using the Treasury's discount rate of 3.5% in real terms.

Provisions for clinical negligence are recognised only where it is more probable than not that a settlement will be required.

### **1.11 Clinical negligence central fund**

A Clinical Negligence Central Fund was established in 1998 to manage the payment of clinical negligence settlements. HSS Trusts are reimbursed by the Central Fund for payments made. Reimbursements are accounted for as income.

The reimbursements from the Central Fund in respect of clinical negligence liabilities and provisions are included within debtors.

### **1.12 Pensions**

The Trust participates in the HPSS Superannuation Scheme. Under this multi-employer defined benefit scheme both the Trust and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DHSSPS.

The Trust is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis. Further information regarding the HPSS Superannuation Scheme can be found in the HPSS Superannuation Scheme Statement in the Departmental Resource Account for the Department of Health, Social Services and Public Safety.

The costs of early retirements are met by the Trust and charged to the Income and Expenditure Account at the time the Trust commits itself to the retirement.

### **1.13 Third Party Assets**

Assets belonging to third parties (such as money held on behalf of Patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in note 31 to the accounts.

### **1.14 Leases**

Assets held under finance leases are capitalised at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is subject to indexation and revaluation and is depreciated on its current fair value over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of interest on the outstanding balance. Rentals under operating leases are charged to the Income and Expenditure Account in the year in which they arise.

### **1.15 Losses**

This note (Note 27) is a memorandum statement unlike most notes to the accounts which provide further detail of figures in the primary accounting statements. Most of the contents will be included in operating expenses.

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 2. Income from Activities

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
NI Health and Social Services Boards	128,239	117,012
GB/Republic of Ireland Health Authorities	173	149
General Practice Fundholders	0	0
HSS Trusts	974	1,036
Non-HPSS:		
- private patients	75	53
- other	464	328
Clients contributions	5,148	5,407
<b>Total</b>	<b><u>135,073</u></b>	<b><u>123,985</u></b>

### 3. Other Operating Income

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Patient transport services	0	0
Other income from non-patient services	3,433	2,713
NICPMDE	1,245	950
SUMDE	57	47
Charitable and other contributions to expenditure	6	6
- Transfers from the donation reserve in respect of depreciation on donated assets	29	53
Income in respect of fixed asset impairments	414	10
Clinical Negligence Central Fund	124	57
Reversal of fixed asset impairments (specify)	0	0
Other income (specify where material)	0	0
<b>Total</b>	<b><u>5,308</u></b>	<b><u>3,836</u></b>

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 4. Operating Expenses

#### 4.1 Operating Expenses are as follows:-

	2005 £000	2004 £000
Salaries and wages (excluding board members' remuneration)	77,952	69,129
Executive Board members remuneration	436	427
Non-executive Board members remuneration	48	50
Supplies and services - clinical	6,156	6,174
Supplies and services - general	2,530	2,632
Establishment	3,725	3,780
Transport	837	687
Premises	4,475	5,247
Bad debts	10	8
Depreciation and amortisation	3,899	3,445
Fixed asset impairments	414	10
Purchase of care from non-HPSS bodies and grants to voluntary organisations	18,118	17,658
Personal social services	11,117	9,204
Recharges from other HPSS organisations	6,857	6,630
Clinical Negligence Payments:		
- Provisions Utilised	75	36
- Other	49	21
Audit fees	37	33
Other auditors remuneration	0	0
Miscellaneous	1,492	1,263
<b>Total</b>	<b><u>138,227</u></b>	<b><u>126,434</u></b>

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 4.2 Operating Leases

Operating expenses include the following amounts in respect of hire and operating lease rentals:

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Hire of plant and machinery	105	74
Other operating leases	<u>0</u>	<u>0</u>
	<b><u>105</u></b>	<b><u>74</u></b>

Commitments under non-cancellable operating leases are:

	<b>Land and buildings</b>		<b>Other leases</b>	
	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Operating leases which expire:				
Within 1 year	0	0	0	0
Between 1 and 5 years	0	0	390	495
After 5 years	0	0	0	0
	<u>0</u>	<u>0</u>	<u>390</u>	<u>495</u>

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### NOTE 5.1

#### 5.1 Staff Costs

	Directly employed £000	Other £000	2005 £000	2004 £000
Salaries and Wages	66,979	2,877	69,856	61,264
Social security costs	4,621	0	4,621	4,642
Pension Costs for early retirement reflecting the single lump sum to buy over the full liability	0	0	0	0
Other pension costs	3,475	0	3,475	3,223
Early departure costs	0	0	0	0
Total	<u>75,075</u>	<u>2,877</u>	<u>77,952</u>	<u>69,129</u>

*Of the total, nil has been charged to capital*

#### 5.2 Average Number of Employees

	Directly employed No.	Other No.	2005 No.	2004 No.
Medical and dental	137	41	178	157
Nursing and Midwifery	1,250	10	1,260	1,198
Professions Allied to medicine	161	0	161	136
Ancillaries	139	4	143	141
Administrative and clerical	489	7	496	465
Ambulance staff	0	0	0	0
Works	0	0	0	0
Other Professional and technical	90	0	90	82
Social Services	640	0	640	602
Other	9	0	9	5
	<u>2,915</u>	<u>62</u>	<u>2,977</u>	<u>2,786</u>

