

Department of Health, Social Services and Public Safety

Eastern 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*

5th 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)*

5th February 2007

Ordered by The House of Commons to be printed

5th February 2007

**HC 239-II
NIA 392/03**

LONDON: THE STATIONERY OFFICE

£50.00

Two volumes not sold separately

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**NORTHERN IRELAND AMBULANCE SERVICE
HEALTH AND SOCIAL SERVICES TRUST**

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

Presented to the House of Commons

By the Secretary of State for Northern Ireland
By command of Her Majesty
September 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 THE NORTHERN IRELAND AMBULANCE SERVICE 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 Northern Ireland Ambulance Service (NIAS) 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 NIAS 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 Mr W McIvor of the NIAS HSS 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 11 to 57) which I am required to prepare on behalf of the Northern Ireland Ambulance Service 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.

Director of Finance Sharon McCue
Date 18 August 2005

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 11 to 57) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.

Chairman Douglas Smyth
Date 18 August 2005

Chief Executive Liam McIvor
Date 18 August 2005

STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR 2004/05

The Board of the Northern Ireland Ambulance Service HSS Trust (NIAS) is accountable for internal control. As Accountable Officer and Chief Executive of the Board of NIAS, 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.

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 NIAS 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 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 financial reports which indicate financial performance against the forecast;
- setting targets to measure financial and other performance measures;
- clearly defined capital investment control guidelines;
- as appropriate, formal budget management disciplines.

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:

- Local Accounts Payable
- Bank & Cash
- Payroll
- Asset Management
- Stores
- Charitable Funds
- Fuel

In his annual report, the Internal Auditor reported that the Trust's system of internal control was adequate and effective. However, weaknesses in control were identified in a small number of areas. For example, Internal Audit has recommended a review of the administration, monitoring and reporting in relation to fuel and also the procedures and practices in place with regard to the management of stock. 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.

For example:

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.

With regard to estate management, decisions are taken within the context of an estate plan, which prioritises management action based on an assessment of risk. The Trust reports on Fire Code compliance on a regular basis to the Department and, in conjunction with Health Estates, is further developing its Estate Strategy with particular regard to Health and Safety, Fire Code and the Disability Discrimination Act.

The Trust has developed a risk management strategy, which has identified the organisation's objectives and risks and sets out a control strategy for each of the significant risks. The Trust has also established a Risk Management Steering Group to oversee the implementation of the Trust's risk management strategy and develop a risk register. Procedures are 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 process of the organisation. A Risk Manager has been appointed to progress developments in this area.

A system of Clinical Governance is established within the Trust. A Trust Board Clinical Governance Sub Committee has been formed and meets regularly. These meetings are recorded and minutes reported to Trust Board. A full time Medical Director has been in post from May 2003.

A Clinical Audit function has been established within the Trust. All clinical information contained in Patient Report Forms are now held electronically within the Formic Intelligent Data Capture System which enables data extraction and audit. A number of audits using this data have been carried out in the year. In particular, an exercise to validate patient data and the audit process was undertaken. Also, a review of clinical activity and performance within the area of acute coronary care was carried out and presented to the Clinical Governance Committee. This area will continue to develop in 2005/06 with the support of Commissioners.

The Trust has secured funding to examine and evaluate the most appropriate model of Clinical Supervision. The Trust continues to benchmark with other Ambulance Services and will develop a pilot for the introduction of an enhanced system of Clinical Supervision.

During the year an additional eight Controls Assurance Standards were introduced bringing the total number of standards for 2004/05 to fourteen. Performance against these standards was evaluated through a process of self assessment and also independent verification by Internal Audit. The following levels of compliance were achieved:

| Standard | Required | 2004/05 | |
|--|-------------|-------------------|-------------------|
| | | Audit Assessment | Self Assessment |
| Buildings, Land, Plant & Non Medical Equipment | Moderate | | Moderate - 64% |
| Decontamination of Medical Equipment | Substantive | Substantive – 95% | Substantive – 81% |
| Environmental Management | Moderate | | Minimal 18% |
| Financial Management* | Substantive | Substantive – 90% | Substantive – 90% |
| Fire Safety | Substantive | Substantive – 78% | Substantive – 82% |
| Governance* | Substantive | Substantive – 75% | Substantive – 75% |
| Health & Safety | Moderate | | Moderate – 54% |
| Human Resources | Moderate | | Substantive – 82% |
| Infection Control | Substantive | Substantive – 73% | Substantive – 75% |
| Information & Communications Technology | Moderate | | Substantive – 63% |
| Medical Devices & Equipment Management | Moderate | | Substantive – 72% |
| Medicines Management | Moderate | | Substantive – 85% |
| Risk Management* | Substantive | Substantive – 70% | Substantive – 70% |
| Waste Management | Moderate | | Substantive – 73% |

*** Core Standard**

Level & Scoring: Minimal (1-29%), Moderate (30-69%), Substantive (70-99%)

The Trust has met or exceeded the required levels of compliance as determined by the Department with the exception of the Environmental Management Standard. Performance against this standard was minimal, mainly due to the need to establish appropriate accountability arrangements, establish appropriate processes, targets and performance indicators and obtain independent assurance that an effective system of managing environmental risk is in place.

The Trust continues to develop systems and processes to ensure compliance with Controls Assurance Standards. This will include a review of the additional Internal Audit resources required as part of the audit assessment, the approach to self assessment and also the evidence required to demonstrate compliance.

As Accountable Officer, I have responsibility for the review of the 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 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, Audit Committee and Clinical Governance Committee. A plan to address weaknesses and ensure continuous improvement to the system is in place.

Chief Executive Liam McIvor
Date 18 August 2005

Northern Ireland Ambulance Service 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 11 to 57 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 15 to 20.

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 8 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 Northern Ireland Ambulance Service 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.

J M Dowdall CB
Comptroller and Auditor General
Date:
26th August 2005

Northern Ireland Audit Office
06 University Street
Belfast BT7 1EU

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

| | NOTE | 2005 £000 | 2004 £000 |
|--|------|-----------------|-----------------|
| Income from Activities | 2 | 39,355 | 32,474 |
| Other Operating Income | 3 | 586 | 828 |
| Operating Expenses | 4,5 | <u>(38,833)</u> | <u>(32,653)</u> |
| OPERATING SURPLUS (DEFICIT) | | 1,108 | 649 |
| Profit/(loss) on disposal of Fixed Assets | 7 | <u>(6)</u> | <u>(1)</u> |
| SURPLUS (DEFICIT) BEFORE INTEREST | | 1,102 | 648 |
| Interest Receivable | | 102 | 73 |
| Interest Payable | 8 | <u>(239)</u> | <u>(252)</u> |
| SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR | | 965 | 469 |
| Public Dividend Capital Dividends Payable | 15 | <u>(955)</u> | <u>(462)</u> |
| OPERATIONAL SURPLUS (DEFICIT) BEFORE PROVISIONS | | 10 | 7 |
| Provisions for Future Obligations | 9.1 | <u>127</u> | <u>90</u> |
| RETAINED SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR | | <u>137</u> | <u>97</u> |
| BREAK EVEN POSITION | 21 | <u>10</u> | <u>7</u> |

The notes on pages 15 to 57 form part of these accounts

All Income and Expenditure is derived from continuing activities.

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

BALANCE SHEET AS AT 31 MARCH 2005

| | NOTE | 2005 | | 2004 | |
|---|------|----------|----------------------|----------|----------------------|
| | | £000 | £000 | £000 | £000 |
| FIXED ASSETS | | | | | |
| Intangible assets | 10 | | 0 | | 0 |
| Tangible assets | 11 | | <u>19,000</u> | | <u>18,174</u> |
| | | | 19,000 | | 18,174 |
| CURRENT ASSETS | | | | | |
| Stocks and work in progress | 12 | 97 | | 78 | |
| Debtors: Amounts falling due | | | | | |
| Within one year | 13 | 4,502 | | 1,701 | |
| After one year | 13 | 23 | | 153 | |
| Short term investments | 14 | 105 | | 104 | |
| Cash at bank and in hand | | <u>0</u> | | <u>0</u> | |
| | | | 4,727 | | 2,036 |
| CREDITORS: Amounts falling due | | | | | |
| within one year | 15 | | <u>(6,324)</u> | | <u>(3,539)</u> |
| NET CURRENT ASSETS (LIABILITIES) | | | <u>(1,597)</u> | | <u>(1,503)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 17,403 | | 16,671 |
| Creditors: Amounts falling due after more than | | | | | |
| one year | 15 | | (2,428) | | (2,596) |
| Provisions for Liabilities and Charges | 17 | | <u>(1,504)</u> | | <u>(1,761)</u> |
| TOTAL ASSETS EMPLOYED | | | <u>13,471</u> | | <u>12,314</u> |
| FINANCED BY: | | | | | |
| CAPITAL AND RESERVES | | | | | |
| Public dividend capital | 18 | | 10,286 | | 10,286 |
| Revaluation reserve | 19 | | 4,291 | | 3,271 |
| Donation reserve | 19 | | 0 | | 0 |
| Realised donation reserve | 19 | | 0 | | 0 |
| Other reserves | 19 | | 0 | | 0 |
| Income and expenditure reserve | 19 | | <u>(1,106)</u> | | <u>(1,243)</u> |
| | | | <u>13,471</u> | | <u>12,314</u> |

The notes on pages 15 to 57 form part of these accounts

Signed Liam McIvor (Chief Executive) Date 18/08/2005

NORTHERN IRELAND AMBULANCE SERVICE 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 | | 965 | | 469 |
| Provisions for future obligations | | <u>127</u> | | <u>90</u> |
| | | 1,092 | | 559 |
| Fixed asset impairment losses | | 0 | | 0 |
| Non donated Fixed Assets | | | | |
| Indexation of fixed assets | 786 | | 662 | |
| Unrealised Surplus (Deficit) on revaluation of fixed assets | <u>234</u> | | <u>0</u> | |
| | | 1,020 | | 662 |
| Donated Assets | | | | |
| Additions to donated assets | 0 | | 0 | |
| Changes to donation reserve (except transfers to realised donation reserve) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total recognised gains and losses relating to the year | | 2,112 | | 1,221 |
| Additions to Capital Assets Reserve | | <u>0</u> | | <u>0</u> |
| TOTAL GAINS/(LOSSES) RECOGNISED IN THE | | <u><u>2,112</u></u> | | <u><u>1,221</u></u> |
| Total recognised gains/(losses) for the year (as above) | | | | 1,221 |
| Prior year adjustment | | | | 145 |
| Total gains and losses recognised since last Annual Report | | | | <u><u>1,366</u></u> |

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

| | 2005 | | 2004 | |
|---|----------|-----------------|----------|--------------------|
| | £000 | £000 | £000 | £000 |
| Net Cash Inflow from Operating Activities (Note 29.1) | | 2,834 | | 3,105 |
| Returns on Investments and Servicing of Finance | | | | |
| Interest received | 101 | | 73 | |
| Interest paid | (239) | | (254) | |
| Interest element of finance lease rental payments | <u>0</u> | | <u>0</u> | |
| Net Cash (Outflow) Inflow from returns on Investments and Servicing of Finance | | (138) | | (181) |
| Capital Expenditure | | | | |
| Payments to acquire intangible fixed assets | 0 | | 0 | |
| Receipts from sales of intangible fixed assets | 0 | | 0 | |
| Payments to acquire tangible fixed assets | (2,068) | | (4,656) | |
| Receipts from sale of tangible fixed assets | <u>2</u> | | <u>2</u> | |
| Net Cash Inflow (Outflow) from Capital Expenditure | | (2,066) | | (4,654) |
| Dividends Paid | | (462) | | (835) |
| Management of Liquid Resources | | | | |
| Purchase of current asset investments | 0 | | 0 | |
| Sale of current asset investments | <u>0</u> | | <u>0</u> | |
| Net Cash Inflow (Outflow) from Management of Liquid Resources | | <u>0</u> | | <u>0</u> |
| Net Cash Inflow (Outflow) before Financing | | 168 | | (2,565) |
| Financing | | | | |
| New money capital reserve | 0 | | 0 | |
| New Public Dividend Capital | 0 | | 2,650 | |
| 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 | (167) | | (168) | |
| Repayment of Public Dividend Capital | 0 | | 0 | |
| Capital element of finance lease rental payments | <u>0</u> | | <u>0</u> | |
| Net Cash Inflow (Outflow) from Financing | | <u>(167)</u> | | <u>2,482</u> |
| Increase (Decrease) in Cash (Notes 29.2 and 3) | | <u><u>1</u></u> | | <u><u>(83)</u></u> |

NORTHERN IRELAND AMBULANCE SERVICE 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. 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.

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

2. Income from Activities

| | 2005 | 2004 |
|---|----------------------|----------------------|
| | £000 | £000 |
| NI Health and Social Services Boards | 38,140 | 31,232 |
| GB/Republic of Ireland Health Authorities | 0 | 0 |
| General Practice Fundholders | 0 | 0 |
| HSS Trusts | 1,214 | 1,241 |
| Non-HPSS: | | |
| - private patients | 1 | 1 |
| - other | 0 | 0 |
| Clients contributions | 0 | 0 |
| Total | <u>39,355</u> | <u>32,474</u> |

3. Other Operating Income

| | 2005 | 2004 |
|--|-------------------|-------------------|
| | £000 | £000 |
| Patient transport services | 0 | 0 |
| Other income from non-patient services | 586 | 828 |
| NICPMDE | 0 | 0 |
| SUMDE | 0 | 0 |
| Charitable and other contributions to expenditure | 0 | 0 |
| - Transfers from the donation reserve in respect of depreciation on donated assets | 0 | 0 |
| Income in respect of fixed asset impairments | 0 | 0 |
| Clinical Negligence Central Fund | 0 | 0 |
| Reversal of fixed asset impairments (specify) | 0 | 0 |
| Other income (specify where material) | 0 | 0 |
| Total | <u>586</u> | <u>828</u> |

NORTHERN IRELAND AMBULANCE SERVICE 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 | 2004 |
|---|----------------------|----------------------|
| | £000 | £000 |
| Salaries and wages (excluding board members' remuneration) | 27,791 | 22,219 |
| Executive Board members remuneration | 307 | 336 |
| Non-executive Board members remuneration | 46 | 47 |
| Supplies and services - clinical | 639 | 804 |
| Supplies and services - general | 242 | 438 |
| Establishment | 1,075 | 1,012 |
| Transport | 3,160 | 2,717 |
| Premises | 1,209 | 1,225 |
| Bad debts | 4 | 0 |
| Depreciation and amortisation | 3,113 | 2,610 |
| Fixed asset impairments | 7 | 0 |
| Purchase of care from non-HPSS bodies and grants to voluntary organisations | 0 | 0 |
| Personal social services | 0 | 0 |
| Recharges from other HPSS organisations | 347 | 372 |
| Clinical Negligence Payments: | | |
| - Provisions Utilised | 0 | 0 |
| - Other | 0 | 0 |
| Audit fees | 31 | 27 |
| Other auditors remuneration | 0 | 0 |
| Miscellaneous | 862 | 846 |
| Total | <u>38,833</u> | <u>32,653</u> |

4.2 Operating Leases

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

| | 2005 | 2004 |
|-----------------------------|-------------------|-------------------|
| | £000 | £000 |
| Hire of plant and machinery | 0 | 0 |
| Other operating leases | 143 | 138 |
| | <u>143</u> | <u>138</u> |

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

Note 4 (Contd)

Commitments under non-cancellable operating leases are:

| | Land and buildings | | Other leases | |
|--------------------------------|---------------------------|-------------|---------------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £000 | £000 | £000 | £000 |
| Operating leases which expire: | | | | |
| Within 1 year | 34 | 0 | 0 | 0 |
| Between 1 and 5 years | 207 | 138 | 39 | 20 |
| After 5 years | 0 | 0 | 0 | 0 |
| | 241 | 138 | 39 | 20 |

NORTHERN IRELAND AMBULANCE SERVICE 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 | 24,453 | 306 | 24,759 | 19,733 |
| Social security costs | 1,755 | 0 | 1,755 | 1,401 |
| Pension Costs for early retirement reflecting the single lump sum to buy over the full liability | 0 | 0 | 0 | 0 |
| Other pension costs | 1,277 | 0 | 1,277 | 1,085 |
| Early departure costs | 0 | 0 | 0 | 0 |
| Total | <u>27,485</u> | <u>306</u> | <u>27,791</u> | <u>22,219</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 | 1 | 0 | 1 | 0 |
| Nursing and Midwifery | 0 | 0 | 0 | 0 |
| Professions Allied to Medicine | 0 | 0 | 0 | 0 |
| Ancillaries | 0 | 0 | 0 | 0 |
| Administrative and Clerical | 55 | 19 | 74 | 70 |
| Ambulance Staff | 849 | 0 | 849 | 796 |
| Works | 3 | 0 | 3 | 3 |
| Other Professional and Technical | 0 | 0 | 0 | 0 |
| Social Services | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| | <u>908</u> | <u>19</u> | <u>927</u> | <u>869</u> |

NORTHERN IRELAND AMBULANCE SERVICE HSS 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 £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 |
|------------------------------|--|---|---|--|--------------------------|--------------------------|-------------------------------|
| Non-Executive Members | | | | | | | |
| D Smyth | 18 | - | - | - | - | - | - |
| L Gillespie | * | * | - | - | - | - | - |
| M Greer | * | * | - | - | - | - | - |
| F Hughes | * | * | - | - | - | - | - |
| S Mullan | * | * | - | - | - | - | - |
| R Perrott | * | * | - | - | - | - | - |
| Executive Members | | | | | | | |
| L McIvor | 59 | 0 | 1 | 49 | 130 | 154 | 13 |
| S McCue | * | * | * | * | * | * | * |
| R O'Hara | * | * | * | * | * | * | * |
| B Snoddy | * | * | * | * | * | * | * |
| D McManus | * | * | * | * | * | * | * |

* Consent to disclose personal data in the Trust Annual Accounts and Annual Report has been withheld under the provisions of the Data Protection Act 1998.

During the financial year there were a number of changes to the membership of the Board. Mr McIvor (Director of Operations) was acting Chief Executive from 01 April. After a full recruitment process Mr McIvor was appointed Chief Executive from 01 October. Mr Snoddy (Assistant Director of Operations) was acting Director of Operations from 26 June. The remuneration information disclosed above reflects the directors' salaries on a pro-rata basis.

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

NOTE 5 (Contd)

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

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.

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

NOTE 5 (Contd)

5.4 Staff Benefits

| | 2005 £000 | 2004 £000 |
|--|--------------|--------------|
| | 0 | 0 |
| | <u>0</u> | <u>0</u> |

5.5 Trust Management Costs

| | 2005 £000 | 2004 £000 |
|------------------------|--------------|--------------|
| Trust Management Costs | 2,262 | 2,110 |
| Total Income | 36,179 | 32,893 |
| % of total income | <u>6.3%</u> | <u>6.4%</u> |

The above figures exclude Agenda for Change funding in order that the % is comparable with the previous financial year. To date there are no Agenda for Change management costs, hence the inclusion of Agenda for Change funding would skew the above %.

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 4 early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £19,678.

NORTHERN IRELAND AMBULANCE SERVICE 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:

| | Number | 2005 £000 | Number | 2004 £000 |
|---------------------------------------|--------------|--------------|--------------|--------------|
| Total bills paid | 11,223 | 9,076 | 10,751 | 10,237 |
| Total bills paid within 30 day target | 10,159 | 8,583 | 9,555 | 9,821 |
| % of bills paid within 30 day target | 90.5% | 94.6% | 88.9% | 95.9% |

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 :

| | £000 |
|--------------|----------|
| Total | 0 |

There were no claims made under this legislation. However, during the year one supplier introduced a policy of late payment charges for invoices not paid within 30 days. The Trust incurred charges from this supplier totalling £957 which is included within Interest Payable (Note 8).

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

7. Profit (Loss) on Disposal of Fixed Assets

| | 2005 | 2004 |
|---|-------------|-------------|
| | £000 | £000 |
| 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 | 1 | 2 |
| Loss on disposal of plant and equipment | (7) | (3) |
| | <hr/> | <hr/> |
| Total | (6) | (1) |
| | <hr/> <hr/> | <hr/> <hr/> |

8. Interest Payable

| | 2005 | 2004 |
|---------------------------------------|-------------|-------------|
| | £000 | £000 |
| Originating interest bearing debt | 238 | 252 |
| Further borrowing (government) | 0 | 0 |
| Further borrowing (other) | 0 | 0 |
| Finance leases | 0 | 0 |
| Other interest (Late Payment Charges) | 1 | 0 |
| | <hr/> | <hr/> |
| Total | 239 | 252 |
| | <hr/> <hr/> | <hr/> <hr/> |

An amount of £44,976 is included within Note 9.3 for the unwinding of discount on provisions.