Figures refer to wholetime equivalents (WTEs) rather than individuals

# ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

## NOTES TO THE ACCOUNTS

### NOTE 5 (Cond)

#### 5.3 Senior Employees' Remuneration

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Trust were as follows:

Name	Salary, including Performance Pay £000	Benefits in Kind (rounded to nearest £100)	Real increase in pension and related lump sum at age 60 £000	Total accrued pension at age 60 and related lump sum £000	CETV at 31/03/04 £000	CETV at 31/03/05 £000	Real increase in CETV £000
<b>Non-Executive Members</b>							
Mr H. Mullan, Chairman	20-25	nil	n/a	n/a	n/a	n/a	n/a
Mr. P.J. Grogan	5-10	nil	n/a	n/a	n/a	n/a	n/a
Mrs. J.H. Irvine	5-10	nil	n/a	n/a	n/a	n/a	n/a
Mrs. D. Shortt	5-10	nil	n/a	n/a	n/a	n/a	n/a
Mrs. E.A. McGarvey (from 19/07/04)	0-5	nil	n/a	n/a	n/a	n/a	n/a
Mrs. D. McHugh (from 19/07/04)	0-5	nil	n/a	n/a	n/a	n/a	n/a
Mr. K. Martin (to 12/06/04)	0-5	nil	n/a	n/a	n/a	n/a	n/a
<b>Other Board Members</b>							
Mr H. Mills Chief Executive	Consent to disclosure withheld						
Mr G. Carey Director of Mental Health & Elderly Services	60-65	Consent to disclose salary only					
Dr D.E. Cody Medical Director	Consent to disclosure withheld						
Ms. B. Donaghy Director of Planning, Contracts and Information (A)	45-50	Consent to disclose salary only					
Mr. E. Fee Director of Acute Hospital Services	60-65	1800	0-2.5 plus 0-5.0 lump sum	30-35 plus 90-95 lump sum	465	498	5
Ms. M.P. Maguire Director – Developing Better Services	Consent to disclosure withheld						
Mr. C. McCauley Director of Finance	55-60	1000	0-2.5 plus 0-5.0 lump sum	15-20 plus 50-55 lump sum	262	287	8
Mr. P.G. McLaughlin Director of Human Resources	50-55	800	0-2.5 plus 0-5.0 lump sum	20-25 plus 70-75 lump sum	379	412	15
Ms. B.M. O'Rawe Director of Corporate Affairs	45-50	Consent to disclose salary only					
Mr M.V. Ryan Director of Community Services (A)	50-55	nil	0-2.5 plus 0-5.0 lump sum	5-10 plus 25-30 lump sum	106	121	7

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the HPSS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines prescribed by the institute and Faculty of Actuaries

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (Including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### NOTE 5 (Contd)

#### 5.4 Staff Benefits

Not Applicable

#### 5.5 Trust Management Costs

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Trust Management Costs	5,712	5,266
Total Income	140,381	127,821
% of total income	<u>4.07%</u>	<u>4.12%</u>

The above information is based on the Audit Commission's definition "M2" Trust management costs, as detailed in HSS (THR) 2/99.

#### 5.6 Retirements due to ill-health

During 2004/05 there were 9 early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £26,647.

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### Related Party Transactions

#### 6.1 Public Sector Payment Policy - Measure of Compliance

The Department requires that Trusts pay their non HPSS trade creditors in accordance with the CBI Prompt Payment Code and Government Accounting Rules. The Trust's payment policy is consistent with the CBI prompt payment codes and Government Accounting rules and its measure of compliance is:

	<b>Number</b>	<b>2005 £000</b>	<b>Number</b>	<b>2004 £000</b>
Total bills paid	39,819	45,502	41,337	45,341
Total bills paid within 30 day target	38,613	44,819	39,885	44,547
% of bills paid within 30 day target	<b>97.0%</b>	<b>98.5%</b>	<b>96.5%</b>	<b>98.2%</b>

#### 6.2 The Late Payment of Commercial Debts Regulations 2002

There was no interest payable arising from claims made by small businesses under this legislation.

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 7. Profit (Loss) on Disposal of Fixed Assets

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Profit on disposal of intangible assets	0	0
Loss on disposal of intangible assets	0	0
Profit on disposal of land and buildings	0	0
Loss on disposal of land and buildings	0	0
Profit on disposal of plant and equipment	8	9
Loss on disposal of plant and equipment	0	0
	<hr/>	<hr/>
<b>Total</b>	<b>8</b>	<b>9</b>
	<hr/> <hr/>	<hr/> <hr/>

### 8. Interest Payable

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Originating interest bearing debt	1,322	1,399
Further borrowing (government)	0	0
Further borrowing (other)	0	0
Finance leases	0	0
Other interest (Specify)	0	0
	<hr/>	<hr/>
<b>Total</b>	<b>1,322</b>	<b>1,399</b>
	<hr/> <hr/>	<hr/> <hr/>

An amount of £96,000 is included within Note 9.3 for the unwinding of discount on provisions.