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

9.1 Provisions for Future Obligations

| | 2005 £000 | 2004 £000 |
|--|---------------------|--------------------|
| Provisions in year: | | |
| Clinical Negligence | (132) | (5) |
| Pensions | 0 | 0 |
| Employers Liability | (59) | (176) |
| Public (Occupiers) Liability | 1 | 74 |
| Injury Benefit | 91 | 101 |
| Accrued Leave | 0 | 0 |
| Restructuring | 0 | 0 |
| Industrial Relations Cases | (19) | 3 |
| Other (Specify) | 0 | 0 |
| | <hr/> | <hr/> |
| Arising during the year (net) (9.2) | (118) | (3) |
| Unwinding of Discount on Provisions (9.3) | 45 | 50 |
| Utilised in year (9.4) | (184) | (137) |
| Other (Specify) | 0 | 0 |
| | <hr/> | <hr/> |
| Movement in Year (subtotal) (note 17) | (257) | (90) |
| Reimbursements receivable (note 9.5) | 130 | 0 |
| Total Increase/Decrease (to Income and Expenditure Account) | <u>(127)</u> | <u>(90)</u> |

9.2 Arising During the Year

| | 2005 £000 | 2004 £000 |
|---|---------------------|-------------------|
| Provided in year (note 17) | 402 | 464 |
| Provisions not required (reversed unused) (note 17) | (520) | (467) |
| | <hr/> | <hr/> |
| Total Provided in year (9.1) | <u>(118)</u> | <u>(3)</u> |

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

9.3 Unwinding of Discount on Provisions

| | 2005 £000 | 2004 £000 |
|--|--------------|--------------|
| Unwinding of discount on Provisions is analysed as follows | | |
| Clinical Negligence | 2 | 5 |
| Other | 43 | 45 |
| Total Unwinding of Discounts on Provisions (Note 9.1) | <u>45</u> | <u>50</u> |

9.4 Utilised in year

| | 2005 £000 | 2004 £000 |
|--|--------------|--------------|
| Clinical Negligence (Note 17) | 0 | 0 |
| Pensions relating to other staff (note 17) | 0 | 0 |
| Restructuring (note 17) | 0 | 0 |
| Other (note 17) | (184) | (137) |
| Total Utilised (Note 9.4) | <u>(184)</u> | <u>(137)</u> |

9.5 Reimbursements Receivable

| | 2005 £000 | 2004 £000 |
|--|--------------|--------------|
| Clinical Negligence Central Fund | 130 | 0 |
| Other (Specify) | 0 | 0 |
| Total Reimbursements Receivable | <u>130</u> | <u>0</u> |

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

10. Intangible Fixed Assets

| | Software licences £000 | Other licences and trademarks £000 | Patents £000 | Development Expenditure £000 | Total £000 |
|-------------------------------|------------------------------|---|-----------------|------------------------------------|---------------|
| Cost or Valuation | | | | | |
| At 1 April 2004 | 0 | 0 | 0 | 0 | 0 |
| Indexation | 0 | 0 | 0 | 0 | 0 |
| Additions - purchased | 0 | 0 | 0 | 0 | 0 |
| Additions - donated | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 |
| Other Revaluation Impairments | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| At 1 April 2005 | 0 | 0 | 0 | 0 | 0 |
| Depreciation | | | | | |
| At 1 April 2004 | 0 | 0 | 0 | 0 | 0 |
| Indexation | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 |
| 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 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2005 | 0 | 0 | 0 | 0 | 0 |
| Net Book Value | | | | | |
| At 31 March 2005 | 0 | 0 | 0 | 0 | 0 |
| - Purchased | | | | | |
| - Donated | | | | | |
| Total at 31 March 2005 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2004 | | | | | |
| - Purchased | 0 | 0 | 0 | 0 | 0 |
| - Donated | 0 | 0 | 0 | 0 | 0 |
| Total at 31 March 2004 | 0 | 0 | 0 | 0 | 0 |

NORTHERN IRELAND AMBULANCE SERVICE 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

| | Land £000 | Buildings Installations and fittings £000 | Computer Equipment £000 | Other Equipment £000 | Assets under Construction £000 | Total £000 |
|----------------------------------|--------------|--|-------------------------------|----------------------------|--------------------------------------|---------------|
| Cost or Valuation | | | | | | |
| At 1 April 2004 | 655 | 8,501 | 1,552 | 19,393 | 0 | 30,101 |
| Indexation | 12 | 688 | 0 | 420 | 0 | 1,120 |
| Additions | 0 | 94 | 106 | 629 | 2,105 | 2,934 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | (38) | (2,552) | 0 | (2,590) |
| National Revaluation Exercise | 408 | (181) | 0 | 0 | 0 | 227 |
| At 31 March 2005 | 1,075 | 9,102 | 1,620 | 17,890 | 2,105 | 31,792 |
| Depreciation | | | | | | |
| At 1 April 2004 | 0 | 1,395 | 896 | 9,636 | 0 | 11,927 |
| Indexation | 0 | 126 | 0 | 208 | 0 | 334 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 7 | 0 | 0 | 0 | 7 |
| Disposals | 0 | 0 | (34) | (2,548) | 0 | (2,582) |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Provided during the year | 0 | 679 | 185 | 2,249 | 0 | 3,113 |
| National Revaluation Exercise | 0 | (7) | 0 | 0 | 0 | (7) |
| At 31 March 2005 | 0 | 2,200 | 1,047 | 9,545 | 0 | 12,792 |
| Net Book Value | | | | | | |
| At 31 March 2005 | 1,075 | 6,902 | 573 | 8,345 | 2,105 | 19,000 |
| At 31 March 2004 | 655 | 7,106 | 656 | 9,757 | 0 | 18,174 |

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.

NORTHERN IRELAND AMBULANCE SERVICE 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 |
|-------------------------------|--------------|--|-------------------------------|----------------------------|--------------------------------------|---------------|
| Cost or Valuation | | | | | | |
| At 1 April 2004 | 0 | 0 | 0 | 0 | 0 | 0 |
| Indexation | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 | 0 | 0 | 0 |
| National Revaluation Exercise | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2005 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation | | | | | | |
| At 1 April 2004 | 0 | 0 | 0 | 0 | 0 | 0 |
| Indexation | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 | 0 | 0 | 0 |
| Reversal of Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Provided during the year | 0 | 0 | 0 | 0 | 0 | 0 |
| National Revaluation Exercise | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2005 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Book Value | | | | | | |
| At 31 March 2005 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2004 | 0 | 0 | 0 | 0 | 0 | 0 |

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

11.2 Total Tangible Fixed Assets:

| | Purchased £000 | Donated £000 | Total £000 | 2004 £000 |
|--------------------------------------|-------------------|-----------------|---------------|---------------|
| Net book value: | | | | |
| Land | 1,075 | 0 | 1,075 | 655 |
| Buildings installations and fittings | 6,902 | 0 | 6,902 | 7,106 |
| Computer Equipment | 573 | 0 | 573 | 656 |
| Other Equipment | 8,345 | 0 | 8,345 | 9,757 |
| Assets under construction | 2,105 | 0 | 2,105 | 0 |
| Total | 19,000 | 0 | 19,000 | 18,174 |

11.3 The net book value of land and buildings comprises:

| | 2005 £000 | 2004 £000 |
|-----------------|--------------|--------------|
| Freehold | 0 | 0 |
| Long leasehold | 7,977 | 7,761 |
| Short leasehold | 0 | 0 |
| | <u>7,977</u> | <u>7,761</u> |

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

| | 2005 £000 | 2004 £000 |
|---------------------------------------|--------------|--------------|
| Land | 0 | 0 |
| Buildings, Installations and fittings | 0 | 0 |
| Equipment | 0 | 0 |
| Assets under construction | 0 | 0 |
| | <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 £NIL (2004 £NIL).

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

12. Stocks and Work in Progress

| | 2005 | 2004 |
|-------------------------------|-------------|-------------|
| | £000 | £000 |
| Raw Materials and consumables | 97 | 78 |
| Work in progress | 0 | 0 |
| Finished goods | 0 | 0 |
| | <hr/> | <hr/> |
| Total | 97 | 78 |
| | <hr/> <hr/> | <hr/> <hr/> |

13. Debtors

| | 2005 | 2004 |
|--------------------------------------|--------------|--------------|
| | £000 | £000 |
| Amounts falling due within one year: | | |
| HSS or NHS debtors | 3,506 | 220 |
| Clinical Negligence - Central Fund | 0 | 0 |
| Other debtors | 937 | 1,358 |
| Pension Prepayments | | |
| in respect of former directors | 0 | 0 |
| in respect of other staff | 0 | 0 |
| Other prepayments and accrued income | 59 | 123 |
| | <hr/> | <hr/> |
| Sub Total | 4,502 | 1,701 |
| | <hr/> <hr/> | <hr/> <hr/> |

The balances are net of a provision for bad debts of £NIL (2004 £NIL)

| | | |
|---|--------------|--------------|
| Amounts falling due after more than one year: | | |
| HSS or NHS debtors | 0 | 0 |
| Clinical Negligence - Central Fund | 23 | 153 |
| Other debtors | 0 | 0 |
| Pension Prepayments | | |
| in respect of former directors | 0 | 0 |
| in respect of other staff | 0 | 0 |
| Other prepayments and accrued income | 0 | 0 |
| | <hr/> | <hr/> |
| Sub Total | 23 | 153 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Total | 4,525 | 1,854 |
| | <hr/> <hr/> | <hr/> <hr/> |

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

14. Short-term Investments

| | 2005 | 2004 |
|--|-------------|-------------|
| | £000 | £000 |
| Government Securities | 0 | 0 |
| Other Approved Public Sector Organisations | 0 | 0 |
| Banking Deposits | 105 | 104 |
| Others (specify if in excess of £50,000) | 0 | 0 |
| | <hr/> | <hr/> |
| Total | 105 | 104 |
| | <hr/> <hr/> | <hr/> <hr/> |

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

15. Creditors

15.1 Creditors: Amounts falling due within one year:

| | 2005 £000 | 2004 £000 |
|--|--------------|--------------|
| Bank overdrafts | 0 | 0 |
| Current instalments due on loans | 168 | 167 |
| Interest payable | 10 | 11 |
| Public Dividend Capital dividend payable | 955 | 462 |
| PDC payable in respect of impairments | 0 | 0 |
| Payments received on account | 0 | 0 |
| HPSS or NHS creditors and accruals | 301 | 400 |
| Non HPSS or NHS trade revenue creditors | 3,599 | 2,087 |
| Non HPSS or NHS trade capital creditors | 1,261 | 395 |
| Payroll creditors including taxation and social security | 8 | 2 |
| 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 | 22 | 15 |
| Other creditors | 0 | 0 |
| | <hr/> | <hr/> |
| Sub Total | 6,324 | 3,539 |

15.2 Creditors: Amounts falling due after more than one year:

| | | |
|--|--------------|--------------|
| Long term loans | 2,428 | 2,596 |
| 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 |
| | <hr/> | <hr/> |
| Sub Total | 2,428 | 2,596 |
| | <hr/> | <hr/> |
| Total Creditors | 8,752 | 6,135 |

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

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

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:

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

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

| | 2005 £000 | 2004 £000 |
|---|----------------------------|----------------------------|
| Creditors: amounts due within one year | 0 | 0 |
| Creditors: amounts due after more than one year | 0 | 0 |
| | <hr/> | <hr/> |
| | 0 | 0 |
| | <hr/> <hr/> | <hr/> <hr/> |

15.4 Public Dividend Capital Dividends

| | 2005 £000 | 2004 £000 |
|---|----------------------------|----------------------------|
| The dividend is in respect of Public Dividend Capital | 955 | 462 |
| | <hr/> | <hr/> |
| | 955 | 462 |
| | <hr/> <hr/> | <hr/> <hr/> |

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

16. Loans

| | Government Loans £000 | Other Loans £000 | 2005 £000 | 2004 £000 |
|----------------------------|--------------------------------------|---------------------------------|----------------------|----------------------|
| Amounts falling due: | | | | |
| In one year or less | 168 | 0 | 168 | 167 |
| Between one and two years | 167 | 0 | 167 | 168 |
| Between two and five years | 503 | 0 | 503 | 502 |
| In five years or more | 1,758 | 0 | 1,758 | 1,926 |
| Total | 2,596 | 0 | 2,596 | 2,763 |

| | Government Loans £000 | Other Loans £000 | 2005 £000 | 2004 £000 |
|---|--------------------------------------|---------------------------------|----------------------|----------------------|
| 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 | 2,596 | 0 | 2,596 | 2,763 |
| Total | 2,596 | 0 | 2,596 | 2,763 |

| | | | | |
|---|--------------|----------|--------------|--------------|
| Total Repayable after five years by instalments | 1,758 | 0 | 1,758 | 1,926 |
|---|--------------|----------|--------------|--------------|

| | | | | |
|---|---|---|---|---|
| Loans wholly or partially repayable after five years: | 0 | 0 | 0 | 0 |
|---|---|---|---|---|

| | Interest Rate % | 2005 £000 | 2004 £000 |
|-----------------------|--------------------------------|----------------------|----------------------|
| Original Capital Debt | 8.750 | 2,596 | 2,763 |

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

17. Provisions for liabilities and charges

| | Pensions relating to former directors £000 | Pensions relating to other staff £000 | Clinical negligence £000 | Restruct- uring £000 | Other £000 | 2005 £000 | 2004 £000 |
|-----------------------------|--|---|--------------------------------|----------------------------|---------------|--------------|--------------|
| Balance at 31 March 2004 | 0 | 0 | 153 | 0 | 1,608 | 1,761 | 1,851 |
| Arising during the year | 0 | 0 | 21 | 0 | 381 | 402 | 464 |
| Utilised during the year | 0 | 0 | 0 | 0 | (184) | (184) | (137) |
| Reversed unused | 0 | 0 | (153) | 0 | (367) | (520) | (467) |
| Unwinding of discount | 0 | 0 | 2 | 0 | 43 | 45 | 50 |
| At 31 March 2005 | 0 | 0 | 23 | 0 | 1,481 | 1,504 | 1,761 |

Movement in Year

| | £000 |
|-----------------------------|--------------|
| Arising during the year | 402 |
| Utilised during the year | (184) |
| Reversed unused | (520) |
| Unwinding of discounts | 45 |
| Total | (257) |

NORTHERN IRELAND AMBULANCE SERVICE 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 | Restruct- uring £000 | Other £000 | 2005 £000 | 2004 £000 |
|---------------|--|--|--------------------------------|----------------------------|---------------|--------------|--------------|
| Within 1 year | 0 | 0 | 0 | 0 | 864 | 864 | 1,282 |
| 1 - 5 years | 0 | 0 | 23 | 0 | 114 | 137 | 46 |
| Over 5 years | 0 | 0 | 0 | 0 | 503 | 503 | 433 |

The provision in respect of other liabilities and charges comprises of £271,609 for Accrued Leave, £904,906 for Employers Liability and £304,684 for Premature Pensions following Injury.

The provision for Accrued Leave will crystallise as individuals retire or leave the service at future dates.

The provision for Employers Liability has been calculated in accordance with DHSS&PS guidance. Data was obtained from the CSA's Directorate of Legal Services.

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

| | |
|----------------------------------|---------------|
| | £ |
| Clinical Negligence Central Fund | <u>23,200</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.

When it is not probable that a settlement will be required then the claim is disclosed as a contingent liability. In addition to the clinical negligence provision, contingent liabilities for clinical negligence are given in Note 25.

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

18. Public Dividend Capital

| | 2005 | 2004 |
|--|----------------------|----------------------|
| | £000 | £000 |
| Public Dividend Capital was issued as follows: | | |
| During the reporting year | 0 | 2,650 |
| In prior years | 10,286 | 7,636 |
| Total | <u>10,286</u> | <u>10,286</u> |

19. Movements on Reserves

| | Revaluation Reserve £000 | Donation Reserve £000 | Realised Donation Reserve £000 | Other Reserves £000 | Income and Expenditure Reserve £000 | Total £000 |
|---|---|--------------------------------------|---|------------------------------------|--|-----------------------|
| At 1 April 2004 | 3,271 | 0 | 0 | 0 | (1,243) | 2,028 |
| Retained surplus (deficit) for year | 0 | 0 | 0 | 0 | 137 | 137 |
| Revaluation and indexation of fixed assets | 786 | 0 | 0 | 0 | 0 | 786 |
| Transfer of realised profits (losses) | 0 | 0 | 0 | 0 | 0 | 0 |
| Movements in donation reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| Fixed Asset Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Other reserve movements (National Revaluation Exercise) | 234 | 0 | 0 | 0 | 0 | 234 |
| At 31 March 2005 | <u>4,291</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(1,106)</u> | <u>3,185</u> |

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

20. Reconciliation of Movement in Government Funds

| | 2005 | 2004 |
|---|----------------------|----------------------|
| | £000 | £000 |
| Surplus (Deficit) for the financial year | 965 | 469 |
| less provisions for future obligations | 127 | 90 |
| less public dividend capital dividends | <u>(955)</u> | <u>(462)</u> |
| | 137 | 97 |
| Gains (Losses) from revaluation/indexation of | | |
| Purchased fixed assets | 1,020 | 662 |
| Public dividend capital repayments | 0 | 0 |
| Public dividend capital issued | 0 | 2,650 |
| New Government loans issued | 0 | 0 |
| Government loans repayments | (167) | (168) |
| Additions (Reductions) in other reserves | <u>0</u> | <u>0</u> |
| Net Movement in Government Funds | 990 | 3,241 |
| Government Funds at 31 March 2004 | <u>15,200</u> | <u>11,959</u> |
| Government Funds at 31 March 2005 | <u>16,190</u> | <u>15,200</u> |

NORTHERN IRELAND AMBULANCE SERVICE 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 £1,193k, bears to the average relevant net assets of £14,415k that is 8.3% (2003/2004 5.6%).

The Capital Cost Absorption (CCA) rate comprises two components - the Trust Debt Remuneration (TDR), and the Average Relevant Net Assets (ARNA), in order to achieve compliance with the 3.5% target the Trust needs to manage the TDR such that it equates to exactly 3.5% of the ARNA. The TDR comprises of Public Dividend Capital (PDC) dividend and Interest Payable and varies based on the actual out-turn depreciation deviation from the estimated primary capital charges forecast liability minus the 3.5% interest in ARNA (referred to as a windfall). The increased absorption is as a result of a number of factors as follows:

- i. Increased PDC dividend to balance the capital charges debits to Income & Expenditure, with the income received in prices in the I&E.
- ii. Changes in the actual profile of capital programme from that forecast, primarily due to the supplier constraints.
- iii. Expenditure due to in-year changes to the approved capital programme notified by the DHSS&PS via changes to the Trusts Capital Resource Limit.
- iv. Deviations of ARNA from Opening Fixed Asset base which the forecast capital charge is based on. (The actual ARNA's include adjustments for assets under construction, bank deposits and include the I&E reserve balance after FRS12 provisions, all of which are ignored in the forecasting mechanism).

NORTHERN IRELAND AMBULANCE SERVICE HSS TRUST

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

Note 21 (Contd)

The Capital Cost Absorption Rate is calculated as follows:

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

| | 2005 £000 |
|--|---------------------|
| Trust Debt Remuneration is calculated as: | |
| Interest payable on Government borrowing | 238 |
| Plus | |
| Dividends payable on Public Dividend Capital | <u>955</u> |
| Trust Debt Remuneration | <u><u>1,193</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) | 12,314 | 13,471 | 12,893 |
| Less: | | | |
| Donation reserve | 0 | 0 | 0 |
| Purchased assets in the course of construction | 0 | (2,105) | (1,053) |
| Short-term assets | (104) | (105) | (105) |
| Finance Lease assets (during their primary lease term) | 0 | 0 | 0 |
| Plus: | | | |
| Loans and overdrafts | 2,763 | 2,596 | 2,680 |
| Finance Lease Creditors (capital only) | 0 | 0 | 0 |
| Relevant Net Assets | <u><u>14,973</u></u> | <u><u>13,857</u></u> | <u><u>14,415</u></u> |

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

NORTHERN IRELAND AMBULANCE SERVICE 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>24,666</u> | <u>27,191</u> | <u>29,795</u> | <u>33,302</u> | <u>39,941</u> |
| ii. Operational Surplus/(Deficit) for Financial Year before Provisions and Exceptional Income | <u>(3)</u> | <u>4</u> | <u>261</u> | <u>7</u> | <u>10</u> |
| iii. Break Even in year position | (3) | 4 | 261 | 7 | 10 |
| iv. Break Even cumulative position (opening) | 97 | 94 | 98 | 359 | 366 |
| v. Other Adjustments | 0 | 0 | 0 | 0 | 0 |
| vi. Exceptional Income Year ended 31 March 2001 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| vii. Break Even Cumulative position (closing) | <u>94</u> | <u>98</u> | <u>359</u> | <u>366</u> | <u>376</u> |

Materiality Test:

| | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| Break Even in year position as % of turnover | <u>0.0%</u> | <u>0.0%</u> | <u>0.9%</u> | <u>0.0%</u> | <u>0.0%</u> |
| Break Even cumulative position as % of turnover | <u>0.4%</u> | <u>0.4%</u> | <u>1.2%</u> | <u>1.1%</u> | <u>0.9%</u> |

NORTHERN IRELAND AMBULANCE SERVICE 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>(113)</u> | <u>2,568</u> |

The Trust stayed within its External Financing Limit by £55k. The Trust's External Financing Requirement for the year was £113k and was met as follows:-

| | 2005 £000 | 2004 £000 |
|---------------------------------|--------------|--------------|
| Increase (decrease) in: | | |
| Public Dividend Capital | 0 | 2,650 |
| Government long-term loans | (167) | (167) |
| Other long-term loans | 0 | 0 |
| Short-term loans | 0 | 0 |
| Overdrafts | 0 | 0 |
| Finance lease capital creditors | 0 | 0 |
| (Increase) decrease in: | | |
| Short-term investments | (1) | 82 |
| Cash at bank and in hand | 0 | 0 |
| External Finance Assessed | <u>(168)</u> | <u>2,565</u> |

21.4 Capital Resource Limit

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

| | 2005 £000 |
|---|-----------------|
| Gross Capital Expenditure (charge against the CRL) | 2,934 |
| Capital Resource Limit | <u>2,936</u> |
| (Over)/Underspend against CRL | <u><u>2</u></u> |

NORTHERN IRELAND AMBULANCE SERVICE 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

| | 2005 | 2004 |
|--|-------------|-------------|
| | £000 | £000 |
| Amounts included within operating expenses in respect of PFI transactions deemed to be off balance sheet | 0 | 0 |

| | £000 | £000 |
|--|-------------|-------------|
| 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) etc. | 0 | 0 |
| | <u>0</u> | <u>0</u> |

| | 2005 | 2004 |
|--|-------------|-------------|
| | £000 | £000 |
| 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 |
| | <u>0</u> | <u>0</u> |

NORTHERN IRELAND AMBULANCE SERVICE 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.

| | 2005 | 2004 |
|---|-------------|-------------|
| | £000 | £000 |
| 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

| | 2005 | 2004 |
|--|-------------|-------------|
| | £000 | £000 |
| 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 |
| | <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 +/- £NIL (2004 +/- £NIL).