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 9.1 Provisions for Future Obligations

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Provisions in year:		
Clinical Negligence	1,033	381
Pensions	0	0
Employers liability	43	127
Public (Occupiers) liability	21	36
Injury benefit	0	127
Accrued leave	0	0
Restructuring	0	0
Industrial Relations Cases	0	0
Other	0	0
	0	0
	<hr/>	<hr/>
<b>Arising during the year (net) (9.2)</b>	1,097	671
Unwinding of Discount on Provisions (9.3)	96	66
Utilised in year (9.4)	(162)	(204)
Reversed Unused	(496)	(259)
	<hr/>	<hr/>
<b>Movement in Year (subtotal) (note 17)</b>	<b>535</b>	<b>274</b>
Reimbursements receivable (note 9.5)	(641)	(229)
<b>Total Increase/decrease (to Income and Expenditure Account)</b>	<u>(106)</u>	<u>45</u>

### 9.2 Arising During the Year

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Provided in year (note 17)	1,097	671
Provisions not required (reversed unused) (note 17)	(496)	(259)
	<hr/>	<hr/>
<b>Total Provided in year (9.1)</b>	<u><b>601</b></u>	<u><b>412</b></u>

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
<b>9.3 Unwinding of Discount on Provisions</b>		
Unwinding of discount on Provisions is analysed as follows:		
Clinical Negligence	44	22
Other	52	44
	<hr/>	<hr/>
<b>Total Unwinding of Discounts on Provisions (Note 9.1)</b>	<b>96</b>	<b>66</b>
	<hr/> <hr/>	<hr/> <hr/>
	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
<b>9.4 Utilised in year</b>		
Clinical Negligence (Note 17)	(75)	(36)
Pensions relating to other staff (note 17)	(4)	(4)
Restructuring (note 17)	0	0
Other (note 17)	(83)	(164)
	<hr/>	<hr/>
<b>Total Utilised (Note 9.4)</b>	<b>(162)</b>	<b>(204)</b>
	<hr/> <hr/>	<hr/> <hr/>
	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
<b>9.5 Reimbursements Receivable</b>		
Clinical Negligence Central Fund	(641)	(229)
Other (Specify)	0	0
	<hr/>	<hr/>
<b>Total Reimbursements Receivable</b>	<b>(641)</b>	<b>(229)</b>
	<hr/> <hr/>	<hr/> <hr/>

**SPERRIN LAKELAND HSS TRUST**

**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**NOTES TO THE ACCOUNTS**

**10 Intangible Fixed Assets**

There are no intangible fixed assets.

# SPERRIN LAKELAND HSS TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

NOTES TO THE ACCOUNTS

## 11. Tangible Fixed Assets

### 11.1 Tangible fixed assets comprise the following elements:

#### Purchased Assets

Cost or Valuation	Land £000	Buildings Installations and fittings £000	Computer Equipment £000	Other Equipment £000	Assets under Construction £000	Total £000
At 1 April 2004	7,235	61,413	2,887	11,969	416	83,920
Indexation	375	4,864	0	258	0	5,497
Additions	0	2,865	222	493	1,044	4,624
Reclassifications	0	0	0	0	0	0
Transfers	165	725	0	0	(890)	0
Revaluation	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Disposals	0	0	(69)	(140)	0	(209)
National Revaluation Exercise	18,410	(9,800)	0	0	0	8,610

At 31 March 2005	<b>26,185</b>	<b>60,067</b>	<b>3,040</b>	<b>12,580</b>	<b>570</b>	<b>102,442</b>
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#### Depreciation

At 1 April 2004	0	8,679	1,781	8,107	0	18,567
Indexation	0	687	0	175	0	862
Transfers	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Disposals	0	0	(68)	(140)	0	(208)
Reversal of impairments	0	0	0	0	0	0
Provided during the year	0	2,543	304	1,023	0	3,870
National Revaluation Exercise	0	(11,909)	0	0	0	(11,909)

At 31 March 2005	<b>0</b>	<b>0</b>	<b>2,017</b>	<b>9,165</b>	<b>0</b>	<b>11,182</b>
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#### Net Book Value

At 31 March 2005	<b>26,185</b>	<b>60,067</b>	<b>1,023</b>	<b>3,415</b>	<b>570</b>	<b>91,260</b>
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At 31 March 2004	<b>7,235</b>	<b>52,734</b>	<b>1,106</b>	<b>3,862</b>	<b>416</b>	<b>65,353</b>
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Of the total net book value at 31 march 2005, nil related to buildings, installations and fittings valued at open market value for alternative use.

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### Note 11.1 (Contd)

#### Donated Assets

	Land £000	Buildings Installations and fittings £000	Computer Equipment £000	Other Equipment £000	Assets under Construction £000	Total £000
<b>Cost or Valuation</b>						
At 1 April 2004	0	0	0	614	0	614
Indexation	0	0	0	13	0	13
Additions	0	0	0	23	0	23
Transfers	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Disposals	0	0	0	(22)	0	(22)
National Revaluation Exercise	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>628</u>	<u>0</u>	<u>628</u>
At 31 March 2005	<u>0</u>	<u>0</u>	<u>0</u>	<u>628</u>	<u>0</u>	<u>628</u>
<b>Depreciation</b>						
At 1 April 2004	0	0	0	518	0	518
Indexation	0	0	0	11	0	11
Transfers	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Disposals	0	0	0	(22)	0	(22)
Reversal of Impairments	0	0	0	0	0	0
Provided during the year	0	0	0	29	0	29
National Revaluation Exercise	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>536</u>	<u>0</u>	<u>536</u>
At 31 March 2005	<u>0</u>	<u>0</u>	<u>0</u>	<u>536</u>	<u>0</u>	<u>536</u>
<b>Net Book Value</b>						
At 31 March 2005	<u>0</u>	<u>0</u>	<u>0</u>	<u>92</u>	<u>0</u>	<u>92</u>
At 31 March 2004	<u>0</u>	<u>0</u>	<u>0</u>	<u>96</u>	<u>0</u>	<u>96</u>



## SPERRIN LAKELAND HSS TRUST

### ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

#### 11.2 Total Tangible Fixed Assets:

	<b>Purchased £000</b>	<b>Donated £000</b>	<b>Total £000</b>	<b>2004 £000</b>
Net book value:				
Land	26,185	0	26,185	7,235
Buildings installations and fittings	60,067	0	60,067	52,734
Computer Equipment	1,023	0	1,023	1,106
Other Equipment	3,415	92	3,507	3,958
Assets under construction	<u>570</u>	<u>0</u>	<u>570</u>	<u>416</u>
<b>Total</b>	<b><u>91,260</u></b>	<b><u>92</u></b>	<b><u>91,352</u></b>	<b><u>65,449</u></b>

#### 11.3 The net book value of land and buildings comprises:

	<b>2005 £000</b>	<b>2004 £000</b>
Freehold	86,252	59,969
Long leasehold	0	0
Short leasehold	0	0
	<u>86,252</u>	<u>59,969</u>

#### 11.4 The net book value of assets held under finance leases and hire purchase contracts are as follows:

There were no assets held under finance leases or hire purchase contracts.

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 12. Stocks and Work in Progress

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Raw Materials and consumables	1,049	905
Work in progress	0	0
Finished goods	0	0
	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>1,049</u></b>	<b><u>905</u></b>

### 13. Debtors

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Amounts falling due within one year:		
HSS or NHS debtors	2,123	159
Clinical Negligence - Central Fund	1,310	991
Other debtors	2,715	2,232
Pension Prepayments		
in respect of former directors	0	0
in respect of other staff	0	0
Other prepayments and accrued income	343	428
	<u>343</u>	<u>428</u>
Sub Total	<b><u>6,491</u></b>	<b><u>3,810</u></b>

The balances are net of a provision for bad debts of  
£26,201 (2004 £38,578)

Amounts falling due after more than one year:		
HSS or NHS debtors	0	0
Clinical Negligence - Central Fund	388	66
Other debtors	30	32
Pension Prepayments		
in respect of former directors	0	0
in respect of other staff	0	0
Other prepayments and accrued income	0	0
	<u>0</u>	<u>0</u>
Sub Total	<b><u>418</u></b>	<b><u>98</u></b>
<b>Total</b>	<b><u>6,909</u></b>	<b><u>3,908</u></b>

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 14. Short-term Investments

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Government Securities	0	0
Other Approved Public Sector Organisations	0	0
Banking Deposits	3,000	0
Others (specify if in excess of £50,000)	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u><u>3,000</u></u></b>	<b><u><u>0</u></u></b>

## NOTES TO THE ACCOUNTS

### 15. Creditors

	2005 £000	2004 £000
<b>15.1 Creditors: Amounts falling due within one year:</b>		
Bank overdrafts	0	0
Current instalments due on loans	931	931
Interest payable	59	63
Public dividend capital dividend payable	1,195	394
PDC payable in respect of impairments	414	10
Payments received on account	0	0
HPSS or NHS creditors and accruals	537	322
Non HPSS or NHS trade revenue creditors	3,105	2,936
Non HPSS or NHS trade capital creditors	745	845
Payroll creditors including taxation and social security	4,986	2,760
Net obligations under finance leases	0	0
Clinical Negligence	0	0
Pensions		
- relating to former directors	0	0
- relating to other staff	0	0
Other accruals	0	0
Other creditors	0	0
<b>Sub Total</b>	<b>11,972</b>	<b>8,261</b>
<b>15.2 Creditors: Amounts falling due after more than one year:</b>		
Long Term Loans	14,438	15,370
Obligations under finance leases and hire purchase contracts	0	0
HPSS or NHS Creditors	0	0
Clinical Negligence	0	0
Pensions		
- relating to former directors	0	0
- relating to other staff	0	0
Other	0	0
<b>Sub Total</b>	<b>14,438</b>	<b>15,370</b>
<b>Total Creditors</b>	<b>26,410</b>	<b>23,631</b>

Pension creditors include nil relating to payments due in future years under arrangements to buy out the liability for early retirements over 5 years.

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 15.3 Finance lease obligations

There are no finance lease obligations.