NORTHERN IRELAND AMBULANCE SERVICE 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:-

| | Finance Leases £000 | Other £000 | 2005 Total £000 | 2004 Total £000 |
|---|------------------------------------|-----------------------|--------------------------------|--------------------------------|
| Contracted | 0 | 244 | 244 | 0 |
| Authorised by the Board, but not contracted | 0 | 2,663 | 2,663 | 2,510 |
| Total | 0 | 2,907 | 2,907 | 2,510 |

24. Post Balance Sheet Events

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

NORTHERN IRELAND AMBULANCE SERVICE 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 £644 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:

| | 2005 £000 | 2004 £000 |
|--|-----------------|-----------------|
| Total estimate of contingent clinical negligence liabilities | 1 | 7 |
| Amount recoverable from the Clinical Negligence Central Fund | <u>(1)</u> | <u>(7)</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:

| | 2005 £000 | 2004 £000 |
|----------------------|-----------------|-----------------|
| 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

None of the directors of the Trust hold company directorships with companies that are likely to do business with the HPSS.

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 Northern Ireland Ambulance

Service HSS Trust. The Department of Health, Social Services and Public Safety is regarded as a related party and the ultimate controlling parent Department. During the year the Northern Ireland Ambulance Service HSS Trust has had a significant number of material transactions with other entities for which the Department is regarded as the ultimate controlling parent Department. These entities include the four Health and Social Services Boards, the remaining 18 HSS Trusts and the Central Services Agency.

NORTHERN IRELAND AMBULANCE SERVICE 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 | 0 | 0 |
| 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 | 7 | 3,621 |
| 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 | 0 | 0 |
| 10 Stores and Inventory Losses - Stocktaking discrepancies | 0 | 0 |
| 11 Stores and Inventory Losses - Other causes | 0 | 0 |
| 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 | 18 | 163,872 |
| 13 Ex-gratia payments - Compensation payments (including payments to patients and staff) | 2 | 194 |
| 14 Ex-gratia payments - Other payments | 0 | 0 |
| 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 |
| TOTAL | 27 | 167,687 |

NORTHERN IRELAND AMBULANCE SERVICE 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 within 1 year £000 | Amounts falling due after more than 1 year £000 |
| Other central government bodies | 170 | 2,428 | 430 | 23 |
| Northern Ireland Health and Social Service Boards | 4 | 0 | 3,433 | 0 |
| HSS Trusts | 244 | 0 | 71 | 0 |
| NHS Trusts | 0 | 0 | 0 | 0 |
| Agencies & Special Agencies | 53 | 0 | 2 | 0 |
| Non-Departmental Public Bodies | 0 | 0 | 0 | 0 |
| Local Authorities | 156 | 0 | 0 | 0 |
| Public corporations and trading funds | 0 | 0 | 0 | 0 |
| Total | <u>627</u> | <u>2,428</u> | <u>3,936</u> | <u>23</u> |

NORTHERN IRELAND AMBULANCE SERVICE 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 | 2004 |
|---|--------------|--------------|
| | £000 | £000 |
| Operating surplus (deficit) | 1,108 | 649 |
| Depreciation charge | 3,113 | 2,610 |
| Provisions for future obligations (I&E Account) | 127 | 90 |
| Fixed asset impairments | 7 | 0 |
| Transfer from donation reserve | 0 | 0 |
| Non-cash Items | 0 | 0 |
| Increase (decrease) in provisions (Balance Sheet) | (257) | (90) |
| (Increase) decrease in stocks | (19) | (23) |
| (Increase) decrease in debtors | (2,671) | (582) |
| Increase (decrease) in creditors | 1,426 | 451 |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities | 2,834 | 3,105 |

NORTHERN IRELAND AMBULANCE SERVICE 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 | | 1 | (83) | |
| Cash inflow from new debt | | 0 | 0 | |
| Cash outflow from debt repaid and finance lease capital payments | | 167 | <u>168</u> | |
| Cash (inflow)/outflow from decrease/increase in liquid resources | | <u>0</u> | <u>0</u> | |
| Change in net debt resulting from cash flows | | 168 | | 85 |
| Non-cash changes in debt | | <u>0</u> | | <u>0</u> |
| Net Debt at 1 April 2004 | | | <u>(2,659)</u> | <u>(2,744)</u> |
| Net Debt at 31 March 2005 | | <u>(2,491)</u> | | <u>(2,659)</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 | 0 | 0 | 0 | 0 |
| Bank overdrafts | 0 | 0 | 0 | 0 |
| Debt due within 1 year | (167) | 167 | (168) | (168) |
| Debt due after 1 year | (2,596) | 0 | 168 | (2,428) |
| Finance leases | 0 | 0 | 0 | 0 |
| Current asset investments | 104 | 1 | 0 | 105 |
| Bad debts | 0 | 0 | 0 | 0 |
| | <u>(2,659)</u> | <u>168</u> | <u>0</u> | <u>(2,491)</u> |

NORTHERN IRELAND AMBULANCE 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 Northern Ireland Ambulance 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 Northern Ireland Ambulance 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 Northern Ireland Ambulance HSS Trust in undertaking its activities.

31. Third party assets

The Trust held £NIL 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 the monies is maintained by the Trust.

**Royal Group of Hospitals and Dental Hospital
Health & Social Services Trust**

ANNUAL ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2005

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

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.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

STATEMENT OF THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HSS TRUSTS RESPONSIBILITIES AND CHIEF EXECUTIVES 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 Royal Group of Hospitals and Dental Hospital 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 Royal Group of Hospitals and Dental Hospital 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 Mr. William McKee of The Royal Group of Hospitals and Dental Hospital HSS 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.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR 2004/05

Scope of Responsibility

The Board of the Royal Group of Hospitals and Dental Hospital HSS Trust (the Trust) is accountable for internal control. As Accountable Officer and Chief Executive of the Board of the 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. It evaluates the likelihood of those risks being realised and the impact should they be realised, and manages them efficiently, effectively, and economically. The system of internal control has been in place in the 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 existence of an Audit Committee;
- the existence of an Excellence and Governance Committee;
- the existence 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;
- as appropriate, formal budget management disciplines.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR 2004/05 (Cont'd)

The Trust has an internal audit function which operates to defined standards and whose work is informed by an analysis of the risk to which the body is exposed. Annual audit plans are based on this analysis. In addition to the risk assessment of the core financial systems, namely payroll, bank and cash and payments to creditors, the Director of Finance considered it appropriate, and in fact necessary, to take a more holistic approach to the consideration of risk and to reflect the organisational structures that had come into force.

During 2003/04 a significant organisational change was implemented which created five clinical divisions. Each division is headed up by a clinician who devotes 50% of his/her time to management and is supported by a divisional manager and wider divisional team. The divisions are large entities in their own right and therefore the Director of Finance felt that a more holistic approach was required to fully reflect their risk profile within the organisation. From a vulnerability perspective divisions are the places where the decision to commit expenditure is made and where a number of the first line internal controls exist.

It was agreed that a rolling programme of comprehensive divisionals audits would be carried out over the three year programme. It was also agreed that any issues which emerged as a result of the audits in years one (2004/05) and two (2005/06) which were felt to have an organisational relevance would be included in a report prepared by Internal Audit for the Director of Finance at the end of each year.

During 2004/05 therefore Internal Audit reviewed the following areas:-

| | |
|------------------------|----------------------------|
| *Payroll | Clinical Services Division |
| *Payments to Creditors | CaVaTs Division |
| *Bank and Cash | Belfast Link Laboratories |
| Accommodation | |
| Outside Contracts | |
| Agency & Locum | |
| Canteen Cash Handling | |
| General Ledger | |

*Core Financial Systems

In his annual report the Internal Auditor reported that the system of internal control with regard to the core financial systems was appropriate and, with the exception of the Divisional audits, that sound processes and procedures were in place for the other areas considered. Recommendations to address the weaknesses identified have been or are being implemented.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR 2004/05 (Cont'd)

The first divisional audit was concluded in the latter half of 2004 and was considered at the next Audit Committee. A number of significant control weaknesses were identified in the areas of bank and cash, non HPSS income and procurement/authorisation which were considered to be of sufficient organisational relevance that action was required. Similar issues were raised in the other divisional audits and a Trust wide action plan was immediately prepared for consideration/approval at a specially convened Audit Committee meeting.

The Trust has undertaken a review of its authorisation framework, issued relevant documents to all those on the framework and made procurement training mandatory. Given the need to communicate the issues to a wide spectrum of staff groups a communication strategy was developed utilising a variety of media including personal sign off (from circ 500 officers across the Trust), staff newsletter, revision and issue of relevant documentation, tailored training and staff briefings.

The Trust views this as a unique and significant opportunity to reaffirm the financial governance agenda across the organisation. The action plan developed has the full support of myself and the wider Executive Team and will be progressed as a matter of priority.

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.

For example, the Trust has in place a range of human resource policies, procedures, protocols and practices governing activities across the specialist areas i.e. recruitment and selection, employee relations, workforce information and resourcing, learning and development and equal opportunities. These are regularly reviewed and updated to ensure that they continue to reflect best practice and the principle of equality of opportunity, are in line with the Trust's aims and values, comply with legal and statutory requirements and provide effective control mechanisms.

Examples to include:

- The application of an objective and systematic recruitment process and compliance with a comprehensive range of safeguards including qualifications/ registration checks, relevant references, health checks, appropriate vetting recruitment check lists etc;
- A learning and development strategy to develop and train all staff in order that they can achieve maximum individual and organisational potential;
- Effective workforce controls to ensure adherence to strict processes which include controls over the creation of all new posts, re-profiling of existing posts and replacement of vacant posts;
- Promotion of an equality culture and arrangements for conducting good employee relations.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR 2004/05 (Cont'd)

Capacity to handle risk

The Trust is committed to providing high-quality patient services in an environment that is safe and secure. The Chief Executive has the overall responsibility for all risk management and ensuring that the organisational structure and resource is in place for this to occur. The Excellence and Governance Committee, chaired by the Trust Chairman, provides Board level oversight in this key area.

The importance of senior leadership in this process is recognised and this is delegated through the medical director and operationalised through the corporate and divisional management structures. This supports the need for a central steer while ensuring local ownership in managing and controlling all elements of risk to which the Trust may be exposed.

Each division has a system in place to identify its risks, assess their impact and devise the necessary strategies to manage and evaluate them. Training in risk management is provided for all staff relevant to their grade and situation. To support them through the risk assessment process, expert guidance and facilitation is available. Actions taken to reduce risk are regularly monitored, reported and trends analysed at divisional, corporate and Board level. Evaluation of their effectiveness promotes both individual and organisational learning and dissemination of good practice.

The risk and control framework

The Trust developed a risk management strategy in 2001. This has now been revised and incorporated into an excellence and governance strategy. This strategy links quality improvement with an integrated approach to governance. This strategy describes a clear line of accountability through to the Board of directors and Accountable Officer. It is linked to the organisation's principle objectives and sets out the means of obtaining assurance on the effectiveness of key controls.

Procedures have been put in place to verify that aspects of risk management have been fully incorporated into the planning and decision making process of the organisation.

A Corporate Risk Register has been agreed by the Board of directors. This contains details of the organisation's principal risks. The register has been informed by the controls assurance process and the system of divisional risk registers.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR 2004/05 (Cont'd)

The Trust assessed its compliance with the 14 Controls Assurance Standards which were defined by the Department and against which a degree of progress was expected in 2004/05. The detail of this is as follows:

| Standard | Progress expected by HPSS in 2004/05 | Achieved in 2004/05 |
|--|--------------------------------------|---------------------|
| Financial Management (core standard) | Substantive | Substantive* |
| Governance (core standard) | Substantive | Substantive* |
| Risk Management (core standard) | Substantive | Substantive* |
| Human Resources | Moderate | Substantive |
| Medical Devices and Equipment Management | Moderate | Moderate |
| Medicines Management | Moderate | Substantive * |
| Fire Safety | Substantive | Substantive* |
| Infection Control | Substantive | Substantive* |
| Decontamination of Medical Devices | Substantive | Substantive* |
| Buildings, Land, Plant and Non-Medical Equipment | Moderate | Moderate |
| Environmental Management | Moderate | Moderate |
| Health & Safety | Moderate | Substantive* |
| Information, Communication and Technology | Moderate | Substantive |
| Waste Management | Moderate | Substantive |

*The standards marked with an asterix were independently verified

The risk and control framework has been developed in all key areas. An external audit of health and safety management was completed and submitted to the Board of directors during 2004/05. No major issues of concern were identified, an action plan has been agreed and will be implemented in 2005/06.

Significant training has been carried out at all levels within the organisation including a workshop on internal control for the non-executive directors, a rolling multidisciplinary programme of training on the root cause analysis process and tailored courses on risk assessment and control for operational staff.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR 2004/05 (Cont'd)

In addition to the steps described above the following actions are planned in the coming year:

- Further training for non-executive and executive directors on all aspects of governance;
- The approval of updated action plans with the Board of directors over a three year cycle to address principal risks identified in the corporate risk register;
- Implementation of action plans to consolidate substantive levels of compliance with the core controls assurance standards;
- Progress towards achievement of required levels of compliance with other standards, issued for 2004/05 and 2005/06;
- Further development of arrangements for clinical and social care governance;
- Review of audit of health and safety arrangements.

As required by DHSSPS, an internal review of the decontamination of reusable medical devices was undertaken during 2004/05. The relevant controls assurance standard was incorporated in this review. Although substantive compliance was demonstrated, areas for further action were identified. These now form part of our management planning process. The review has been externally verified.

Significant progress has been made to improve the patient environment and to deal with backlog maintenance issues. Further progress is subject to the availability of adequate resources. A detailed risk management strategy for estates maintenance is being developed which will inform and prioritise maintenance issues against available resources.

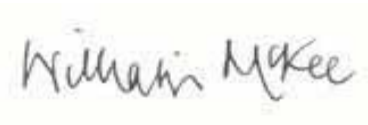
Fire and disability risk assessments have been completed across the Trust with some progress having been made in year on each issue. A prioritisation of the balance of outstanding works will be completed and bid for resources made.

**THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL
HEALTH AND SOCIAL SERVICES TRUST**

**STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR 2004/05
(Cont'd)**

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 Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their management letter and other reports. I have been advised on the implications of the result of my review as to 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.



Mr William McKee
Chief Executive

4th August 2005
Date

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL 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 71 to 116 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 75 to 81.

Respective responsibilities of the Board Members, Chief Executive and Auditor

As described on page 60, 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 62 to 68 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.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

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 Royal Group of Hospitals and Dental Hospital 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.



J M Dowdall CB
Comptroller and Auditor General
Date:
7th September 2005

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

**THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL
HEALTH AND SOCIAL SERVICES TRUST**

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

| | NOTE | 2005 £000's | 2004 £000's |
|--|------|-------------------|-------------------|
| Income from Activities | 2 | 230,066 | 209,190 |
| Other Operating Income | 3 | <u>56,008</u> | <u>54,309</u> |
| | | 286,074 | 263,499 |
| Operating Expenses | 4, 5 | <u>(278,782)</u> | <u>(259,923)</u> |
| OPERATING SURPLUS | | 7,292 | 3,576 |
| Profit/(loss) on disposal of Fixed Assets | 7 | <u>(200)</u> | <u>0</u> |
| SURPLUS BEFORE INTEREST | | 7,092 | 3,576 |
| Interest Receivable | | 507 | 350 |
| Interest Payable | 8 | <u>(2,020)</u> | <u>(2,180)</u> |
| SURPLUS FOR THE FINANCIAL YEAR | | 5,579 | 1,746 |
| Public Dividend Capital Dividends Payable | 15 | <u>(5,462)</u> | <u>(1,716)</u> |
| OPERATIONAL SURPLUS BEFORE PROVISIONS | 21 | 117 | 30 |
| Provisions for Future Obligations | 9.1 | <u>277</u> | <u>586</u> |
| RETAINED SURPLUS FOR THE FINANCIAL YEAR | | <u><u>394</u></u> | <u><u>616</u></u> |
| BREAK EVEN POSITION | 21 | <u><u>117</u></u> | <u><u>30</u></u> |

The notes on pages 75 to 116 form part of these accounts

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

BALANCE SHEET AS AT 31 MARCH 2005

| | | 2005 | | 2004 | |
|---|------|--------|-----------------|--------|----------------|
| | NOTE | £000's | £000's | £000's | £000's |
| FIXED ASSETS | | | | | |
| Intangible assets | 10 | | 0 | | 0 |
| Tangible assets | 11 | | 250,634 | | 221,947 |
| | | | 250,634 | | 221,947 |
| CURRENT ASSETS | | | | | |
| Stocks and work in progress | 12 | 4,198 | | 3,647 | |
| Debtors: Amounts falling due | | | | | |
| Within one year | 13 | 22,941 | | 19,587 | |
| After one year | 13 | 5,207 | | 5,467 | |
| Short term investments | 14 | 2,613 | | 641 | |
| Cash at bank and in hand | | 247 | | 234 | |
| | | | 35,206 | | 29,576 |
| CREDITORS: Amounts falling due within one year | 15 | | (46,956) | | (37,442) |
| NET CURRENT ASSETS (LIABILITIES) | | | (11,750) | | (7,866) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 238,884 | | 214,081 |
| Creditors: Amounts Falling Due After more than one year | 15 | | (21,327) | | (23,033) |
| Provisions for Liabilities and Charges | 17 | | (14,144) | | (13,508) |
| TOTAL ASSETS EMPLOYED | | | 203,413 | | 177,540 |
| FINANCED BY: | | | | | |
| CAPITAL AND RESERVES | | | | | |
| Public dividend capital | 18 | | 113,684 | | 109,818 |
| Revaluation reserve | 19 | | 84,440 | | 63,577 |
| Donation reserve | 19 | | 7,515 | | 7,215 |
| Realised donation reserve | 19 | | 0 | | 0 |
| Other reserves | 19 | | 0 | | 0 |
| Income and expenditure reserve | 19 | | (2,226) | | (3,070) |
| | | | 203,413 | | 177,540 |

The notes on pages 75 to 116 form part of these accounts


 Signed(Chief Executive) Date: 4th August 2005...