### 15.4 Public Dividend Capital Dividends

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
The dividend is in respect of Public Dividend Capital	1,195	394
	<hr/>	<hr/>
	<b><u>1,195</u></b>	<b><u>394</u></b>

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 16. Loans

	<b>Government Loans £000</b>	<b>Other Loans £000</b>	<b>2005 £000</b>	<b>2004 £000</b>
Amounts falling due:				
In one year or less	931	0	931	931
Between one and two years	931	0	931	931
Between two and five years	2,794	0	2,794	2,794
In five years or more	10,715	0	10,715	11,646
<b>Total</b>	<b>15,371</b>	<b>0</b>	<b>15,371</b>	<b>16,302</b>

	<b>Government Loans £000</b>	<b>Other Loans £000</b>	<b>2005 £000</b>	<b>2004 £000</b>
Wholly repayable within five years	0	0	0	0
Wholly repayable after five years, not by instalments	0	0	0	0
Wholly or partially repayable after five years by instalments	15,371	0	15,371	16,302
<b>Total</b>	<b>15,371</b>	<b>0</b>	<b>15,371</b>	<b>16,302</b>

Total Repayable after five years by instalments	<b>10,715</b>	<b>0</b>	<b>10,715</b>	<b>11,646</b>
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Loans wholly or partially repayable after five years:				<b>11,646</b>
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Terms of payment	<b>Interest Rate %</b>	<b>2005 £000</b>	<b>2004 £000</b>
Government : Originating Interest Bearing Debt (Equal instalments of principal on the reducing balance. Paid over 25 years from 01/04/1996).	8.250	15,371	16,302

## SPERRIN LAKELAND HSS TRUST

### ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

#### 17. Provisions for liabilities and charges

	<b>Pensions relating to former directors £000</b>	<b>Pensions relating to other staff £000</b>	<b>Clinical negligence £000</b>	<b>Restructuring £000</b>	<b>Other £000</b>	<b>2005 £000</b>	<b>2004 £000</b>
Balance at 31 March 2004	0	55	1,057	0	957	2,069	1,795
Arising during the year	0	0	1,033	0	64	1,097	671
Utilised during the year	0	(4)	(75)	0	(83)	(162)	(204)
Reverse unused	0	0	(361)	0	(135)	(496)	(259)
Unwinding of discount	0	4	44	0	48	96	66
At 31 March 2005	<b>0</b>	<b>55</b>	<b>1,698</b>	<b>0</b>	<b>851</b>	<b>2,604</b>	<b>2,069</b>

#### Income and Expenditure Account Charges

	<b>£000</b>
Arising during the year	1,097
Utilised during the year	(162)
Reversed unused	(496)
Unwinding of discounts	96
<b>Total</b>	<b><u>535</u></b>

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### Note 17 (Contd)

#### Expected Timing of Cash Flow

	Pensions relating to former directors £000	Pensions relating to other staff £000	Clinical Negligence £000	Restructur ing £000	Other £000	2005 £000	2004 £000
Within 1 year	0	4	1,310	0	245	1,559	1,344
1 - 5 years	0	16	388	0	155	559	206
Over 5 years	0	35	0	0	451	486	519

The provision for pensions has been calculated using government actuarial tables and relates to two individuals. Central Services Agency Legal Department provided estimates of potential settlement figures for all new claims received during the year in respect of clinical negligence, employers and occupiers liability. Existing cases on which movement occurred during the year and all cases reported as due for settlement within the forthcoming year were also reassessed by Central Services Agency. Provisions included under the Other heading are injury benefit and employers and occupiers liability.

Expected reimbursements from the Clinical Negligence Central Fund included in debtors are :-

	£000
Clinical Negligence Central Fund	1,698

The clinical negligence provision does not include incidents against which claims have not been received.

In addition to the clinical negligence provision, contingent liabilities for clinical negligence are given in Note 25.



## SPERRIN LAKELAND HSS TRUST

### ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

#### 18. Public Dividend Capital

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Public dividend capital was issued as follows:		
During the reporting year	3,585	0
In prior years	23,287	23,287
<b>Total</b>	<b><u>26,872</u></b>	<b><u>23,287</u></b>

#### 19. Movements on Reserves

	<b>Revaluation Reserve £000</b>	<b>Donation Reserve £000</b>	<b>Realised Donation Reserve £000</b>	<b>Other Reserves £000</b>	<b>Income and Expenditure Reserve £000</b>	<b>Total £000</b>
At 1 April 2004	22,261	96	0	0	(838)	21,519
Retained surplus (deficit) for year	0	0	0	0	14	14
Revaluation and indexation of fixed assets	25,154	2	0	0	0	25,156
Transfer of realised profits (losses)	0	0	0	0	0	0
Movements in donation reserve	0	(6)	0	0	0	(6)
Fixed Asset Impairments	414	0	0	0	0	414
Other reserve movements PDC	0	0	0	0	0	0
At 31 March 2005	<b><u>47,829</u></b>	<b><u>92</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(824)</u></b>	<b><u>47,097</u></b>

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 20. Reconciliation of Movement in Government Funds

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Surplus (deficit) for the financial year	1,103	259
less provisions for future obligations	106	(45)
less public dividend capital dividends	<u>(1,195)</u>	<u>(394)</u>
	<b>14</b>	<b>(180)</b>
Gains (losses) from revaluation/indexation of		
Purchased fixed assets	25,568	5,035
Public dividend capital repayments	(414)	0
Public dividend capital issued	4,000	0
New Government loans issued	0	0
Government loans repayments	(931)	(931)
Additions (reductions) in other reserves	<u>0</u>	<u>0</u>
Net Movement in Government funds	<b>28,237</b>	<b>3,924</b>
Government funds at 31 March 2004	<u><b>61,012</b></u>	<u><b>57,088</b></u>
Government funds at 31 March 2005	<u><b>89,249</b></u>	<u><b>61,012</b></u>

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 21 Financial Performance Targets

#### 21.1 Capital Cost Absorption Duty

The Trust is required to absorb the cost of capital at a rate of 3.5% of average relevant net assets. The rate is calculated as the percentage that interest payable on Government borrowing plus dividends payable on public dividend capital, totalling £2,517,000, bears to the average relevant net assets of £62,878,000 that is 4.0%.

The return for 2004/2005 is calculated as 4.0% (2003/2004 3.2%)

The variance is within the Departments's materiality range of 3.0% to 4.0%.

The Capital Cost Absorption Rate is calculated as follows:

**Capital Cost Absorption rate (%) = (TDR/Average relevant net assets) x 100**

	2005 £000
<b>Trust Debt Remuneration is calculated as:</b>	
Interest payable on Government borrowing	1,322
Plus	
Dividends payable on Public Dividend Capital	<u>1,195</u>
Trust Debt Remuneration	<u><u>2,517</u></u>

#### **Average Relevant Net Assets is calculated as:**

Average relevant net assets is the simple average of opening and closing relevant net assets, where each are calculated as follows:

	Opening £000	Closing £000	Average £000
Total capital and reserves* (equivalent to total net assets)	44,806	53,450	49,128
Less:			
Donation reserve	(96)	(92)	(94)
Purchased assets in the course of construction	(416)	(570)	(493)
Short-term assets	0	(3,000)	(1,500)
Finance Lease assets (during their primary lease term)			
Plus:			
Loans and overdrafts	16,302	15,371	15,837
Finance Lease Creditors (capital only)			
<b>Relevant Net Assets</b>	<u><u>60,596</u></u>	<u><u>65,159</u></u>	<u><u>62,878</u></u>

## SPERRIN LAKELAND HSS TRUST

### ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

#### 21.2 Break Even Performance

The Trust is required to ensure that its income is sufficient to meet its expenditure taking one year with another. Over the last five years the Trust has achieved the following results:

	2000/01 £000	2001/02 £000	2002/03 £000	2003/04 £000	2004/05 £000
i. Turnover	<u>97,214</u>	<u>102,302</u>	<u>116,538</u>	<u>127,821</u>	<u>140,381</u>
ii. Operational Surplus/(Deficit) for Financial Year before Provisions and Exceptional Income	<u>720</u>	<u>65</u>	<u>51</u>	<u>(135)</u>	<u>(92)</u>
iii. Break Even in year position	720	65	51	(135)	(92)
iv. Break Even cumulative position(opening)	(1,602)	18	83	134	(1)
v. Other Adjustments	0	0	0	0	0
vi. Exceptional Income Year ended 31 March 2001	<u>900</u>	<u>0</u>	<u>-</u>	<u>-</u>	<u>-</u>
Break Even Cumulative vii. position(closing)	<u><u>18</u></u>	<u><u>83</u></u>	<u><u>134</u></u>	<u><u>(1)</u></u>	<u><u>(93)</u></u>

## SPERRIN LAKELAND HSS TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

NOTES TO THE ACCOUNTS

### 21.3 External Financing Limit

	2005 £000	2004 £000
External Financing Limit set by the Department	<u>2,820</u>	<u>7,526</u>

The Trust stayed within its External Financing Limit by £3,180,000. The Trust's External Financing Requirement for the year was (£360,000) and was met as follows:-

	2005 £000	2004 £000
Increase (decrease) in:		
Public dividend capital	4,000	0
Government long-term loans	(931)	(931)
Other long-term loans		
Short-term loans		
Overdrafts	0	0
Finance lease capital creditors		
(Increase) decrease in:		
Short-term investments	(3,000)	5,300
Cash at bank and in hand	(429)	(89)
External Finance Accessed	<u>(360)</u>	<u>4,280</u>

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 22. Private Finance Transactions

#### 22.1 PFI Schemes deemed to be off balance sheet

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Amounts included within operating expenses in respect of PFI transactions deemed to be off balance sheet	<u>380</u>	<u>352</u>

	<b>£000</b>	<b>£000</b>
The Trust is committed to make the following payments during the next year		
PFI scheme which expires within one year	0	0
2 to 5 years (inclusive)	380	381
6 to 10 years (inclusive)	0	0
11 to 15 years (inclusive)	0	0
16 to 20 years (inclusive)	0	0
21 to 25 years (inclusive)	0	0
26 to 30 years (inclusive)	0	0
31 to 35 years (inclusive) etc.	<u>0</u>	<u>0</u>
	<u>380</u>	<u>381</u>

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Estimated capital value of the PFI schemes		
Carparks	0	0
ATICS Equipment Scheme	0	0
Bed Management Scheme	0	0
Equipment Leases	387	387
Laboratory Equipment Scheme	<u>0</u>	<u>0</u>
	387	387

Contract start date	14/02/2000
Contract end date	13/02/2007

The provision of a managed telecommunications service including equipment and all associated costs for the five main facilities within the Trust. All parties are bound by the terms of the contract, which include all rights, guarantees and obligations, with a requirement to pay a termination charge if the full period of the contract is not met.

## **SPERRIN LAKELAND HSS TRUST**

### **ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS**

#### **22.2 Service element of PFI schemes deemed to be on balance sheet.**

There are no PFI schemes deemed to be on balance sheet.