Mr William McKee
Chief Executive

**THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL
HEALTH AND SOCIAL SERVICES TRUST**

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

| | 2005 | | 2004 | |
|--|--------------|----------------------|--------------|----------------------|
| | £000's | £000's | £000's | £000's |
| Surplus (Deficit) for the financial year | | 5,579 | | 1,746 |
| Provisions for future obligations | | <u>277</u> | | <u>586</u> |
| | | 5,856 | | 2,332 |
| Fixed asset impairment losses | | 0 | | (3,700) |
| Non donated Fixed Assets | | | | |
| Indexation of fixed assets | 14,072 | | 15,775 | |
| Unrealised Surplus/(deficit) on revaluation of fixed assets | <u>7,242</u> | | <u>4,382</u> | |
| | | 21,314 | | 20,157 |
| Donated Assets | | | | |
| Additions to donated assets | 366 | | 243 | |
| Changes to donation reserve (except transfers to realised donation reserve) | <u>0</u> | <u>366</u> | <u>(355)</u> | <u>(112)</u> |
| Total recognised gains and losses relating to the year | | <u>27,536</u> | | <u>18,677</u> |
| Additions to Capital Assets Reserve | | 0 | | 0 |
| TOTAL GAINS / (LOSSES) RECOGNISED IN THE FINANCIAL YEAR | | <u><u>27,536</u></u> | | <u><u>18,677</u></u> |
| Total recognised gains / (losses) for the year (as above) | | 27,536 | | 18,677 |
| Prior year adjustments | | 0 | | 615 |
| Total gains and losses recognised since last annual report | | <u><u>27,536</u></u> | | <u><u>19,292</u></u> |

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

| | 2005 | | 2004 | |
|---|----------|-----------|----------|--------------|
| | £000's | £000's | £000's | £000's |
| Net Cash Inflow from Operating Activities (Note 29.1) | 27,452 | | 20,483 | |
| | | 27,452 | | 20,483 |
| Returns on Investments and Servicing of Finance | | | | |
| Interest received | 493 | | 354 | |
| Interest paid | (2,038) | | (2,181) | |
| Interest element of finance lease rental payments | 0 | | 0 | |
| Net Cash (Outflow) Inflow from returns on Investments and Servicing of Finance | | (1,545) | | (1,827) |
| Capital Expenditure | | | | |
| Payments to acquire intangible fixed assets | 0 | | 0 | |
| Receipts from sale of intangible fixed assets | 0 | | 0 | |
| Payments to acquire tangible fixed assets | (21,427) | | (18,176) | |
| Receipts from sale intangible fixed assets | 0 | | 0 | |
| Net Cash Inflow (Outflow) from Capital Expenditure | | (21,427) | | (18,176) |
| Dividends Paid | | (1,716) | | (9,320) |
| Management of Liquid Resources | | | | |
| Purchase of current asset investments | (1,972) | | 0 | |
| Sale of current asset investments | 0 | | 2,334 | |
| Net Cash Inflow (Outflow) from Management of Liquid Resources | | (1,972) | | 2,334 |
| Net Cash Inflow (Outflow) before Financing | | 792 | | (6,506) |
| Financing | | | | |
| New money capital reserve | 0 | | 0 | |
| New public dividend capital | 4,627 | | 8,778 | |
| 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 | (1,706) | | (1,706) | |
| Repayment of loans - Others | 0 | | (54) | |
| Repayment of loans (PDC) - Government | (3,700) | | (1,034) | |
| Capital element of finance lease rental payments | 0 | | 0 | |
| Net Cash Inflow (Outflow) from Financing | | (779) | | 5,984 |
| Increase (Decrease) in Cash (Notes 29.2 and 29.3) | | 13 | | (522) |

The notes on pages 75 to 116 form part of these accounts

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL 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 2004/2005 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 GAPP) to the extent that it is meaningful and appropriate to HPSS Trusts. The accounting policies where possible, 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 principle 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. These expenditure items do not include the costs associated with provision for liabilities and charges which are normally within the calculation of the operating surplus. However, as the Department measures the operating performance of Trusts by reference to the operating surplus excluding the impact of certain provisions, the income and expenditure account is presented to disclose the operating surplus 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 assets falls below depreciated historic cost, at which stage any further impairments are recognised in the income and expenditure account.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

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

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 temporary 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 useful 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 in excess of £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.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

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

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 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

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

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

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.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

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

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 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.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

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

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.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005 NOTES 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.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

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

2. Income from Activities

| | 2005 £ 000's | 2004 £ 000's |
|---|-----------------|-----------------|
| NI Health and Social Services Boards | 224,166 | 203,419 |
| GB/Republic of Ireland Health Authorities | 0 | 0 |
| HSS Trusts | 1,747 | 1,286 |
| Non-HPSS: | | |
| - private patients | 1,902 | 2,104 |
| - other | 2,251 | 2,381 |
| Clients contributions | 0 | 0 |
| Total | 230,066 | 209,190 |

3. Other Operating Income

| | 2005 £ 000's | 2004 £ 000's |
|--|-----------------|-----------------|
| Patient transport services | 0 | 0 |
| Other income from non-patient services | 9,361 | 9,300 |
| NIMDTA / NICPGMDE | 7,653 | 6,587 |
| SUMDE | 36,630 | 30,925 |
| Charitable and other contributions to expenditure | 88 | 554 |
| Transfers from the donation reserve in respect of depreciation on donated assets | 782 | 912 |
| Income in respect of fixed asset impairments | 761 | 3,700 |
| Clinical Negligence Central Fund | 733 | 2,331 |
| Reversal of fixed asset impairments | 0 | 0 |
| Other income | 0 | 0 |
| Total | 56,008 | 54,309 |

Income in respect of fixed asset impairments relates to the reduction in the asset lives of buildings either as a result of the redevelopment work on site or as a result of a review carried out by Health Service Estates.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

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

4. Other Operating Expenses

4.1 Other Operating Expenses are as follows:-

| | 2005 £ 000's | 2004 £ 000's |
|---|-----------------|-----------------|
| Salaries and wages (excluding Board members' remuneration) | 181,607 | 161,782 |
| Executive Board members remuneration | 446 | 418 |
| Non-executive Board members remuneration | 44 | 46 |
| Supplies and services - clinical | 47,327 | 43,321 |
| Supplies and services - general | 4,428 | 4,415 |
| Establishment | 2,899 | 3,252 |
| Transport | 474 | 491 |
| Premises | 13,831 | 16,847 |
| Bad debts | 12 | (233) |
| Depreciation and amortisation | 16,081 | 14,091 |
| Fixed asset impairments | 761 | 3,700 |
| Purchase of care from non-HPSS bodies and grants to voluntary organisations | 0 | 0 |
| Personal social services | 0 | 0 |
| Recharges from other HPSS organisations | 3,313 | 1,038 |
| Clinical Negligence Payments: | | |
| - Provisions Utilised | 733 | 2,249 |
| - Other | 0 | 0 |
| Audit fees | 48 | 42 |
| Other auditors remuneration | 0 | 0 |
| Miscellaneous | 6,778 | 8,464 |
| Total | 278,782 | 259,923 |

4.2 Operating Leases

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

| | 2005 £ 000's | 2004 £ 000's |
|-----------------------------|-----------------|-----------------|
| Hire of plant and machinery | 0 | 0 |
| Other operating leases | 975 | 951 |
| | 975 | 951 |

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

Commitments under non-cancellable operating leases are:

| | Land and buildings | | Other leases | |
|--------------------------------|---------------------------|----------------|---------------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ 000's | £ 000's | £ 000's | £ 000's |
| Operating leases which expire: | | | | |
| Within 1 year | 0 | 0 | 1 | 3 |
| Between 1 and 5 years | 0 | 0 | 876 | 848 |
| After 5 years | 0 | 0 | 98 | 100 |
| | 0 | 0 | 975 | 951 |

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

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

NOTE 5.1

5.1 Staff Costs

| | Directly Employed | Other | 2005 | 2004 |
|--|------------------------------|----------------|----------------|----------------|
| | £ 000's | £ 000's | £ 000's | £ 000's |
| Salaries and Wages | 151,730 | 3,122 | 154,852 | 137,673 |
| Social Security Costs | 11,143 | 352 | 11,495 | 11,268 |
| Pension Costs for early retirements reflecting the single lump sum to buy over the full liability | 0 | 0 | 0 | 0 |
| Other Pension Costs | 7,899 | 373 | 8,272 | 7,309 |
| Early Departure Costs | 0 | 0 | 0 | 0 |
| Amounts in respect of Staff Secondment | 0 | 0 | 0 | 0 |
| Agency / Temporary Staff | 7,434 | 0 | 7,434 | 5,950 |
| Contracted Staff | 0 | 0 | 0 | 0 |
| Subtotal | 178,206 | 3,847 | 182,053 | 162,200 |
| Less: Recovered staff costs re secondees | 0 | 0 | 0 | 0 |
| Total | 178,206 | 3,847 | 182,053 | 162,200 |

Of this total, £0 has been charged to capital

5.2 Average Number of Persons Employed

| | Directly Employed | Other | 2005 | 2004 |
|--|------------------------------|--------------|--------------|--------------|
| | No. | No. | No. | No. |
| Medical and Dental | 639 | 0 | 639 | 589 |
| Nursing and Midwifery | 2,289 | 0 | 2,289 | 2,263 |
| Professions Allied to Medicine | 237 | 0 | 237 | 233 |
| Ancillaries | 654 | 0 | 654 | 660 |
| Administrative and Clerical | 964 | 0 | 964 | 957 |
| Ambulance Staff | 0 | 0 | 0 | 0 |
| Works | 75 | 0 | 75 | 78 |
| Other Professional and Technical | 430 | 0 | 430 | 417 |
| Social Services | 0 | 0 | 0 | 0 |
| Other | 65 | 0 | 65 | 62 |
| Staff seconded from: | | | | |
| Agency, Temporary and Contract Staff | 326 | 0 | 326 | 260 |
| Staff engaged on capital projects whose costs have been capitalised but not expensed. | 0 | 0 | 0 | 0 |
| | 5,679 | 0 | 5,679 | 5,519 |

Figures refer to wholtime equivalents (WTEs) rather than individuals.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND 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 £000's | Benefits in Kind (rounded to nearest £100) £000's | Real Increase in Pension and related lump sum at age 60 £000's | Total accrued pension at age 60 and related lump sum £000's | CETV at 31/3/04 £000's | CETV at 31/3/05 £000's | Real increase in CETV £000's |
|------------------------------|---|--|--|---|------------------------------|------------------------------|---------------------------------------|
| Non-Executive Members | | | | | | | |
| A Balmer | 15-20 | 0 | 0 | 0 | 0 | 0 | 0 |
| T Hartley | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 |
| F Caddy | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 |
| J O'Kane | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 |
| M Culbert | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 |
| M Clarke-Glass | 0-5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Executive Members | | | | | | | |
| W McKee | 105-110 | 2.5 - 5.0 | 10.5-12.5 | 145-150 | 570-575 | 635-640 | 25-30 |
| H McCaughey | 70-75 | 0-2.5 | 5.0-7.5 | 65-70 | 180-185 | 205-210 | 5-10 |
| W Galbraith | 65-70 | 0.0 | 5.0-7.5 | 25-30 | 60-65 | 75-80 | 5-10 |
| M McBride | 105-110 | 0.0 | 5.0-7.5 | 95-100 | 270-275 | 295-300 | 0-5 |
| D O'Brien | 60-65 | 0.0 | 5.0-7.5 | 55-60 | 240-245 | 265-270 | 15-20 |
| M Mallon | 60-65 | 2.5-5.0 | 5.0-7.5 | 90-95 | 300-305 | 330-335 | 10-15 |
| C Burns | 60-65 | 0-2.5 | 2.5-5.0 | 45-50 | 170-175 | 195-200 | 10-15 |
| E Bates | 50-55 | 0-2.5 | 2.5-5.0 | 45-50 | 165-170 | 180-185 | 5-10 |
| D Stockman | 45-50 | 0.0 | 0-2.5 | 20-25 | 55-60 | 65-70 | 0-5 |

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

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service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-2005 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 guidelines and framework prescribed by the Institute and Faculty of Actuaries

Real increase in CETV - This reflects the increase in CETV funded by the employee and 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.

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

NOTE 5 (Contd)

5.4 Staff Benefits

| 2005 £ 000's | 2004 £ 000's |
|-----------------|-----------------|
| 0 | 0 |
| <u>0</u> | <u>0</u> |

5.5 Trust Management Costs

| | 2005 £ 000's | 2004 £ 000's |
|------------------------|-----------------|-----------------|
| Trust Management Costs | 10,407 | 9,721 |
| Total Income | 286,074 | 263,499 |
| % of total income | <u>3.64%</u> | <u>3.69%</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 liabilities of these ill-health retirements will be £0

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 Code and Government Accounting Rules and its measure of compliance is:

| | Number | 2005 £ 000's | Number | 2004 £ 000's |
|--|--------------|-----------------|--------------|-----------------|
| *Total bills paid | 114,697 | 105,512 | 104,302 | 92,661 |
| *Total bills paid within 30 day target | 99,971 | 91,377 | 78,852 | 72,276 |
| % of bills paid within 30 day target | <u>87.2%</u> | <u>86.6%</u> | <u>75.6%</u> | <u>78.0%</u> |

*Bills paid within 30 days or under other agreed payment terms with the Trust

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

6.2 The late payment of Commercial Debts Regulations 2002

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

| | 2005 £ 000's |
|-------|-----------------|
| Total | <u>2</u> |

7. Profit (Loss) on Disposal of Fixed Assets

| | 2005 £ 000's | 2004 £ 000's |
|---|---------------------|-----------------|
| 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 | (23) | 0 |
| Profit on disposal of plant and equipment | 0 | 0 |
| Loss on disposal of plant and equipment | (177) | 0 |
| Total | <u>(200)</u> | <u>0</u> |

8. Interest Payable

| | 2005 £ 000's | 2004 £ 000's |
|-----------------------------------|---------------------|---------------------|
| Originating interest bearing debt | 2,018 | 2,179 |
| Further borrowing (government) | 0 | 0 |
| Further borrowing (other) | 0 | 1 |
| Finance leases | 0 | 0 |
| Interest on late payment of debts | 2 | 0 |
| Total | <u>2,020</u> | <u>2,180</u> |

An amount of £478,290 is included within note 9.3 for the unwinding of discounts on provisions.

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

NOTE 9

9.1 Provisions for Future Obligations

| | 2005 £ 000's | 2004 £ 000's |
|--|-----------------|-----------------|
| Provisions in year: | | |
| Clinical Negligence | 1,324 | 1,952 |
| Pensions | 124 | 175 |
| Employers liability | 198 | 93 |
| Public (Occupiers) liability | (30) | 0 |
| Injury benefit | 26 | 17 |
| Accrued leave | 0 | 6 |
| Restructuring | (19) | 19 |
| Industrial Relations Cases | 51 | 82 |
| Arising during the year (net)(note 9.2) | 1,674 | 2,344 |
| Unwinding of Discount on Provisions (note 9.3) | 478 | 457 |
| Utilised in year (note 9.4) | (1,516) | (3,393) |
| Other | 0 | 0 |
| Movement in Year (subtotal) (note 17.1) | 636 | (592) |
| Reimbursements Receivable (note 9.5) | (913) | 6 |
| Total increase/(decrease) (to Income and Expenditure Account) | (277) | (586) |

9.2 Arising During the Year

| | 2005 £ 000's | 2004 £ 000's |
|---|-----------------|-----------------|
| Provided in year | 4,040 | 4,707 |
| Provisions not required (reversed/unused) | (2,366) | (2,363) |
| Total Provided in year (note 9.1) | 1,674 | 2,344 |

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NOTES TO THE ACCOUNTS**

NOTE 9 (Contd)

9.3 Unwinding of discount on provisions

| | 2005 £ 000's | 2004 £ 000's |
|---|-------------------------------|-------------------------------|
| Unwinding of discount on provisions is analysed as follows: | | |
| Clinical Negligence | 322 | 291 |
| Other | 156 | 166 |
| Total Unwinding of Discounts on Provisions(note 9.1) | 478 | 457 |

9.4 Utilised in year

| | 2005 £ 000's | 2004 £ 000's |
|--|-------------------------------|-------------------------------|
| Clinical Negligence (note 17) | 733 | 2,249 |
| Pensions relating to other staff (note 17) | 208 | 207 |
| Restructuring (note 17) | 81 | 95 |
| Other (note 17) | 494 | 842 |
| Total utilised (note 9.1) | 1,516 | 3,393 |

9.5 Reimbursements Receivable

| | 2005 £ 000's | 2004 £ 000's |
|--|-------------------------------|-------------------------------|
| Clinical negligence Central Fund | (913) | 6 |
| Other | 0 | 0 |
| Total Reimbursements Receivable | (913) | 6 |

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NOTES TO THE ACCOUNTS**

10 Intangible Fixed Assets

| | Total £ 000's | Software Licences £ 000's | Other Licences and trademarks £ 000's | Patents £ 000's | Development Expenditure £ 000's |
|-----------------------------------|------------------|---------------------------------|--|--------------------|---------------------------------------|
| Cost or Valuation | | | | | |
| At 1 April 2004 | 0 | 0 | 0 | 0 | 0 |
| Indexation | 0 | 0 | 0 | 0 | 0 |
| Additions - purchased | 0 | 0 | 0 | 0 | 0 |
| Additions - donated | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 |
| Other Revaluation | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2005 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Amortisation | | | | | |
| At 1 April 2004 | 0 | 0 | 0 | 0 | 0 |
| Indexation | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 |
| 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 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2005 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Book Value | | | | | |
| At 31 March 2005 | | | | | |
| - Purchased | 0 | 0 | 0 | 0 | 0 |
| - Donated | 0 | 0 | 0 | 0 | 0 |
| Total at 31 March 2005 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| - Purchased | 0 | 0 | 0 | 0 | 0 |
| - Donated | 0 | 0 | 0 | 0 | 0 |
| Total at 31 March 2004 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

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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

| | Land £ 000's | Buildings Installations and Fittings £ 000's | Computer Equipment £ 000's | Other Equipment £ 000's | Assets under Construction £ 000's | Total £ 000's |
|---|-----------------|---|----------------------------------|-------------------------------|--|------------------|
| Cost or Valuation | | | | | | |
| At 1 April 2004 | 22,629 | 182,275 | 7,736 | 48,205 | 14,592 | 275,437 |
| Indexation | 1,173 | 14,466 | 0 | 942 | 0 | 16,581 |
| Additions | 0 | 1,638 | 1,444 | 930 | 19,568 | 23,580 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 2,101 | (108) | (360) | (1,633) | 0 |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | (761) | 0 | 0 | 0 | (761) |
| Disposals | (268) | 0 | 0 | (10,107) | 0 | (10,375) |
| National Revaluation Exercise | (3,534) | (24,179) | 0 | 0 | 0 | (27,713) |
| At 31 March 2005 | <u>20,000</u> | <u>175,540</u> | <u>9,072</u> | <u>39,610</u> | <u>32,527</u> | <u>276,749</u> |
| Depreciation | | | | | | |
| At 1 April 2004 | 0 | 24,736 | 4,279 | 31,690 | 0 | 60,705 |
| Indexation | 0 | 1,959 | 0 | 550 | 0 | 2,509 |
| Transfers | 0 | 34 | (105) | 70 | 0 | (1) |
| Revaluation | 0 | 0 | (9) | (944) | 0 | (953) |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | (9,996) | 0 | (9,996) |
| Reversal of impairments Provided during the year | 0 | 0 | 0 | 0 | 0 | 0 |
| Provided during the year | 0 | 9,135 | 1,381 | 4,849 | 0 | 15,365 |
| National Revaluation Exercise | 0 | (34,002) | 0 | 0 | 0 | (34,002) |
| At 31 March 2005 | <u>0</u> | <u>1,862</u> | <u>5,546</u> | <u>26,219</u> | <u>0</u> | <u>33,627</u> |
| Net Book Value | | | | | | |
| At 31 March 2005 | <u>20,000</u> | <u>173,678</u> | <u>3,526</u> | <u>13,391</u> | <u>32,527</u> | <u>243,122</u> |
| At 31 March 2004 | <u>22,629</u> | <u>157,539</u> | <u>3,457</u> | <u>16,515</u> | <u>14,592</u> | <u>214,732</u> |

Of the total net book value at 31 March 2005, £0 related to buildings, installations and fittings valued at open market value for alternative use

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

11.1 (Contd)

Donated Assets

| | Land £ 000's | Buildings Installations and fittings £ 000's | Computer Equipment £ 000's | Other Equipment £ 000's | Assets under Construction £ 000's | Total £ 000's |
|----------------------------------|-------------------------|---|---|--|--|--------------------------|
| Cost or Valuation | | | | | | |
| At 1 April 2004 | 0 | 5,491 | 914 | 6,556 | 2 | 12,963 |
| Indexation | 0 | 435 | 0 | 136 | 0 | 571 |
| Additions | 0 | 42 | 87 | 237 | 0 | 366 |
| Transfers | 0 | 2 | 0 | 0 | (2) | 0 |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | (176) | 0 | (1,036) | 0 | (1,212) |
| National Revaluation Exercise | 0 | (831) | 0 | 0 | 0 | (831) |
| At 31 March 2005 | <u>0</u> | <u>4,963</u> | <u>1,001</u> | <u>5,893</u> | <u>0</u> | <u>11,857</u> |
| Depreciation | | | | | | |
| At 1 April 2004 | 0 | 836 | 752 | 4,161 | 0 | 5,749 |
| Indexation | 0 | 66 | 0 | 85 | 0 | 151 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation | 0 | 0 | (1) | (164) | 0 | (165) |
| Disposals | 0 | (176) | 0 | (969) | 0 | (1,145) |
| Provided during the year | 0 | 235 | 91 | 390 | 0 | 716 |
| National Revaluation Exercise | 0 | (961) | 0 | 0 | 0 | (961) |
| At 31 March 2005 | <u>0</u> | <u>0</u> | <u>842</u> | <u>3,503</u> | <u>0</u> | <u>4,345</u> |
| Net Book Value | | | | | | |
| At 31 March 2005 | <u>0</u> | <u>4,963</u> | <u>159</u> | <u>2,390</u> | <u>0</u> | <u>7,512</u> |
| At 31 March 2004 | <u>0</u> | <u>4,655</u> | <u>162</u> | <u>2,395</u> | <u>2</u> | <u>7,214</u> |

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

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

11.2 Total Tangible Fixed Assets:

| | Purchased £ 000's | Donated £ 000's | Total £ 000's | 2004 £ 000's |
|--------------------------------------|----------------------|--------------------|------------------|-----------------|
| Net Book Value: | | | | |
| Land | 20,000 | 0 | 20,000 | 22,629 |
| Buildings Installations and Fittings | 173,678 | 4,963 | 178,641 | 162,194 |
| Computer Equipment | 3,526 | 159 | 3,685 | 3,619 |
| Other Equipment | 13,391 | 2,390 | 15,781 | 18,911 |
| Assets under Construction | 32,527 | 0 | 32,527 | 14,594 |
| Total | 243,122 | 7,512 | 250,634 | 221,947 |

11.3 The Net Book Value of Land and Buildings comprises:

| | 2005 £ 000's | 2004 £ 000's |
|-----------------|-----------------|-----------------|
| Freehold | 0 | 0 |
| Long leasehold | 198,641 | 184,823 |
| Short leasehold | 0 | 0 |
| | 198,641 | 184,823 |

11.4 The Net Book Value of Assts Held Under Finance Leases and Hire Purchase contracts are as follows:

| | 2005 £ 000's | 2004 £ 000's |
|---------------------------------------|-----------------|-----------------|
| Land | 0 | 0 |
| Buildings, Installations and fittings | 0 | 0 |
| Equipment | 0 | 0 |
| Assets under construction | 0 | 0 |
| | 0 | 0 |

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

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

12. Stocks and Work in Progress

| | 2005 £ 000's | 2004 £ 000's |
|-------------------------------|------------------------|------------------------|
| Raw Materials and Consumables | 4,198 | 3,647 |
| Work in progress | 0 | 0 |
| Finished goods | 0 | 0 |
| Total | 4,198 | 3,647 |

13. Debtors

| | 2005 £ 000's | 2004 £ 000's |
|---------------------------------------|------------------------|------------------------|
| Amounts falling due within one year : | | |
| HSS or NHS debtors | 10,280 | 10,326 |
| Clinical negligence - Central Fund | 4,320 | 3,145 |
| Other debtors | 7,972 | 5,683 |
| Pension Prepayments | | |
| in respect of former directors | 0 | 0 |
| in respect of other staff | 0 | 0 |
| Other prepayments and accrued income | 369 | 433 |
| Sub Total | 22,941 | 19,587 |

The balances are net of a provision for bad debts of £542,878 (2004 £543,253)

| | | |
|--|---------------|---------------|
| Amounts falling due after more than one year : | | |
| HSS or NHS debtors | 0 | 0 |
| Clinical negligence - Central Fund | 5,207 | 5,467 |
| Other debtors | 0 | 0 |
| Pension Prepayments | | |
| in respect of former directors | 0 | 0 |
| in respect of other staff | 0 | 0 |
| Other prepayments and accrued income | 0 | 0 |
| Sub Total | 5,207 | 5,467 |
| Total | 28,148 | 25,054 |

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

14. Short-term Investments

| | 2005 £ 000's | 2004 £ 000's |
|--|-------------------------------|-------------------------------|
| Government Securities | 0 | 0 |
| Other Approved Public Sector Organisations | 0 | 0 |
| Banking Deposits | 2,613 | 641 |
| Others | 0 | 0 |
| Total | <u><u>2,613</u></u> | <u><u>641</u></u> |

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

15. Creditors

15.1 Creditors: Amounts falling due within one year:

| | 2005 £ 000's | 2004 £ 000's |
|--|-----------------|-----------------|
| Bank overdrafts | 0 | 0 |
| Current instalments due on loans | 1,706 | 1,706 |
| Interest payable | 85 | 103 |
| Public dividend capital dividend payable | 5,462 | 1,716 |
| Public dividend capital dividend payable in respect of impairments | 761 | 3,700 |
| Payments received on account | 0 | 0 |
| HPSS or NHS creditors and accruals | 2,467 | 2,375 |
| Non HPSS or NHS trade revenue creditors | 12,704 | 16,557 |
| Non HPSS or NHS trade capital creditors | 6,448 | 4,383 |
| Payroll creditors including taxation and social security | 15,957 | 6,226 |
| 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 | 1,366 | 676 |
| Sub Total | <u>46,956</u> | <u>37,442</u> |

15.2 Creditors: Amounts falling due after more than one year:

| | | |
|--|---------------|---------------|
| Long Term Loans | 21,327 | 23,033 |
| 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 |
| Sub Total | <u>21,327</u> | <u>23,033</u> |
| Total Creditors | <u>68,283</u> | <u>60,475</u> |

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

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

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:

| | 2005 £ 000's | 2004 £ 000's |
|--|-----------------|-----------------|
| Within one year | 0 | 0 |
| Between one and five years | 0 | 0 |
| after five years | 0 | 0 |
| | <u>0</u> | <u>0</u> |
| less finance charges allocated to future periods | 0 | 0 |
| | <u>0</u> | <u>0</u> |

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

| | 2005 £ 000's | 2004 £ 000's |
|---|-----------------|-----------------|
| Creditors: amounts due within one year | 0 | 0 |
| Creditors: amounts due after more than one year | 0 | 0 |
| | <u>0</u> | <u>0</u> |

15.4 Public Dividend Capital Dividends

| | 2005 £ 000's | 2004 £ 000's |
|--|-----------------|-----------------|
| The dividend is in respect of Public Dividend Capital | 5,462 | 1,716 |
| | <u>5,462</u> | <u>1,716</u> |

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

16. Loans

| | Government Loans £ 000's | Other Loans £ 000's | 2005 £ 000's | 2004 £ 000's |
|----------------------------|---|------------------------------------|-------------------------|-------------------------|
| Amounts falling due: | | | | |
| In one year or less | 1,706 | 0 | 1,706 | 1,706 |
| Between one and two years | 1,706 | 0 | 1,706 | 1,706 |
| Between two and five years | 5,118 | 0 | 5,118 | 5,119 |
| In five years or more | 14,503 | 0 | 14,503 | 16,208 |
| | 23,033 | 0 | 23,033 | 24,739 |

| | Government Loans £ 000's | Other Loans £ 000's | 2005 Total £ 000's | 2004 Total £ 000's |
|---|---|------------------------------------|-----------------------------------|-----------------------------------|
| 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 | 23,033 | 0 | 23,033 | 24,739 |
| Total | 23,033 | 0 | 23,033 | 24,739 |

| | | | | |
|---|---------------|----------|---------------|---------------|
| Total Repayable after five years by instalments | 14,503 | 0 | 14,503 | 16,208 |
|---|---------------|----------|---------------|---------------|

Loans wholly or partially repayable after five years :

| Terms of payment | Interest Rate % | Principal Outstanding 2005 £000's | Principal Outstanding 2004 £000's | |
|-----------------------------------|--------------------------------|--|--|---------------|
| Government Loan w.e.f. 01.04.1993 | 42,605 | 8.375 | 23,033 | 24,739 |
| Total Loans Outstanding | | | 23,033 | 24,739 |

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

17. Provisions for liabilities and charges

| | Pensions relating to former Directors £ 000's | Pensions relating to other staff £ 000's | Clinical negligence £ 000's | Restruct- uring £ 000's | Other £ 000's | 2005 £ 000's | 2004 £ 000's |
|--------------------------|---|--|-----------------------------------|-------------------------------|------------------|-----------------|-----------------|
| Balance at 31 March 2004 | 0 | 1,991 | 8,613 | 701 | 2,203 | 13,508 | 14,100 |
| Arising during the year | 0 | 140 | 3,285 | 16 | 599 | 4,040 | 4,706 |
| Utilised during the year | 0 | (208) | (733) | (81) | (494) | (1,516) | (3,393) |
| Reversed unused | 0 | (16) | (1,961) | (35) | (354) | (2,366) | (2,362) |
| Unwinding of discount | 0 | 67 | 322 | 21 | 68 | 478 | 457 |
| At 31 March 2005 | 0 | 1,974 | 9,526 | 622 | 2,022 | 14,144 | 13,508 |

Income and Expenditure Account Charges

| | |
|------------------------|------------------|
| Arising during year | £ 000's 4,040 |
| Utilised during year | (1,516) |
| Reversed unused | (2,366) |
| Unwinding of Discounts | 478 |
| | 636 |

Expected Timing of Cash Flow

| | Pensions relating to former directors £ 000's | Pensions relating to other Staff £ 000's | Clinical Negligence £ 000's | Restruct- uring £ 000's | Other £ 000's | 2005 £ 000's | 2004 £ 000's |
|---------------|---|---|-----------------------------------|-------------------------------|------------------|-----------------|-----------------|
| Within 1 year | 0 | 211 | 4,320 | 81 | 699 | 5,311 | 4,231 |
| 1 - 5 years | 0 | 845 | 5,193 | 323 | 699 | 7,060 | 7,429 |
| Over 5 years | 0 | 918 | 13 | 218 | 624 | 1,773 | 1,848 |
| | 0 | 1,974 | 9,526 | 622 | 2,022 | 14,144 | 13,508 |

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

| | |
|----------------------------------|-------------------------|
| Clinical Negligence Central Fund | £ 000's 9,526 |
|----------------------------------|-------------------------|

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.

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

18. Public Dividend Capital

| | 2005 £ 000's | 2004 £ 000's |
|---|-----------------|-----------------|
| Public dividend capital was issued as follows : | | |
| During the reporting year | 3,866 | 5,078 |
| In prior years | 109,818 | 104,740 |
| Total | 113,684 | 109,818 |

19 Movements on Reserves

| | Revaluation Reserve £ 000's | Donation Reserve £ 000's | Realised Donation Reserve £ 000's | Other Reserves £ 000's | Income and Expenditure Reserve £ 000's | Total £ 000's |
|---|-----------------------------------|--------------------------------|--|------------------------------|---|------------------|
| At 1 April 2004 | 63,577 | 7,215 | 0 | 0 | (3,070) | 67,722 |
| Retained surplus for year | 0 | 0 | 0 | 0 | 394 | 394 |
| Revaluation and indexation of fixed assets | 20,552 | 716 | 0 | 0 | 0 | 21,268 |
| Transfer of realised profits (losses) | (450) | 0 | 0 | 0 | 450 | 0 |
| Movements in donation reserve | 0 | (416) | 0 | 0 | 0 | (416) |
| Fixed Asset Impairments | 761 | 0 | 0 | 0 | 0 | 761 |
| Other reserve movements | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2005 | 84,440 | 7,515 | 0 | 0 | (2,226) | 89,729 |

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

20. Reconciliation of Movement in Government Funds

| | 2005 £ 000's | 2004 £ 000's |
|---|-------------------------------|-------------------------------|
| Surplus/(deficit) for the financial year | 5,579 | 1,746 |
| less provisions for future obligations | 277 | 586 |
| less public dividend capital dividends | <u>(5,462)</u> | <u>(1,716)</u> |
| | 394 | 616 |
| Gains/(losses) from revaluation/indexation of Purchased fixed assets | 21,314 | 20,157 |
| Public dividend capital repayments | (761) | (3,700) |
| Public dividend capital issued | 4,627 | 8,778 |
| New Government loans issued | 0 | 0 |
| Government loans repayments | (1,706) | (1,706) |
| Additions (reductions) in other reserves | <u>0</u> | <u>0</u> |
| Net Movement in Government funds | 23,868 | 24,145 |
| Government funds at 31 March 2004 | <u>195,065</u> | <u>170,920</u> |
| Government funds at 31 March 2005 | <u><u>218,933</u></u> | <u><u>195,065</u></u> |

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND 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 adjusted for the in year impact of the Capital Accounting Manual, totalling £7,480k, bears to the average relevant net assets of £178,666k.

The return for 2004/2005 is calculated as 4.2% (2003/2004 2.9%)

The Capital Cost Absorption Rate is calculated as follows:

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

| | 2005 |
|--|---------------------|
| | £ 000's |
| Trust Debt Remuneration is calculated as: | |
| Interest payable on Government borrowing | 2,018 |
| Plus | |
| Dividends payable on Public Dividend Capital | 5,462 |
| Trust Debt Remuneration | <u>7,480</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 | Closing | Average |
|---|-----------------------|-----------------------|-----------------------|
| | £ 000's | £ 000's | £ 000's |
| Total capital and reserves* (equivalent to total net assets) | 177,540 | 197,124 | 187,332 |
| Less: | | | |
| Donation reserve | (7,215) | (7,515) | (7,365) |
| Purchased assets in the course of construction | (14,592) | (32,527) | (23,560) |
| Short-term assets | (641) | (2,613) | (1,627) |
| Finance lease assets (during their primary lease term) | 0 | 0 | 0 |
| Plus: | | | |
| Loans and overdrafts | 24,739 | 23,033 | 23,886 |
| Finance lease creditors (capital only) | 0 | 0 | 0 |
| Relevant net assets | <u>179,831</u> | <u>177,502</u> | <u>178,666</u> |

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

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND 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:

| | 2000/2001 £000's | 2001/2002 £000's | 2002/2003 £000's | 2003/2004 £000's | 2004/2005 £000's |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| i. Turnover | 189,750 | 221,088 | 241,750 | 263,499 | 286,074 |
| ii. Operational Surplus/(Deficit) for financial year before Provisions and Exceptional Income | (1,939) | 54 | 100 | 30 | 117 |
| iii. Break Even in year position | (1,939) | 54 | 100 | 30 | 117 |
| iv. Break Even cumulative position (opening) | (13,158) | 299 | 431 | 531 | 561 |
| v. Break Even cumulative position 1.4.98 | 46 | 78 | 0 | 0 | 0 |
| vi. Cumulative Provisions at 31 March 1999 | 15,350 | 0 | 0 | 0 | 0 |
| vii. Other Adjustments | 0 | 0 | 0 | 0 | 0 |
| viii. Exceptional Income Year Ended 31 March 2003 | 0 | 0 | 0 | 0 | 0 |
| ix. Break Even cumulative position (closing) | 299 | 431 | 531 | 561 | 678 |
| If a Break Even cumulative deficit - anticipated financial year of recovery | | | | | |
| If more than 2 years - agreed period | | | | | |
| Materiality Test : | % | % | % | % | % |
| Break even in year position as % of turnover | (1.0%) | 0.0% | 0.0% | 0.0% | 0.0% |
| Break even cumulative position as % of turnover | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

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

21.3 External Financing Limit

| | 2005 £000's | 2004 £000's |
|--|------------------------------|------------------------------|
| External Financing Limit set by the Department | <u>2,957</u> | <u>7,072</u> |

The Trust stayed within its External Financing Limit by £2,781,498. The Trust's External Financing Requirement for the year was £175,502 and was met as follows:-

| | 2005 £000's | 2004 £000's |
|---------------------------------|------------------------------|------------------------------|
| Increase/ (decrease) in: | | |
| Public dividend capital | 3,866 | 5,078 |
| Government long-term loans | (1,706) | (1,706) |
| Other long-term loans | 0 | 0 |
| Short-term loans | 0 | 0 |
| Overdrafts | 0 | 0 |
| Finance lease capital creditors | 0 | 0 |
| Increase/ (decrease) in: | | |
| Short-term investments | (1,972) | 2,334 |
| Cash at bank and in hand | (13) | 522 |
| External Finance Assessed | <u>175</u> | <u>6,228</u> |

21.4 Capital Resource Limit

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

| | 2005 £000's |
|---|------------------------------|
| Gross Capital Expenditure (charge against the CRL) | 23,579 |
| Capital Resource Limit | <u>23,591</u> |
| Underspend against CRL | 12 |

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND 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

| | 2005 £ 000's | 2004 £ 000's |
|--|-------------------------------|-------------------------------|
| Amounts included within operating expenses in respect of PFI transactions deemed to be off balance sheet | 1,071 | 1,168 |

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

| | 2005 £ 000's | 2004 £ 000's |
|--|-------------------------------|-------------------------------|
| PFI scheme which expires within one year | 458 | 1,168 |
| 2 to 5 years (inclusive) | 0 | 293 |
| PFI scheme which expires within one year | 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) etc. | 0 | 0 |

| | 2005 £ 000's | 2004 £ 000's |
|--|-------------------------------|-------------------------------|
| Estimated capital value of the PFI schemes | | |
| Carparks | 3,200 | 3,200 |
| ATICS Equipment Scheme | 2,040 | 2,040 |
| Bed Management Scheme | 1,870 | 1,870 |
| Equipment Leases | 6,959 | 6,299 |
| Laboratory Equipment Scheme | 900 | 900 |
| | 14,969 | 14,309 |

**THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL
HEALTH AND SOCIAL SERVICES 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.

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

| | 2005 £ 000's | 2004 £ 000's |
|--|-------------------------------|-------------------------------|
| 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) | 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) etc. | 0 | 0 |

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 £0 (2004 £0)

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND 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:-

| | Finance Leases £ 000's | Other £ 000's | 2005 Total £ 000's | 2004 Total £ 000's |
|---|------------------------------|----------------------|--------------------------|--------------------------|
| Contracted | 0 | 12,692 | 12,692 | 990 |
| Authorised by the Board, but not contracted | 0 | 0 | 0 | 68,084 |
| Total | <u><u>0</u></u> | <u><u>12,692</u></u> | <u><u>12,692</u></u> | <u><u>69,074</u></u> |

24. Post Balance Sheet Events

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

25. Contingent Liabilities

Clinical Negligence

The Trust has contingent liabilities of £32,981 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:

| | 2005 £ 000's | 2004 £ 000's |
|--|-----------------|-----------------|
| Total estimate of contingent clinical negligence liabilities | 33 | 37 |
| Amount recoverable from the Clinical Negligence Central Fund | (33) | (37) |
| 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.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

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

Contingencies not relating to clinical negligence are as follows:

| | 2005 £ 000's | 2004 £ 000's |
|----------------------|-------------------------------|-------------------------------|
| Public Liability | 0 | 0 |
| Employers' Liability | 0 | 0 |
| Accrued Leave | 0 | 0 |
| Injury Benefit | 0 | 0 |
| Other | 0 | 0 |
| Total | <u>0</u> | <u>0</u> |

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

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

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 Royal Group of Hospitals and Dental Hospital HSS Trust.

27. Analysis of Losses and Special Payments

| TYPE OF LOSS | NO. OF CASES | VALUE £ |
|---|-----------------|------------------|
| 1 Cash Losses - Theft, fraud etc | 4 | 214 |
| 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 | 3 | 1,542 |
| 6 Bad debts and claims abandoned | 47 | 12,045 |
| 7 Stores and Inventory Losses - Theft, fraud, arson (whether proved or suspected) etc | | |
| 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 | 0 | 0 |
| 10 Stores and Inventory Losses - Stocktaking discrepancies | 0 | 0 |
| 11 Stores and Inventory Losses - Other causes | | |
| i. Bedding and linen | 0 | 0 |
| ii. Other equipment and property | 1 | 1,901 |
| 12 Compensation payments (legal obligation) | | |
| i. Clinical Negligence | 45 | 733,404 |
| ii. Public Liability | 9 | 54,341 |
| iii. Employers Liability | 59 | 294,933 |
| 13 Ex-gratia payments - Compensation payments (including payments to patients and staff) | 17 | 3,885 |
| 14 Ex-gratia payments - Other payments | 0 | 0 |
| 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 |
| TOTAL | 185 | 1,102,265 |

**THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL
HEALTH AND 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's | Amounts falling due after more than 1 year £ 000's | Amounts falling due within 1 year £ 000's | Amounts falling due after more than 1 year £ 000's |
| Other central government bodies | 8,013 | 21,327 | 85 | 0 |
| Northern Ireland Health and Social Services Boards | 2 | 0 | 2,872 | 0 |
| HSS Trusts | 1,575 | 0 | 2,474 | 0 |
| NHS Trusts | 26 | 0 | 135 | 0 |
| Agencies & Special Agencies | 864 | 0 | 9,035 | 5,207 |
| Non-Departmental Public Bodies | 0 | 0 | 0 | 0 |
| Local Authorities | 0 | 0 | 0 | 0 |
| Public corporations and trading funds | 0 | 0 | 0 | 0 |
| Total | 10,480 | 21,327 | 14,601 | 5,207 |

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND 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

| | 2005 £ 000's | 2004 £ 000's |
|---|----------------------|----------------------|
| Operating surplus/(deficit) | 7,292 | 3,576 |
| Depreciation charge | 16,081 | 14,091 |
| Provisions for future obligations (I&E Account) | 277 | 586 |
| Fixed asset impairments | 761 | 3,700 |
| Transfer from donation reserve | (782) | (912) |
| Non cash items | | |
| Transfer from donation reserve | 636 | (592) |
| (Increase) / decrease in stocks | (551) | 398 |
| (Increase) / decrease in debtors | (2,922) | (5,828) |
| Increase / (decrease) in creditors | 6,660 | 5,464 |
| Net cash inflow from operating activities | <u>27,452</u> | <u>20,483</u> |

29.2 Reconciliation of net cash flow to movement in net debt

| | 2005 | | 2004 | |
|--|--------------|-----------------|----------------|-----------------|
| | £ 000's | £ 000's | £ 000's | £ 000's |
| Increase/(decrease) in cash in the period | 13 | | (522) | |
| Cash inflow from new debt | 0 | | 0 | |
| Cash outflow from debts | | | | |
| repaid and finance lease capital payments | 1,706 | | 1,760 | |
| Cash (inflow)/outflow from decrease/increase in liquid resources | <u>1,972</u> | | <u>(2,334)</u> | |
| Change in net debt resulting from cash flows | | 3,691 | | (1,096) |
| Non-cash changes in debt | | <u>0</u> | | <u>0</u> |
| | | 3,691 | | (1,096) |
| Net debt at 1 April 2004 | | <u>(23,864)</u> | | <u>(22,768)</u> |
| Net debt at 31 March 2005 | | <u>(20,173)</u> | | <u>(23,864)</u> |

**THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL
HEALTH AND SOCIAL SERVICES TRUST**

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

29.3 Analysis of changes in net debt

| | At 1 April 2004 £ 000's | Cash flows £ 000's | Non-cash changes £ 000's | At 31 March 2005 £ 000's |
|---------------------------|--|-----------------------------------|---|---|
| Cash at bank and in hand | 234 | 13 | 0 | 247 |
| Bank overdrafts | 0 | 0 | 0 | 0 |
| Debt due within 1 year | (1,706) | 1,706 | (1,706) | (1,706) |
| Debt due after 1 year | (23,033) | 0 | 1,706 | (21,327) |
| Finance leases | 0 | 0 | 0 | 0 |
| Current asset investments | 641 | 1,972 | 0 | 2,613 |
| | <u>(23,864)</u> | <u>3,691</u> | <u>0</u> | <u>(20,173)</u> |

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL 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 relationships with HSS Commissioners, and the manner in which they are funded, the Royal Group of Hospitals and Dental Hospital 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 Royal Group of Hospitals and Dental Hospital 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 Royal Group of Hospitals and Dental Hospital HSS Trust in undertaking its activities.