## SPERRIN LAKELAND HSS TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

NOTES TO THE ACCOUNTS

### 23. Capital Commitments

Capital commitments at the balance sheet date were:-

	<b>Finance Leases £000</b>	<b>Other £000</b>	<b>2005 Total £000</b>	<b>2004 Total £000</b>
Contracted	0	3,655	3,655	702
Authorised by the Board, but not contracted	<u>0</u>	<u>2,293</u>	<u>2,293</u>	<u>4,300</u>
<b>Total</b>	<b><u>0</u></b>	<b><u>5,948</u></b>	<b><u>5,948</u></b>	<b><u>5,002</u></b>

### 24. Post Balance Sheet Events

There were no post balance sheet events having a material effect on the accounts.



# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 25. Contingent Liabilities

#### Clinical Negligence

The Trust has contingent liabilities of £572,000 for clinical negligence incidents. The Trust's financial liability, if any, cannot be determined until the related claims are resolved. An estimate of the amount involved, inclusive of legal costs, is:

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Total estimate of contingent clinical negligence liabilities	572	478
Amount recoverable from the Clinical Negligence Central Fund	<u>572</u>	<u>478</u>
Net Contingent Liability	<u><u>0</u></u>	<u><u>0</u></u>

In addition to the above contingent liability, provisions for clinical negligence are given in Note 17.

Other clinical litigation claims could arise in the future due to incidents which have already occurred. The expenditure which may arise from such claims cannot be determined as yet.

### 26. Related Party Transactions

During the year, none of the board members, members of the key management staff or other related parties has undertaken any material transactions with the Sperrin Lakeland HSS Trust.

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 27. Analysis of Losses and Special Payments

TYPE OF LOSS	NO. OF CASES	VALUE £
1 Cash Losses - Theft, fraud etc	2	20
2 Cash Losses - Overpayments of salaries, wages and allowances		
3 Cash Losses - Other causes (including unvouched and incompletely vouched payments)		
4 Nugatory and fruitless payments - Abandoned Capital Schemes		
5 Other nugatory and fruitless payments		
6 Bad debts and claims abandoned	70	9,697
7 Stores and Inventory Losses - Theft, fraud, arson (whether proved or suspected) etc		
i. Bedding and linen		
ii. Other equipment and property		
8 Stores and Inventory Losses - Incidents of the service (result of fire, flood, etc)		
9 Stores and Inventory Losses - Deterioration in store	14	6,295
10 Stores and Inventory Losses - Stocktaking discrepancies		
11 Stores and Inventory Losses - Other causes		
i. Bedding and linen		
ii. Other equipment and property	1	166
12 Compensation payments (legal obligation)		
i. Clinical Negligence	16	124,272
ii. Public Liability	4	31,219
iii. Employers Liability	9	33,588
13 Ex-gratia payments - Compensation payments (including payments to patients and staff)	11	1,944
14 Ex-gratia payments - Other payments		
15 Extra statutory payments		
16 a. Losses sustained as a result of damage to buildings and fixtures arising from bomb explosions or civil commotion.		
b. Damage to vehicles		
<b>TOTAL</b>	<b>127</b>	<b>207,201</b>

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 28. Intra-Government balances

Name	Creditors		Debtors	
	Amounts falling due within 1 year £000	Amounts falling due after more than 1 year £000	Amounts falling due after more than 1 year £000	Amounts falling due within 1 year £000
Other central government bodies	2227	0	0	151
Northern Ireland Health and Social Service Boards	76	0	0	2003
HSS Trusts	321	0	0	38
NHS Trusts	8	0	0	0
Agencies & Special Agencies	132	0	0	82
Non-Departmental Public Bodies	0	0	0	0
Local Authorities	0	0	0	95
Public corporations and trading funds	0	0	0	0
<b>Total</b>	<b>2764</b>	<b>0</b>	<b>0</b>	<b>2369</b>

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 29. Notes to the Cash Flow Statement

#### 29.1 Reconciliation of operating surplus (deficit) to net cash inflow from operating activities

	2005 £000	2004 £000
Operating surplus (deficit)	2,154	1,387
Depreciation charge	3,899	3,445
Provisions for future obligations (I&E Account)	106	(45)
Fixed asset impairments	414	10
Transfer from donation reserve	(29)	(53)
Non-cash Items	0	0
Increase (decrease) in provisions (Balance Sheet)	535	274
(Increase) decrease in stocks	(144)	(64)
(Increase) decrease in debtors	(3,001)	(716)
Increase (decrease) in creditors	2,600	(628)
<b>Net cash inflow from operating activities</b>	<b><u>6,534</u></b>	<b><u>3,610</u></b>

# SPERRIN LAKELAND HSS TRUST

## ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS

### 29. Notes to the Cash Flow Statement

#### 29.2 Reconciliation of net cash flow to movement in net debt

	2005 £000	£000	2004 £000	£000
Increase/(decrease) in cash in the period	429		89	
Cash inflow from new debt	0		0	
Cash outflow from debt repaid and finance lease capital payments	931		931	
Cash (inflow)/outflow from decrease/ increase in liquid resources	<u>3,000</u>		<u>(5,300)</u>	
Change in net debt resulting from cash flows		4,360		(4,280)
Non-cash changes in debt		<u>0</u>		<u>0</u>
Net Debt at 1 April 2004		<u>(16,059)</u>		<u>(11,779)</u>
Net Debt at 31 March 2005		<u><u>(11,699)</u></u>		<u><u>(16,059)</u></u>