31. Third party assets

The Trust held £3,295 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.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

STATEMENT OF THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HSS 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.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL 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 120 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 117 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.

THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL HEALTH AND SOCIAL SERVICES TRUST

Account of Monies held on behalf of Patients/Residents

Opinion

In my opinion:

- the account properly presents the payments and receipts of the monies held on behalf of patients/residents by the Royal Group of Hospitals and Dental Hospital 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
Date:
7th September 2005

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

**THE ROYAL GROUP OF HOSPITALS AND DENTAL HOSPITAL
HEALTH AND SOCIAL SERVICES TRUST**

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS

| Previous Year | RECEIPTS | | |
|---------------|--|--------|---------------|
| £ | | £ | £ |
| 4,517 | 1. Investments (at cost) 2. Cash at Bank 3. Cash in Hand | 2,958 | 2,958 |
| 25,794 | Amounts Received in the Year | 20,444 | |
| 217 | Interest Received | 167 | 20,611 |
| 30,528 | TOTAL | | 23,569 |
| PAYMENTS | | | |
| 27,570 | Amounts Paid to or on behalf of Patients/Residents | 20,274 | |
| | Balance at 31 March 2005 | | 20,274 |
| 2,958 | 1. Investments (at cost) 2. Cash at Bank 3. Cash in Hand | 3,295 | 3,295 |
| 30,258 | TOTAL | | 23,569 |

| Cost Price £ | Schedule of investments held at 31 March 2005 | Nominal Value £ | Cost Price £ |
|-----------------|---|--------------------|-----------------|
| | Money Market Deposit | 0 | 0 |

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

Wendy Galbraith

Mrs. Wendy Galbraith
1st August 2005

Director of Finance
Date

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

William McKee

Mr William McKee
4th August 2005

Chief Executive
Date

**SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST
ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2005**

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES 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.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

STATEMENT OF TRUSTS RESPONSIBILITIES AND CHIEF EXECUTIVES 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 South and East Belfast 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 South and East Belfast 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 Miss Patricia Gordon of South and East Belfast Health and Social Services 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.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

**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 132 to 178) which I am required to prepare on behalf of the South & East Belfast 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.

M. O'Connell Director of Finance
24th August, 2005 Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (page 132 to 178) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.

P. R. H. Chairman
August 24 2005. Date
Patricia Gordon Chief Executive
24 8 05 Date

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR 2004/05

Scope of Responsibility

1. The Board of South and East Belfast Health and Social Services Trust is accountable for internal control. As Accountable Officer and Chief Executive of the Board of South and East Belfast Health and 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

2. 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 South and East Belfast Health and 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.
3. 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 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 establishment of a Governance Committee and a Governance Board;
 - The establishment of a Remuneration and Terms of Service committee to oversee Senior Executives' remuneration;
 - Other committees including complaints;
 - Nominating the Director of Finance to be the Trust Executive Director on Governance matters.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR 2004/05 (Cont'd)

4. 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 financial reports which indicate financial performance against the forecast;
 - Setting targets to measure financial and other performances;
 - Clearly defined capital investment approvals and control guidelines;
 - Independent review and reporting of processes by the Director of Internal audit to the Governance Committee.
5. The South and East Belfast Health and 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 his annual report, the Internal Auditor reported that the South and East Belfast Health and Social Services Trust system of internal control for audited areas was adequate and effective.
6. With regard to the wider control environment the South and East Belfast Health and 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 the South and East Belfast Health and Social Services Trust are pursued in accordance with the recognised and accepted standards of public administration.
7. The following arrangements are in place: -
 - a. The Trust's recruitment and selection policies are based on the principle of equality of opportunity and appointment on merit. Controls are in place to ensure that all such decisions are taken and monitored in accordance with the relevant legislation. The Trust completes an annual statutory monitoring return to the Equality Commission. This return is discussed at Senior Management Team (SMT) meetings and Trust Board and any issues of concern highlighted. The Trust completes a triennial review of recruitment and selection policy and procedures and submits a report on this to the Equality Commission. The Trust has also completed an Equality Impact Assessment (EQIA) of its recruitment and selection policies and procedures.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR 2004/05 (Cont'd)

The Trust has developed guidance for managers on recruitment and selection, which will shortly be issued to the unions for agreement.

- b. Reports on Human Resources activity are made to Trust Board biannually. These include details of any disciplinary issues, suspensions, investigations, employment tribunals and sickness/absence levels. Plans for improvement are identified and discussed in these papers. The Trust continues to carry out work on improving its assessment under the Human Resources Controls Assurance standard.
- c. The Trust has commenced implementation of Agenda for Change. A number of matching panels are underway and the Trust is meeting the requirements of the region-wide group.
- d. Over the year, the Governance Committee has received progress reports and obtained regular information from the Trust Governance Board relating to core governance, risk management, financial management, clinical and social care governance and controls assurance and made recommendations to Trust Board. The internal and external auditors, who participate in these meetings, were able to comment on issues raised.
- e. The Clinical and Social Care Governance Group continue to progress the fifteen areas identified under "Priorities for Action – Clinical and Social Care Governance Baseline Assessment" but more would have been achieved if funding bids submitted to the Department of Health, Social Services and Public Safety were approved.
- f. A Trust Directors Research and Audit Committee was established during the year to provide a formalised structure for implementing research governance and developing procedures and training, with the support of the Regional Multi-Professional Audit Group (RMAG). A Multi-Professional Audit Department was also set up during the year and, as a result, more clinical and social care audits were conducted. A Research and Development Group was also established to provide training and support staff seeking ethical approval for research projects.
- g. The Chief Executive has established a Trust "Co-operating to Safeguard Children" Steering Group specifically to oversee the implementation of these new procedures. The Trust's Good Practice Guide Child Care Group was formed to identify learning from published Inquiry Reports, Case Management Review Reports and the "Laming Audit – Report on the Analysis with Recommendations for Action" issued by the Department in November 2004, and has developed an action plan to implement the recommendations as stated in these reports.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR 2004/05 (Cont'd)

- h. The purchase of DATIX risk management software will allow the Trust to link a range of governance information together such as incidents, complaints, litigation and controls assurance. This will facilitate the further development of a unified risk register and identification of Trust corporate risks. Further training in risk management is planned.

Capacity to handle risk

8. The Trust has a Senior Manager to advise on risk issues. Governance Workshops incorporating control assurance and risk management were held for managers and the Senior Management Team.

The Risk and Control Framework

9. Following the principle contained in the AS/NS 4360: 1999 Standard, South and East Belfast Health and Social Services Trust has developed a 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 to verify that risk management and internal control procedures are regularly reviewed.

Other action taken for the continuing development of risk management includes

10. In compliance with a Departmental directive, the Trust's Internal Auditors audited six Control Assurance Standards for which substantive compliance was required. Four of these Standards (Governance, Risk Management, Financial Management and Fire Safety) achieved substantive compliance. Such compliance with the Decontamination of Reusable Medical Devices standard would only be possible when the Trust is able to transfer from local to central (CSSD) decontamination arrangements. An audit of the Infection Control standard has been completed, and the Trust will be addressing the issues raised.

The Trust conducted a self-assessment exercise on the eight Controls Assurance Standards, which only require moderate compliance for 2004/05. These include Environmental Management, Medicines Management, Medical Devices and Equipment Management, Human Resources, Health and Safety, Waste Management, Buildings, Land, Plant and Non-Medical Equipment and Information, Communication and Technology. All of these have achieved moderate compliance or higher. The internal auditors were satisfied with the progress to date and that the rate of compliance of these

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

**STATEMENT ON INTERNAL CONTROL FOR THE FINANCIAL YEAR 2004/05
(Cont'd)**

standards was fair and complied with Departmental targets and Trust Priorities for Action.

- 11. The Trust has developed an action plan to ensure compliance with the Disability Discrimination Act in relation to access to buildings. Resources have been allocated. The Trust has commenced a programme of improvements to properties to provide disability access. It is expected to have all public buildings upgraded to provide disabled access, appropriate reception area and toilet facilities by the end of March 2006.
- 12. The Trust has prepared and submitted an Estate Strategy to the DHSSPSNI for 2004-2014. This sets out a condition report for each building and proposals to replace up to modern standards. In addition, the Trust has completed a fire safety appraisal of all property owned or occupied and returned the annual Firecode compliance certificate.

Review of Effectiveness

- 13. 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 South and East Belfast Health and 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 effectiveness of the system of internal control through the Governance Board and Governance Committee and the development of plans to address weaknesses will ensure that continuous improvement to systems are in place.

By Order of the Board

Chief Executive *Patricia Gordon*

Date 24.8.05

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

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 132 to 178 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 136 to 143.

Respective responsibilities of the Board Members, Chief Executive and Auditor

As described on page 123, 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 125 to 129 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.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

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 South and East Belfast 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.

J M Dowdall CB
Comptroller and Auditor General
Date:
31st October 2005

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

| | NOTE | 2005 £000 | 2004 £000 |
|--|------|------------------|-------------------|
| Income from Activities | 2 | 146,687 | 135,162 |
| Other Operating Income | 3 | 6,701 | 4,703 |
| Operating Expenses | 4,5 | <u>(149,111)</u> | <u>(136,617)</u> |
| OPERATING SURPLUS (DEFICIT) | | 4,277 | 3,248 |
| Profit/(loss) on disposal of Fixed Assets | 7 | <u>40</u> | <u>33</u> |
| SURPLUS (DEFICIT) BEFORE INTEREST | | 4,317 | 3,281 |
| Interest Receivable | | 335 | 397 |
| Interest Payable | 8 | <u>(1,169)</u> | <u>(1,247)</u> |
| SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR | | 3,483 | 2,431 |
| Public Dividend Capital Dividends Payable | 15 | <u>(3,461)</u> | <u>(2,383)</u> |
| OPERATIONAL SURPLUS (DEFICIT) BEFORE PROVISIONS | | 22 | 48 |
| Provisions for Future Obligations | 9.1 | <u>(55)</u> | <u>(94)</u> |
| RETAINED SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR | | <u><u>77</u></u> | <u><u>142</u></u> |
| BREAK EVEN POSITION | 21 | <u><u>22</u></u> | <u><u>48</u></u> |

The notes on pages 136 to 178 form part of these accounts.

All Income and Expenditure is derived from continuing activities.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

BALANCE SHEET AS AT 31 MARCH 2005

| | | 2005 | | 2004 | |
|--|------|--------|----------------|-------|----------------|
| | NOTE | £000 | £000 | £000 | £000 |
| FIXED ASSETS | | | | | |
| Intangible assets | 10 | | 0 | | 0 |
| Tangible assets | 11 | | 151,205 | | 123,730 |
| | | | 151,205 | | 123,730 |
| CURRENT ASSETS | | | | | |
| Stocks and work in progress | 12 | 327 | | 267 | |
| Debtors: Amounts falling due | | | | | |
| Within one year | 13 | 10,139 | | 6,225 | |
| After one year | 13 | 3 | | 69 | |
| Short term investments | 14 | 614 | | 1,166 | |
| Cash at bank and in hand | | 1,053 | | 1,190 | |
| | | | 12,136 | | 8,917 |
| CREDITORS: Amounts falling due within one year | 15 | | (21,641) | | (16,832) |
| NET CURRENT ASSETS (LIABILITIES) | | | (9,505) | | (7,915) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 141,700 | | 115,815 |
| Creditors: Amounts falling due after more than one year | 15 | | (12,778) | | (13,725) |
| Provisions for Liabilities and Charges | 17 | | (3,502) | | (3,448) |
| TOTAL ASSETS EMPLOYED | | | 125,420 | | 98,642 |
| FINANCED BY: | | | | | |
| CAPITAL AND RESERVES | | | | | |
| Public dividend capital | 18 | | 31,566 | | 23,532 |
| Revaluation reserve | 19 | | 90,999 | | 73,971 |
| Donation reserve | 19 | | 353 | | 250 |
| Realised donation reserve | 19 | | 0 | | 0 |
| Other reserves | 19 | | 0 | | 0 |
| Income and expenditure reserve | 19 | | 2,502 | | 889 |
| | | | 125,420 | | 98,642 |

The notes on pages 136 to 178 form part of these accounts.

Signed..... *Patricia Gordon*(Chief Executive) Date..... *24. 8.05*

SOUTH & EAST BELFAST HEALTH AND 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 | | 3,483 | | 2,431 |
| Provisions for future obligations | | 55 | | 94 |
| Fixed asset impairment losses | | 3,538 0 | | 2,525 (4) |
| Non donated Fixed Assets | | | | |
| Indexation of fixed assets | 7,147 | | 7,434 | |
| Unrealised Surplus (deficit) on revaluation of fixed assets | 11,417 | | (65) | |
| | | 18,564 | | 7,369 |
| Donated Assets | | | | |
| Additions to donated assets | 18 | | 0 | |
| Changes to donation reserve (except transfers to realised donation reserve) | 98 | 116 | (13) | (13) |
| Total recognised gains and losses relating to the year | | 22,218 | | 9,877 |
| Additions to Capital Assets Reserve | | 0 | | 0 |
| TOTAL GAINS/(LOSSES) RECOGNISED IN THE FINANCIAL YEAR | | 22,218 | | 9,877 |

The notes on pages 136 to 178 form part of these accounts.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

| | 2005 | | 2004 | |
|---|----------|----------|---------|---------|
| | £000 | £000 | £000 | £000 |
| Net Cash Inflow from Operating Activities (Note 28.1) | | 7,370 | | 9,606 |
| Returns on Investments and Servicing of Finance | | | | |
| Interest received | 332 | | 418 | |
| Interest paid | (1,173) | | (1,250) | |
| Interest element of finance lease rental payments | 0 | | 0 | |
| Net Cash (Outflow) Inflow from returns on Investments and Servicing of Finance | | (841) | | (832) |
| Capital Expenditure | | | | |
| Payments to acquire intangible fixed assets | 0 | | 0 | |
| Receipts from sales of intangible fixed assets | 0 | | 0 | |
| Payments to acquire tangible fixed assets | (15,362) | | (8,267) | |
| Receipts from sale of tangible fixed assets | 1,490 | | 680 | |
| Net Cash Inflow (Outflow) from Capital Expenditure | | (13,872) | | (7,587) |
| Dividends Paid | | (2,383) | | (5,537) |
| Management of Liquid Resources | | | | |
| Purchase of current asset investments | 0 | | 0 | |
| Sale of current asset investments | 552 | | 0 | |
| Net Cash Inflow (Outflow) from Management of Liquid Resources | | 552 | | 0 |
| Net Cash Inflow (Outflow) before Financing | | (9,174) | | (4,350) |
| Financing | | | | |
| New money capital reserve | 0 | | 0 | |
| New public dividend capital | 10,000 | | 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 | (947) | | (947) | |
| Repayment of Public Dividend Capital | (16) | | (93) | |
| Capital element of finance lease rental payments | 0 | | 0 | |
| Net Cash Inflow (Outflow) from Financing | | 9,037 | | (1,040) |
| Increase (Decrease) in Cash (Notes 28.2 and 3) | | (137) | | (5,390) |

The notes on pages 136 to 178 form part of these accounts.

SOUTH & EAST BELFAST 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 follows 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.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

NOTES TO THE ACCOUNTS

STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

NOTES TO THE ACCOUNTS

STATEMENT OF ACCOUNTING POLICIES (Cont'd)

Valuation

Tangible fixed assets are stated at the lower of replacement cost or 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.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

NOTES TO THE ACCOUNTS

STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

NOTES TO THE ACCOUNTS

STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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 there from 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.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

NOTES TO THE ACCOUNTS

STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

NOTES TO THE ACCOUNTS

STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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 30 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.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

NOTES TO THE ACCOUNTS STATEMENT OF ACCOUNTING POLICIES (Cont'd)

1.15 Losses

This note (Note 26) 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.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

2. Income from Activities

| | 2005 | 2004 |
|---|----------------|----------------|
| | £000 | £000 |
| NI Health and Social Services Boards | 128,754 | 117,487 |
| GB/Republic of Ireland Health Authorities | 0 | 0 |
| Local Health and Social Care Groups | 730 | 637 |
| HSS Trusts | 7,226 | 6,948 |
| Non-HPSS: | | |
| - private patients | 26 | 27 |
| - other | 9 | 2 |
| Clients contributions | 9,942 | 10,061 |
| Total | 146,687 | 135,162 |

3. Other Operating Income

| | 2005 | 2004 |
|--|--------------|--------------|
| | £000 | £000 |
| Patient transport services | 0 | 0 |
| Other income from non-patient services | 4,230 | 3,551 |
| NICPMDE | 380 | 375 |
| SUMDE | 0 | 0 |
| Charitable and other contributions to expenditure | 0 | 0 |
| - Transfers from the donation reserve in respect of depreciation on donated assets | 8 | 7 |
| Income in respect of fixed asset impairments | 1,950 | 16 |
| Clinical Negligence Central Fund | 0 | 667 |
| Reversal of fixed asset impairments | 0 | 0 |
| Other income | 133 | 87 |
| Total | 6,701 | 4,703 |

SOUTH & EAST BELFAST HEALTH AND 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:-

| | 2005 | 2004 |
|---|----------------|----------------|
| | £000 | £000 |
| Salaries and wages (excluding board members' remuneration) | 69,854 | 64,824 |
| Executive Board members remuneration | 343 | 340 |
| Non-executive Board members remuneration | 49 | 49 |
| Supplies and services - clinical | 1,787 | 2,005 |
| Supplies and services - general | 2,823 | 2,771 |
| Establishment | 3,448 | 3,578 |
| Transport | 432 | 231 |
| Premises | 9,436 | 7,749 |
| Bad debts | 51 | (25) |
| Depreciation and amortisation | 2,854 | 2,720 |
| Fixed asset impairments | 2,959 | 16 |
| Purchase of care from non-HPSS bodies and grants to voluntary organisations | 42,020 | 39,768 |
| Personal social services | 2,840 | 2,080 |
| Recharges from other HPSS organisations | 6,471 | 6,319 |
| Clinical Negligence Payments: | | |
| - Provisions Utilised | 0 | 667 |
| - Other | 0 | 0 |
| Audit fees | 42 | 38 |
| Other auditors remuneration | 40 | 43 |
| Miscellaneous | 3,662 | 3,444 |
| | 149,111 | 136,617 |
| Total | 149,111 | 136,617 |

4.2 Operating Leases

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

| | 2005 | 2004 |
|-----------------------------|-------------|-------------|
| | £000 | £000 |
| Hire of plant and machinery | 60 | 36 |
| Other operating leases | 134 | 71 |
| | 194 | 107 |
| | 194 | 107 |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

NOTES TO THE ACCOUNTS

Commitments under non-cancellable operating leases are:

| | Land and buildings | | Other leases | |
|--------------------------------|---------------------------|-------------|---------------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £000 | £000 | £000 | £000 |
| Operating leases which expire: | | | | |
| Within 1 year | 29 | 17 | 21 | 0 |
| Between 1 and 5 years | 29 | 41 | 14 | 35 |
| After 5 years | 0 | 0 | 97 | 97 |
| | 58 | 58 | 132 | 132 |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

NOTES TO THE ACCOUNTS

NOTE 5

5.1 Staff Costs

| | Directly employed £000 | Other £000 | 2005 £000 | 2004 £000 |
|---|------------------------------|---------------|---------------|---------------|
| Salaries and Wages | 62,466 | 305 | 62,771 | 58,063 |
| Social security costs | 4,186 | 0 | 4,186 | 4,031 |
| Pension Costs for early retirement reflecting the single lump sum to buy over the full liability | 0 | 0 | 0 | 0 |
| Other pension costs | 3,289 | 0 | 3,289 | 3,119 |
| Early departure costs | 167 | 0 | 167 | 154 |
| Total | <u>70,108</u> | <u>305</u> | <u>70,413</u> | <u>65,367</u> |

Of the total, £0 has been charged to capital

5.2 Average Number of Employees

| | Directly employed No | Other No | 2005 No | 2004 No |
|----------------------------------|----------------------------|-------------|--------------|--------------|
| Medical and dental | 55 | 0 | 55 | 55 |
| Nursing and Midwifery | 707 | 20 | 727 | 728 |
| Professions Allied to medicine | 162 | 0 | 162 | 156 |
| Ancillaries | 276 | 22 | 298 | 296 |
| Administrative and clerical | 546 | 33 | 579 | 562 |
| Ambulance staff | 0 | 0 | 0 | 0 |
| Works | 48 | 0 | 48 | 46 |
| Other Professional and technical | 0 | 0 | 0 | 0 |
| Social Services | 650 | 1 | 651 | 627 |
| Other | 86 | 0 | 86 | 76 |
| | <u>2,530</u> | <u>76</u> | <u>2,606</u> | <u>2,546</u> |

Figures refer to wholetime equivalents (WTEs) rather than individuals

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

NOTES TO THE ACCOUNTS - NOTE 5 (Cont'd)

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 |
|--|---|--|---|--|--------------------------|--------------------------|-------------------------------|
| Non-Executive Members | | | | | | | |
| R Harris (Chairman) | 20-25 | 0 | 0 | 0 | 0 | 0 | 0 |
| A Grace | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 |
| P Osborne | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 |
| P Scott | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professor E Evason | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 |
| E Hanna (Left 30/09/04) | 0-5 | 0 | 0 | 0 | 0 | 0 | 0 |
| L Drew (Started 25/10/04) | 0-5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Executive Members | | | | | | | |
| P Gordon <i>Chief Executive</i> | 85-90 | 0 | Consent to disclosure pension details withheld | | | | |
| N Carson <i>Director of Finance</i> | | | Consent to disclosure withheld | | | | |
| Dr P Bell <i>Director of Medical Services</i> | | | Consent to disclosure withheld | | | | |
| R McGee <i>Director of Nursing</i> | | | Consent to disclosure withheld | | | | |
| S O'Brien <i>Director of Adult Services & Social Services</i> | | | Consent to disclosure withheld | | | | |
| Senior Employees | | | | | | | |
| E Currie <i>Director of Corporate Services</i> | | | Consent to disclosure withheld | | | | |
| Dr G Rankin <i>Director of Service Development</i> | | | Consent to disclosure withheld | | | | |
| J Thompson <i>Director of Planning and Performance</i> | | | Consent to disclosure withheld | | | | |
| J Veitch <i>Director of Childrens Services</i> | | | Consent to disclosure withheld | | | | |
| V Walker <i>Director of Human Resources</i> | | | Consent to disclosure withheld | | | | |

Mr E Hanna retired on 30 September 2004. The table above shows his annual salary band for the period up to his retirement. Mr L Drew replaced Mr Hanna on 25 October 2004.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

NOTE 5 (Cont'd)

5.4 Staff Benefits

| | 2005 | 2004 |
|------|-------------|-------------|
| | £000 | £000 |
| None | 0 | 0 |
| | <u>0</u> | <u>0</u> |

5.5 Trust Management Costs

| | 2005 | 2004 |
|------------------------|-------------|-------------|
| | £000 | £000 |
| Trust Management Costs | 5,837 | 5,735 |
| Total Income | 153,388 | 139,865 |
| % of total income | <u>3.8%</u> | <u>4.1%</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 29 early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £120K.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

NOTE 6

6.1 Payment Policy - Measure of Compliance

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:

| | 2005 | | 2004 | |
|---------------------------------------|--------------|--------------|--------------|--------------|
| | Number | £000 | Number | £000 |
| Total bills paid | 65,047 | 83,467 | 62,829 | 68,872 |
| Total bills paid within 30 day target | 54,882 | 78,303 | 49,479 | 63,024 |
| % of bills paid within 30 day target | 84.4% | 93.8% | 78.8% | 91.5% |

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 :

| | £000 |
|--------------|------|
| Total | 0 |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

7. Profit (Loss) on Disposal of Fixed Assets

| | 2005 £000 | 2004 £000 |
|---|----------------------------|----------------------------|
| 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 | 40 | 33 |
| Loss on disposal of plant and equipment | 0 | 0 |
| | <hr/> | <hr/> |
| Total | <u>40</u> | <u>33</u> |

8 Interest Payable

| | 2005 £000 | 2004 £000 |
|-----------------------------------|----------------------------|----------------------------|
| Originating interest bearing debt | 1,169 | 1,247 |
| Further borrowing (government) | 0 | 0 |
| Further borrowing (other) | 0 | 0 |
| Finance leases | 0 | 0 |
| Other interest (Specify) | 0 | 0 |
| | <hr/> | <hr/> |
| Total | <u>1,169</u> | <u>1,247</u> |

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

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

NOTE 9

9.1 Provisions for Future Obligations

| | 2005 | 2004 |
|--|-------------|--------------|
| | £000 | £000 |
| Provisions in year: | | |
| Clinical Negligence | 174 | 265 |
| Pensions | (28) | 25 |
| Employers liability | 42 | 108 |
| Public (Occupiers) liability | 9 | (13) |
| Injury benefit | 44 | 62 |
| Accrued leave | 0 | 0 |
| Restructuring | 0 | 0 |
| Industrial Relations Cases | 0 | 0 |
| Other | 0 | 0 |
| | 0 | 0 |
| Arising during the year (net) (9.2) | 241 | 447 |
| Unwinding of Discount on Provisions (9.3) | 96 | 144 |
| Utilised in year (9.4) | (283) | (1,157) |
| Other | 0 | 0 |
| | 96 | 144 |
| Movement in Year (subtotal) (note 17) | 54 | (566) |
| Reimbursements receivable (note 9.5) | (109) | 472 |
| Total Increase/decrease (to Income and Expenditure Account) | (55) | (94) |

9.2 Arising During the Year

| | 2005 | 2004 |
|---|-------------|-------------|
| | £000 | £000 |
| Provided in year (note 17) | 528 | 949 |
| Provisions not required (reversed unused) (note 17) | (287) | (502) |
| | 528 | 949 |
| Total Provided in year (9.1) | 241 | 447 |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

NOTE 9 (Cont'd)

9.3 Unwinding of Discount on Provisions

| | 2005 | 2004 |
|--|-------------|-------------|
| | £000 | £000 |
| Unwinding of discount on Provisions is analysed as follows: | | |
| Clinical Negligence | 0 | 0 |
| Other | 96 | 144 |
| | 96 | 144 |
| Total Unwinding of Discounts on Provisions (Note 9.1) | 96 | 144 |

9.4 Utilised in year

| | 2005 | 2004 |
|--|-------------|--------------|
| | £000 | £000 |
| Clinical Negligence (Note 17) | 0 | 667 |
| Pensions relating to other staff (note 17) | 254 | 254 |
| Restructuring (note 17) | 0 | 0 |
| Other (note 17) | 29 | 236 |
| | 283 | 1,157 |
| Total Utilised (Note 9.4) | 283 | 1,157 |

9.5 Reimbursements Receivable

| | 2005 | 2004 |
|--|-------------|--------------|
| | £000 | £000 |
| Clinical Negligence Central Fund | 174 | (402) |
| Other (Capitalised pensions) | (65) | (70) |
| | 109 | (472) |
| Total Reimbursements Receivable | 109 | (472) |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

10. Intangible Fixed Assets

| Cost or Valuation | Software licences £000 | Other licences and trademarks £000 | Patents £000 | Development Expenditure £000 | Total £000 |
|-----------------------------------|------------------------------|---|-----------------|------------------------------------|---------------|
| At 1 April 2004 | 0 | 0 | 0 | 0 | 0 |
| Indexation | 0 | 0 | 0 | 0 | 0 |
| Additions - purchased | 0 | 0 | 0 | 0 | 0 |
| Additions - donated | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 |
| Other Revaluation | | | | | |
| Impairments | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| At 1 April 2005 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Depreciation | | | | | |
| At 1 April 2004 | 0 | 0 | 0 | 0 | 0 |
| Indexation | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 |
| 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 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2005 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Book Value | | | | | |
| At 31 March 2005 | 0 | 0 | 0 | 0 | 0 |
| - Purchased | | | | | |
| - Donated | | | | | |
| Total at 31 March 2005 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| At 31 March 2004 | | | | | |
| - Purchased | 0 | 0 | 0 | 0 | 0 |
| - Donated | 0 | 0 | 0 | 0 | 0 |
| Total at 31 March 2004 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

SOUTH & EAST BELFAST HEALTH AND 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

| 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 | 58,567 | 60,061 | 2,118 | 5,522 | 9,118 | 135,386 |
| Indexation | 2,962 | 4,757 | 0 | 118 | 0 | 7,837 |
| Additions | 520 | 601 | 113 | 367 | 14,460 | 16,061 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 3,159 | 0 | 115 | (3,274) | 0 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | (2,959) | 0 | 0 | 0 | (2,959) |
| Disposals | (1,426) | 0 | (80) | (942) | 0 | (2,448) |
| National Revaluation Exercise | 550 | 407 | 0 | 0 | 0 | 957 |
| | 61,173 | 66,026 | 2,151 | 5,180 | 20,304 | 154,834 |
| Depreciation | | | | | | |
| At 1 April 2004 | 0 | 7,912 | 915 | 3,080 | 0 | 11,907 |
| Indexation | 0 | 627 | 0 | 63 | 0 | 690 |
| Transfers | 0 | 0 | 132 | (132) | 0 | 0 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | (80) | (920) | 0 | (1,000) |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Provided during the year | 0 | 1,923 | 325 | 599 | 0 | 2,847 |
| National Revaluation Exercise | 0 | (10,462) | 0 | 0 | 0 | (10,462) |
| | 0 | 0 | 1,292 | 2,690 | 0 | 3,982 |
| Net Book Value | | | | | | |
| At 31 March 2005 | 61,173 | 66,026 | 859 | 2,490 | 20,304 | 150,852 |
| At 31 March 2004 | 58,567 | 52,149 | 1,203 | 2,442 | 9,118 | 123,479 |

Of the total net book value at 31 March 2005, £4.505m related to buildings, installations and fittings valued at open market value for alternative use.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

NOTES TO THE ACCOUNTS

NOTE 11.1 (Cont'd)

Donated Assets

| | Land £000 | Buildings Installations and fittings £000 | Computer Equipment £000 | Other Equipment £000 | Assets under Construction £000 | Total £000 |
|-------------------------------|----------------------|--|--|-------------------------------------|---|-----------------------|
| Cost or Valuation | | | | | | |
| At 1 April 2004 | 81 | 197 | 0 | 2 | 0 | 280 |
| Indexation | 4 | 15 | 0 | 0 | 0 | 19 |
| Additions | 0 | 0 | 0 | 18 | 0 | 18 |
| 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 | 0 | 0 | 0 |
| National Revaluation Exercise | 15 | 30 | 0 | 0 | 0 | 45 |
| | 100 | 242 | 0 | 20 | 0 | 362 |
| At 31 March 2005 | | | | | | |
| Depreciation | | | | | | |
| At 1 April 2004 | 0 | 27 | 0 | 2 | 0 | 29 |
| Indexation | 0 | 2 | 0 | 0 | 0 | 2 |
| 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 | 0 | 0 | 0 |
| Reversal of Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Provided during the year | 0 | 7 | 0 | 7 | 0 | 14 |
| National Revaluation Exercise | 0 | (36) | 0 | 0 | 0 | (36) |
| | 0 | 0 | 0 | 9 | 0 | 9 |
| At 31 March 2005 | | | | | | |
| Net Book Value | | | | | | |
| At 31 March 2005 | 100 | 242 | 0 | 11 | 0 | 353 |
| At 31 March 2004 | 81 | 170 | 0 | 0 | 0 | 251 |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

NOTE 11 (Cont'd)

11.2 Total Tangible Fixed Assets:

| | Purchased £000 | Donated £000 | Total £000 | 2004 £000 |
|--------------------------------------|-------------------|-----------------|----------------|----------------|
| Net book value: | | | | |
| Land | 61,173 | 100 | 61,273 | 58,648 |
| Buildings installations and fittings | 66,026 | 242 | 66,268 | 52,319 |
| Computer Equipment | 859 | 0 | 859 | 1,203 |
| Other Equipment | 2,490 | 11 | 2,501 | 2,442 |
| Assets under construction | 20,304 | 0 | 20,304 | 9,118 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total | 150,852 | 353 | 151,205 | 123,730 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

11.3 The net book value of land and buildings comprises:

| | 2005 £000 | 2004 £000 |
|-----------------|----------------|----------------|
| Freehold | 96,931 | 84,336 |
| Long leasehold | 30,610 | 26,631 |
| Short leasehold | 0 | 0 |
| | <hr/> | <hr/> |
| | 127,541 | 110,967 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | 2005 £000 | 2004 £000 |
|---------------------------------------|--------------|--------------|
| Land | 0 | 0 |
| Buildings, Installations and fittings | 0 | 0 |
| Equipment | 0 | 0 |
| Assets under construction | 0 | 0 |
| | <hr/> | <hr/> |
| | 0 | 0 |
| | <hr/> <hr/> | <hr/> <hr/> |

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)

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

12. Stocks and Work in Progress

| | 2005 | 2004 |
|-------------------------------|-------------|-------------|
| | £000 | £000 |
| Raw Materials and consumables | 327 | 267 |
| Work in progress | 0 | 0 |
| Finished goods | 0 | 0 |
| | 327 | 267 |
| Total | 327 | 267 |

13. Debtors

| | 2005 | 2004 |
|--|---------------|--------------|
| | £000 | £000 |
| Amounts falling due within one year: | | |
| HSS or NHS debtors | 4,926 | 1,500 |
| Clinical Negligence - Central Fund | 287 | 780 |
| Other debtors | 4,893 | 3,895 |
| Pension Prepayments | | |
| in respect of former directors | 0 | 0 |
| in respect of other staff | 0 | 0 |
| Other prepayments and accrued income | 33 | 50 |
| | 10,139 | 6,225 |
| Sub Total | 10,139 | 6,225 |
| The balances are net of a provision for bad debts of £109k (2004 £83k) | | |
| Amounts falling due after more than one year: | | |
| HSS or NHS debtors | 0 | 0 |
| Clinical Negligence - Central Fund | 0 | 0 |
| Other debtors | 0 | 65 |
| Pension Prepayments | | |
| in respect of former directors | 0 | 0 |
| in respect of other staff | 0 | 0 |
| Other prepayments and accrued income | 3 | 4 |
| | 3 | 69 |
| Sub Total | 3 | 69 |
| Total | 10,142 | 6,294 |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

NOTES TO THE ACCOUNTS

14. Short-term Investments

| | 2005 | 2004 |
|--|-------------|--------------|
| | £000 | £000 |
| Government Securities | 0 | 0 |
| Other Approved Public Sector Organisations | 0 | 0 |
| Banking Deposits | 614 | 1,166 |
| Others (specify if in excess of £50,000) | 0 | 0 |
| | <hr/> | <hr/> |
| Total | 614 | 1,166 |
| | <hr/> <hr/> | <hr/> <hr/> |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

15. Creditors

15.1 Creditors: Amounts falling due within one year:

| | 2005 £000 | 2004 £000 |
|--|---------------|---------------|
| Bank overdrafts | 0 | 0 |
| Current instalments due on loans | 947 | 947 |
| Interest payable | 49 | 52 |
| Public dividend capital dividend payable | 3,461 | 2,383 |
| PDC payable in respect of impairments | 1,950 | 16 |
| Payments received on account | 272 | 257 |
| HPSS or NHS creditors and accruals | 1,431 | 1,239 |
| Non HPSS or NHS trade revenue creditors | 6,724 | 7,193 |
| Non HPSS or NHS trade capital creditors | 2,341 | 1,642 |
| Payroll creditors including taxation and social security | 3,719 | 2,412 |
| 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 | 747 | 691 |
| Sub Total | 21,641 | 16,832 |

15.2 Creditors: Amounts falling due after more than one year:

| | | |
|--|---------------|---------------|
| Long Term Loans | 12,778 | 13,725 |
| 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 |
| Sub Total | 12,778 | 13,725 |

Total Creditors **34,419** **30,557**

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

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

NOTE 15 (Cont'd)

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:

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

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

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

15.4 Public Dividend Capital Dividends

| | 2005 £000 | 2004 £000 |
|---|---------------------|---------------------|
| The dividend is in respect of Public Dividend Capital | 3,461 | 2,383 |
| | <u>3,461</u> | <u>2,383</u> |
| | <u><u>3,461</u></u> | <u><u>2,383</u></u> |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

16. Loans

| | Government Loans £000 | Other Loans £000 | 2005 £000 | 2004 £000 |
|----------------------------|--------------------------------------|---------------------------------|----------------------|----------------------|
| Amounts falling due: | | | | |
| In one year or less | 947 | 0 | 947 | 947 |
| Between one and two years | 947 | 0 | 947 | 947 |
| Between two and five years | 2,839 | 0 | 2,839 | 2,840 |
| In five years or more | 8,992 | 0 | 8,992 | 9,938 |
| Total | 13,725 | 0 | 13,725 | 14,672 |

| | Government Loans £000 | Other Loans £000 | 2005 £000 | 2004 £000 |
|---|--------------------------------------|---------------------------------|----------------------|----------------------|
| 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 | 13,725 | 0 | 13,725 | 14,672 |
| Total | 13,725 | 0 | 13,725 | 14,672 |

| | | | | |
|---|--------------|----------|--------------|--------------|
| Total Repayable after five years by instalments | 8,992 | 0 | 8,992 | 9,938 |
|---|--------------|----------|--------------|--------------|

Loans wholly or partially repayable after five years:

| | Interest Rate % | 2005 £000 | 2004 £000 |
|--------------------------|--------------------------------|----------------------|----------------------|
| Originating Capital Debt | 8.125 | 13,725 | 14,672 |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

17. Provisions for liabilities and charges

| | Pensions relating to former directors £000 | Pensions relating to other staff £000 | Clinical negligence £000 | Restructuring £000 | Other £000 | 2005 £000 | 2004 £000 |
|--------------------------|--|--|--------------------------------|-----------------------|---------------|--------------|--------------|
| Balance at 31 March 2004 | 0 | 2,517 | 113 | 0 | 818 | 3,448 | 4,014 |
| Arising during the year | 0 | 16 | 174 | 0 | 338 | 528 | 949 |
| Utilised during the year | 0 | (254) | 0 | 0 | (29) | (283) | (1,157) |
| Reverse unused | 0 | 0 | 0 | 0 | (287) | (287) | (502) |
| Unwinding of discount | 0 | 80 | 0 | 0 | 16 | 96 | 144 |
| At 31 March 2005 | 0 | 2,359 | 287 | 0 | 856 | 3,502 | 3,448 |

Income and Expenditure Account Charges

| | £000 |
|--------------------------|-----------|
| Arising during the year | 528 |
| Utilised during the year | (283) |
| Reversed unused | (287) |
| Unwinding of discounts | 96 |
| Total | 54 |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

NOTE 17 (Cont'd)

Expected Timing of Cash Flow

| | Pensions relating to former directors £000 | Pensions relating to other staff £000 | Clinical Negligence £000 | Restructuring £000 | Other £000 | 2005 £000 | 2004 £000 |
|---------------|--|---|--------------------------------|-----------------------|---------------|--------------|--------------|
| Within 1 year | 0 | 252 | 287 | 0 | 681 | 1,220 | 923 |
| 1 - 5 years | 0 | 749 | 0 | 0 | 175 | 924 | 1,039 |
| Over 5 years | 0 | 1,358 | 0 | 0 | 0 | 1,358 | 1,486 |

The certainty and timing of pension provisions is as outlined in Note 1.10. Payments will be incurred as and when the liability arises.

The outcome of Clinical Negligence and Other Legal provisions is more difficult to determine and may be settled in or out of court as the case arises.

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

| | |
|----------------------------------|-------------|
| | £000 |
| Clinical Negligence Central Fund | 287 |

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 24.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

18. Public Dividend Capital

| | 2005 | 2004 |
|--|---------------|---------------|
| | £000 | £000 |
| Public dividend capital was issued as follows: | | |
| During the reporting year | 8,034 | (93) |
| In prior years | 23,532 | 23,625 |
| Total | 31,566 | 23,532 |

19. Movements on Reserves

| | Revaluation Reserve £000 | Donation Reserve £000 | Realised Donation Reserve £000 | Other Reserves £000 | Income and Expenditure Reserve £000 | Total £000 |
|--|--------------------------------|-----------------------------|---|---------------------------|--|---------------|
| At 1 April 2004 | 73,971 | 250 | 0 | 0 | 889 | 75,110 |
| Retained surplus (deficit) for year | 0 | 0 | 0 | 0 | 77 | 77 |
| Revaluation and indexation of fixed assets | 18,564 | 98 | 0 | 0 | 0 | 18,662 |
| Transfer of realised profits (losses) | (1,536) | 0 | 0 | 0 | 1,536 | 0 |
| Movements in donation reserve | 0 | 5 | 0 | 0 | 0 | 5 |
| Fixed Asset Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Other reserve movements (specify) | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2005 | 90,999 | 353 | 0 | 0 | 2,502 | 93,854 |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

20. Reconciliation of Movement in Government Funds

| | 2005 | 2004 |
|---|------------------------------|------------------------------|
| | £000 | £000 |
| Surplus (deficit) for the financial year | 3,483 | 2,431 |
| less provisions for future obligations | 55 | 94 |
| less public dividend capital dividends | (3,461) | (2,383) |
| | <u>77</u> | <u>142</u> |
| Gains (losses) from revaluation/indexation of | | |
| Purchased fixed assets | 18,564 | 7,369 |
| Public dividend capital repayments | (16) | (94) |
| Public dividend capital issued | 8,050 | 0 |
| New Government loans issued | 0 | 0 |
| Government loans repayments | (947) | (947) |
| Additions (reductions) in other reserves | <u>0</u> | <u>(4)</u> |
| Net Movement in Government funds | 25,728 | 6,466 |
| Government funds at 31 March 2004 | <u>113,062</u> | <u>106,596</u> |
| Government funds at 31 March 2005 | <u><u>138,790</u></u> | <u><u>113,062</u></u> |

SOUTH & EAST BELFAST HEALTH AND 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 £4,630k, bears to the average relevant net assets of £104,577k that is 4.4%.