#### 29.3 Analysis of changes in net debt

	At 1 April 2004 £000	Cash flows £000	Non-cash changes £000	At 31 March 2005 £000
Cash at bank and in hand	244	429		673
Bank overdrafts	0	0		0
Debt due within 1 year	(931)	931	(931)	(931)
Debt due after 1 year	(15,372)	0	931	(14,441)
Finance leases	0	0		0
Current asset investments	<u>0</u>	<u>3,000</u>		<u>3,000</u>
	<u><u>(16,059)</u></u>	<u><u>4,360</u></u>	<u><u>0</u></u>	<u><u>(11,699)</u></u>

## **SPERRIN LAKELAND HSS TRUST**

### **ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES TO THE ACCOUNTS**

#### **30. Financial Instruments**

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the relationships with HSS Commissioners, and the manner in which they are funded, the Sperrin Lakeland HSS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Sperrin Lakeland HSS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Sperrin Lakeland HSS Trust in undertaking its activities.

#### **31. Third party assets**

The Trust held £29,369 cash at bank and in hand at 31/3/2005 which relates to monies held by the Trust on behalf of patients and residents. The Trust also had £459,423 invested in a bank deposit on behalf of patients and residents at the end of March 2005. These have been excluded from cash at bank and in hand and short term investments figures reported in the accounts. A separate audited account of these monies is maintained by the Trust (see page 60).

## **STATEMENT OF TRUSTS RESPONSIBILITIES IN RELATION TO PATIENTS/RESIDENTS MONIES**

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003) the Trust is required to prepare and submit accounts in such form as the Department may direct.

Sperrin Lakeland HSS Trust is also required to maintain proper and distinct accounting records and is responsible for safeguarding the monies held on behalf of patients/residents and for taking reasonable steps to prevent and detect fraud and other irregularities.

# **SPERRIN LAKELAND HEALTH AND SOCIAL SERVICES TRUST**

## **Account of Monies held on behalf of Patients / Residents**

### **The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly.**

I certify that I have audited the account on page 182 which the Trust is required by Health and Personal Social Services (Northern Ireland) Order 1991 to prepare and submit in such form as the Department of Health, Social Services and Public Safety may direct.

### **Respective responsibilities of the Board Members, Chief Executive and Auditor.**

As described on page 179, the Board Members and Chief Executive are responsible for the preparation and submission of the account as required by the Health and Personal Social Services (Northern Ireland) Order 1991 in such form as the Department of Health, Social Services and Public Safety directs and for ensuring the regularity of financial transactions. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to account properly present the payments and receipts of the monies held on behalf of patients / residents and are properly prepared as required by the Health and Personal Social Services (Northern Ireland) Order 1991 in such form as the Department of Health, Social Services and Public Safety directs, and whether in all material respects the payments and receipts conform to the authorities which govern them. I also report if, in my opinion the Trust has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

### **Basis of audit opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the account. It also includes an assessment of the judgements made by the Board members and Chief Executive in the preparation of the account.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the account is free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the payments and receipts conform to the authorities which govern them.

In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the account.

### **Opinion**

In my opinion:



- the account properly present the payments and receipts of the monies held on behalf of patients / residents by the Sperrin Lakeland Health and Social Services Trust for the year ended 31 March 2005 and balances held at that date and have been properly prepared as required by the Health and Personal Social Services (NI) Order 1991 in such form as the Department of Health, Social Services and Public Safety may direct; and
- in all material respects the payments and receipts conform to the authorities which govern them.

I have no observations to make on this account.

**J M Dowdall CB**  
**Comptroller and Auditor General**

**Northern Ireland Audit Office**  
**106 University Street**  
**Belfast BT7 1EU**

**Date: 22nd August 2005**

**SPERRIN LAKELAND HSS TRUST  
YEAR ENDED 31 MARCH 2005**

**ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS / RESIDENTS**

<b>Previous Year</b>	<b>RECEIPTS</b>		
<b>£</b>	Balance at 1 April 2004	<b>£</b>	<b>£</b>
319,493	1. Investments (at cost)	351,417	
23,293	2. Cash at Bank	34,472	
2,200	3. Cash in Hand	2,200	
			388,089
246,532	Amounts Received in the Year	303,239	
12,947	Interest Received	19,549	
			322,788
<b>604,465</b>	<b>TOTAL</b>		<b>710,877</b>
	<b>PAYMENTS</b>		
	Amounts paid to or on Behalf		
216,376	of Patients / Residents	222,085	222,085
	Balance at 31 March 2005		
351,417	1. Investments (at cost)	459,423	
34,472	2. Cash at Bank	26,869	
2,200	3. Cash in Hand	2,500	488,792
<b>604,465</b>	<b>TOTAL</b>		<b>710,877</b>

**Schedule of investments held at 31 March 2005**

<b>Cost Price</b>	<b>Investment</b>	<b>Nominal Value</b>	<b>Cost Price</b>
<b>£</b>		<b>£</b>	<b>£</b>
351,417	Bank Deposits	459,423	459,423

I certify that the above account has been compiled from and is in accordance with the accounts and financial records maintained by the Trust.

**Mr. C. McCauley**

**Director of Finance**

**Date : 4th August 2005**

I certify that the above account has been submitted to and duly approved by the Board.

**Mr. R. Halls**

**Chief Executive**

**Date : 4th August 2005**