The return for 2004/2005 is calculated as 4.4% (2003/2004 3.6%)

The actual performance is outside the materiality range of 3% to 4%. The variance arises from capital charges being based on the Trust's average fixed relevant assets whereas the capital cost absorption duty is based on average relevant net assets. If the duty is recalculated based on average relevant fixed assets, then this equates to 3.1%. This variance should be eliminated in 2005/06 as the capital charges calculation has been amended to reflect average net assets.

The Capital Cost Absorption Rate is calculated as follows:

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

| | 2005 |
|--|---------------------|
| | £000 |
| Trust Debt Remuneration is calculated as: | |
| Interest payable on Government borrowing | 1,169 |
| Plus | |
| Dividends payable on Public Dividend Capital | <u>3,461</u> |
| Trust Debt Remuneration | <u><u>4,630</u></u> |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

NOTES TO THE ACCOUNTS

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) | 98,642 | 113,921 | 106,281 |
| Less: | | | |
| Donation reserve | (250) | (353) | (302) |
| Purchased assets in the course of construction | (9,118) | (20,304) | (14,711) |
| Short-term assets | (1,166) | (614) | (890) |
| Finance Lease assets (during their primary lease term) | | | |
| Plus: | | | |
| Loans and overdrafts | 14,672 | 13,725 | 14,199 |
| Finance Lease Creditors (capital only) | | | |
| Relevant Net Assets | 102,780 | 106,375 | 104,577 |

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

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

NOTE 21 (Cont'd)

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>112,947</u> | <u>121,191</u> | <u>133,152</u> | <u>139,864</u> | <u>153,388</u> |
| ii. Operational Surplus/(Deficit) for Financial Year before Provisions and Exceptional Income | <u>53</u> | <u>49</u> | <u>59</u> | <u>48</u> | <u>22</u> |
| iii. Break Even in year position | 53 | 49 | 59 | 48 | 22 |
| iv. Break Even cumulative position(opening) | 4,030 | 4,173 | 3,980 | 4,065 | 4,070 |
| v. Other Adjustments | 90 | (243) | 27 | (43) | 0 |
| vi. Exceptional Income Year ended 31 March 2001 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| vii. Break Even Cumulative position (closing) | <u><u>4,173</u></u> | <u><u>3,980</u></u> | <u><u>4,065</u></u> | <u><u>4,070</u></u> | <u><u>4,092</u></u> |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

NOTE 21.2 (Cont'd)

| | 2000/01 % | 2001/02 % | 2002/2003 % | 2003/2004 % | 2004/2005 % |
|---|--------------|--------------|----------------|----------------|----------------|
| Materiality Test: | | | | | |
| Break Even in year position as % of turnover | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Break Even cumulative position as % of turnover | 3.7% | 3.3% | 3.1% | 2.9% | 2.7% |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

NOTE 21 (Cont'd)

21.3 External Financing Limit

| | 2005 | 2004 |
|---|---------------|--------------|
| | £000 | £000 |
| External Financing Limit set by the Department | 21,715 | 4,671 |

The Trust stayed within its External Financing Limit by £11,989k. The Trust's External Financing Requirement for the year was £9,726k and was met as follows:-

| | 2005 | 2004 |
|---------------------------------|--------------|--------------|
| | £000 | £000 |
| Increase (decrease) in: | | |
| Public dividend capital | 9,984 | (92) |
| Government long-term loans | (947) | (947) |
| Other long-term loans | | |
| Short-term loans | | |
| Overdrafts | 0 | (27) |
| Finance lease capital creditors | | |
| (Increase) decrease in: | | |
| Short-term investments | 552 | 5,781 |
| Cash at bank and in hand | 137 | (365) |
| External Finance Accessed | 9,726 | 4,350 |

21.4 Capital Resource Limit

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

| | 2005 |
|---|---------------|
| | £000 |
| Gross Capital Expenditure (charge against the CRL) | 16,061 |
| Capital Resource Limit | 16,235 |
| (Over)/Underspend against CRL | 174 |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

22. Capital Commitments

Capital commitments at the balance sheet date were:-

| | Finance Leases £000 | Other £000 | 2005 Total £000 | 2004 Total £000 |
|---|------------------------------------|-----------------------|--------------------------------|--------------------------------|
| Contracted | 0 | 3,467 | 3,467 | 0 |
| Authorised by the Board, but not contracted | 0 | 0 | 0 | 20,093 |
| Total | 0 | 3,467 | 3,467 | 20,093 |

23. Post Balance Sheet Events

Post balance sheet events having a material effect on the accounts are that on 30 May 2005 there was a disturbance in Copeland Ward (Adolescent Centre) resulting the ward being burned down. The net book value of this building at the 31 March 2005 was £455k.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

24. Contingent Liabilities

Clinical Negligence

The Trust has contingent liabilities of £29k 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:

| | 2005 £000 | 2004 £000 |
|--|------------------|------------------|
| Total estimate of contingent clinical negligence liabilities | 29 | 58 |
| Amount recoverable from the Clinical Negligence Central Fund | <u>0</u> | <u>0</u> |
| Net Contingent Liability | <u><u>29</u></u> | <u><u>58</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:

| | 2005 £000 | 2004 £000 |
|----------------------|-----------------|-----------------|
| 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> |

25. 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 South and East Belfast HSS Trust.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

26. Analysis of Losses and Special Payments

| TYPE OF LOSS | NO. OF CASES | VALUE £ |
|---|-----------------|---------------|
| 1 Cash Losses - Theft, fraud etc | 1 | 211 |
| 2 Cash Losses - Overpayments of salaries, wages and allowances | 0 | 0 |
| 3 Cash Losses - Other causes (including unvouched and incompletely vouched payments) | 4 | 187 |
| 4 Nugatory and fruitless payments - Abandoned Capital Schemes | 0 | 0 |
| 5 Other nugatory and fruitless payments | 0 | 0 |
| 6 Bad debts and claims abandoned | 28 | 22,049 |
| 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 | 0 | 0 |
| 10 Stores and Inventory Losses - Stocktaking discrepancies | 0 | 0 |
| 11 Stores and Inventory Losses - Other causes | 0 | 0 |
| 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 | 2 | 3,205 |
| iii. Employers Liability | 8 | 25,840 |
| 13 Ex-gratia payments - Compensation payments (including payments to patients and staff) | 0 | 0 |
| 14 Ex-gratia payments - Other payments | 20 | 3,235 |
| 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 |
| TOTAL | 63 | 54,727 |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

NOTES TO THE ACCOUNTS

27. 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 | 0 | 0 | 0 | 11 |
| Northern Ireland Health and Social Service Boards | 316 | 0 | 0 | 3,608 |
| HSS Trusts | 927 | 0 | 0 | 810 |
| NHS Trusts | 188 | 0 | 0 | 0 |
| Agencies & Special Agencies | 15 | 0 | 0 | 211 |
| Non-Departmental Public Bodies | 25 | 0 | 0 | 11 |
| Local Authorities | 6 | 0 | 0 | 2 |
| Public corporations and trading funds | 0 | 0 | 0 | 0 |
| Total | 1,477 | 0 | 0 | 4,653 |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

28. Notes to the Cash Flow Statement

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

| | 2005 | 2004 |
|---|---------------------|---------------------|
| | £000 | £000 |
| Operating surplus (deficit) | 4,277 | 3,248 |
| Depreciation charge | 2,854 | 2,720 |
| Provisions for future obligations (I&E Account) | 55 | 94 |
| Fixed asset impairments | 2,959 | 16 |
| Transfer from donation reserve | (8) | (7) |
| Non-cash Items | 0 | 0 |
| Increase (decrease) in provisions (Balance Sheet) | 54 | (565) |
| (Increase) decrease in stocks | (60) | 58 |
| (Increase) decrease in debtors | (3,846) | (959) |
| Increase (decrease) in creditors | <u>1,085</u> | <u>5,001</u> |
| Net cash inflow from operating activities | <u>7,370</u> | <u>9,606</u> |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

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

NOTE 28 (Cont'd)

28.2 Reconciliation of net cash flow to movement in net debt

| | 2005 | | 2004 | |
|--|-------|----------|---------|----------|
| | £000 | £000 | £000 | £000 |
| Increase/(decrease) in cash in the period | (137) | | (5,390) | |
| Cash inflow from new debt | 0 | | 0 | |
| Cash outflow from debt repaid and finance lease capital payments | 947 | | 947 | |
| Cash (inflow)/outflow from decrease/increase in liquid resources | (552) | | 0 | |
| Change in net debt resulting from cash flows | | 258 | | (4,443) |
| Non-cash changes in debt | | 0 | | 0 |
| Net Debt at 1 April 2004 | | (12,316) | | (7,873) |
| Net Debt at 31 March 2005 | | (12,058) | | (12,316) |

28.3 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 | 1,190 | (137) | 0 | 1,053 |
| Bank overdrafts | 0 | 0 | 0 | 0 |
| Debt due within 1 year | (947) | 947 | (947) | (947) |
| Debt due after 1 year | (13,725) | 0 | 947 | (12,778) |
| Finance leases | 0 | 0 | 0 | 0 |
| Current asset investments | 1,166 | (552) | 0 | 614 |
| | (12,316) | 258 | 0 | (12,058) |

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

NOTES TO THE ACCOUNTS

29. 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 South and East Belfast 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 South and East Belfast 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 South and East Belfast HSS Trust in undertaking its activities.

30. Third Party Assets

The Trust held £681k cash at bank and in hand at 31 March 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.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST
ACCOUNT OF MONIES HELD ON BEHALF OF
PATIENTS/RESIDENTS

YEAR ENDED 31 MARCH 2005

STATEMENT OF TRUSTS RESPONSIBILITIES IN RELATION
TO PATIENTS'/ RESIDENTS' MONIES

The Trust is required by the 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.

SOUTH & EAST BELFAST 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 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 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 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.

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS

Opinion

In my opinion:

- the account properly presents the payments and receipts of the monies held on behalf of patients/residents by the South and East Belfast 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
Date:
31st October 2005

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

SOUTH & EAST BELFAST HEALTH AND SOCIAL SERVICES TRUST

YEAR ENDED 31 MARCH 2005

KNOCKBRACKEN HEALTHCARE PARK

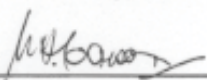
ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS

| Previous Year | RECEIPTS | | |
|------------------|--|---------|------------------|
| £ | Balance at 31/03/04 | £ | £ |
| 508,528 | 1. Investments (at cost) | 526,129 | |
| 28,498 | 2. Cash at Bank | 46,914 | |
| 8,672 | 3. Cash in Hand | 49,127 | 622,170 |
| 442,805 | Amounts Received in the Year | | 462,845 |
| 19,085 | Interest Received | | 28,019 |
| 1,007,588 | TOTAL | | 1,113,034 |
| | PAYMENTS | | |
| | Amounts Paid to or on behalf of Patients/Residents | | 432,042 |
| 385,418 | Balance at 31/03/2005 | | |
| 526,129 | 1. Investments (at cost) | 651,784 | |
| 46,914 | 2. Cash at Bank | 24,299 | |
| 49,127 | 3. Cash in Hand | 4,909 | 680,992 |
| 1,007,588 | TOTAL | | 1,113,034 |

Schedule of investments held at 31 March 2005

| | Investment | Nominal Value £ | Cost Price £ |
|--|------------|--------------------|-----------------|
| | | | |

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


 _____ Director of Finance
 24th August, 2005
 _____ Date

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


 _____ Chief Executive
 24.8.05
 _____ Date

**Ulster Community and 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 ULSTER COMMUNITY AND 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 Ulster Community and 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 Ulster Community and 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 Mr. Jim Mc Call of Ulster Community and Hospitals HSS 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 194 to 240) which I am required to prepare on behalf of the Ulster Community and 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.

Paul Cummings
25th August 2005

Director of Finance
Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (page 194 to 240) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.

Siubhan Grant
25th August 2005

Chairman
Date

Mr Jim Mc Call
25th August 2005

Chief Executive
Date

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

The Board of Ulster Community and Hospitals HSS Trust is accountable for internal control. As Accountable Officer and Chief Executive of the Board of Ulster Community and Hospitals 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 Ulster Community and Hospitals 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 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;
- as appropriate, formal budget management disciplines.

The Ulster Community and Hospitals HSS 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:

- Payments to Creditors
- Payroll System
- Bank and Cash System
- Charitable Funds
- On-Call Systems
- Travel Expenses
- Ravara Training Resource Centre
- Towerview Training Resource Centre
- Loch Cuan Elderly Persons Home
- Newcroft (EMI) Elderly Persons Home
- Family Group Home
- Lakewood Children's Home
- Meadow Lodge Children's Home
- Attendance at Year End Stocktake

In his annual report, the Internal Auditor reported that the Ulster Community and Hospitals HSS Trust's system of internal control was adequate and effective. In his individual reports he drew management's attention to a number of minor weaknesses. Recommendations to address these control weaknesses have been or are being implemented. The Trust Audit Committee has examined these reports.

With regard to the wider control environment the Ulster Community and Hospitals HSS 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 Ulster Community and Hospitals HSS Trust are pursued in accordance with the recognised and accepted standards of public administration.

The recruitment and selection of staff is governed by procedures, which comply with the Equality Commissions Code of Practice and are based on the principles of equality of opportunity and merit.

The Trust requires staff to be trained in recruitment and selection decisions prior to participating as panel members. Such training covers not only best practice interviewing and selection techniques, but also the implications of the legislation. When complaints are made about the process they are investigated to identify procedural flaws and appropriate revisions made.

Capacity to handle risk

The Trust continues to develop and implement an integrated organisation-wide system of risk management that focuses on a single approach to the management of clinical and non-clinical risks. This system is based on the AS/NZS 4360:1999 standard as directed by the Department of Health, Social Services in July 2002. In parallel with this system, clinical and social care governance arrangements have continued to evolve in the past year and an overarching Governance Committee now facilitates the integration of all aspect of governance.

The new structure reflects the rationalisation of existing committees, the embedding of arrangements at local directorate, programme and department level and encouragement of culture change across all aspects of governance, including financial, risk management (including organisational controls) and clinical and social care.

The Risk Management and Quality and Effectiveness Groups and their associated sub committees form the main strands within the governance framework for the delivery of this agenda.

Staff are trained and equipped to manage risk in a way appropriate to their authority and duties. In response to the Risk Management Controls Assurance Standard, the Trust have recently initiated a review of its Risk Management Training and Education programme to consider how best this should be delivered in the future.

The Trust promotes an open, just, honest and participative culture in which errors or service failures can be admitted, reported and discussed without fear of reprisal. Near miss and incident reporting is the cornerstone of our risk management system. Trust staff are encourage to undertake individual reporting of near misses, errors or mistakes, and to look critically at their own actions and those of their teams to ensure we can provide good quality services for our patients/clients, staff and visitors. Incident reporting is a key mechanism for quality improvement and is a key component of our governance programme. Reports of all Serious Incidents Reviews are widely disseminated within the Trust to ensure that all areas learn from other's mistakes.

In compliance with our duty of quality, the Trust will continue to support the development of risk management and quality and effectiveness systems in order to provide an environment in which users, staff and other stakeholders are protected and where safe, effective, efficient and high quality health and social care is provided.

Key risk and governance initiatives completed during 2004/2005 are listed below:-

- Consolidation of the levels of compliance with the 14 extant controls assurance standards;
- Review of the process and methodology for risk registers and the risk management strategy;
- Implementation of the consent arrangements in line with circular HSS (MD) 7/2003;
- Work with the Clinical and Social Care Governance Team and the Regional Risk Management Adviser on the development of the clinical and social care and risk management agendas;
- Addressing the action plan out of the CHI Demonstration and review and Phase 2 implementation of governance at Directorate, Programme and Department level.

The risk and control framework

The Trust is currently reviewing its risk management strategy under the direction of a Risk Management Group (RMG). The new strategy will include identification of the Trust's risk management objectives and, the leadership, accountability and working arrangements through the formation of appropriate organisational structures. The strategy will be delivered through the production of an annual RMG programme of work and supplemented by annual action plans and quarterly reports of the supporting risk management clinical and non-clinical sub committees.

A risk management organisational structure and reporting procedures have been put in place for verifying that key risk areas are regularly reviewed and reported on and that risk management has been fully incorporated into the corporate planning and decision making processes of the organisation.

The Trust continues to implement the extant controls assurance standards as directed by the DHSSPS. Five of the standards were validated by internal audit (ie, the three core standards – Financial Management, Governance and Risk Management plus two of the standards that required substantive compliance in 2004/2005 – Fire Safety and Infection Control. The Trust's Risk Management and Insurance Advisers – Marsh, validated the Decontamination standard. For ease of reference the scores are listed below:

Financial Management – Score 89 % - Substantive
Governance – Score 70% - Substantive
Risk Management – Score 68% - Moderate
Decontamination – Score 68% - Moderate
Fire Safety – Score 87% – Substantive
Infection Control – Score 49% - Moderate

The core Financial Management and Governance Standards achieved substantive compliance as directed by the DHSSPS. The Risk Management standard moved from a substantive to moderate compliance this year and the Internal Auditors validated this position. Recognising the growing demands of the risk management agenda, the Trust has recently approved the appointment of additional senior staff to the Risk Management department to ensure the continued implementation of risk management at the level specified by the DHSSPS.

In response to the internal audit reports on the standards, detailed action plans will be developed to address any areas of shortfall. Implementation of the specific action plans has been assigned to the relevant lead Director who will report progress on a bi-monthly basis to the Risk Management Group.

The programme of work to progress the risk management and governance agenda in 2005/2006 will include the following areas:

Governance

- Continue with Phase 2 implementation of governance arrangements by delivering awareness sessions for staff at local Directorate, Programme and Departmental level;

- Commence baseline assessment of key governance building blocks at local Directorate, Programme and Departmental level to identify positive practice and shortfalls in arrangements;
- To carryout a baseline assessment of compliance against the 2005 version of the HQS Standards Manual and to ensure that appropriate action plans are put in place in order to work towards full compliance against 'A' rated criteria in preparation for the HQS Survey;
- Work with the HPSSRIA in the development of systems to enable the public and HPSS to be better informed of the quality of care provided;
- Work with the C&SC Governance Team and the Regional Risk & Governance Manager on Departmental initiatives/projects to further develop governance within available resources, for example, the standardisation of adverse incident reporting and consultation process on the memorandum of understanding of investigation of serious incidents.

Risk Management

- In accordance with Departmental guidance, consolidate substantive levels of compliance with the core controls assurance standards for risk management, governance and financial management. Work towards achievement of the required levels of compliance for the extant controls assurance standards pending issue in 2005/2006;
- Further consolidation and refinement of the process and methodology for risk assessment/risk registers;
- Preparation for the launch of a revised risk management strategy to further embed arrangements at both strategic and operational level;
- Initiate a review of the risk management training and education programme and make recommendations for delivery of a modular type-training programme on an organisation-wide basis.

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

Signature of Accountable Officer: Jim Mc Call

Date: 25th August 2005

Ulster Hospitals 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 194 to 240 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 198 to 203.

Respective responsibilities of the Board Members, Chief Executive and Auditor

As described on page 185, 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 187 to 191 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 Ulster Community and Hospitals HSS 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

J M Dowdall CB
Comptroller and Auditor General
Date:
30th August 2005

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

| | NOTE | 2005 £000 | 2004 £000 |
|--|------|------------------|------------------|
| Income from Activities | 2 | 191,343 | 172,950 |
| Other Operating Income | 3 | 10,220 | 16,294 |
| Operating Expenses | 4,5 | <u>(198,912)</u> | <u>(186,676)</u> |
| OPERATING SURPLUS (DEFICIT) | | 2,651 | 2,568 |
| Profit/(loss) on disposal of Fixed Assets | 7 | <u>(54)</u> | <u>(33)</u> |
| SURPLUS (DEFICIT) BEFORE INTEREST | | 2,597 | 2,535 |
| Interest Receivable | | 322 | 253 |
| Interest Payable | 8 | <u>(1,245)</u> | <u>(1,309)</u> |
| SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR | | 1,674 | 1,479 |
| Public Dividend Capital Dividends Payable | 15 | <u>(1,649)</u> | <u>(1,440)</u> |
| OPERATIONAL SURPLUS (DEFICIT) BEFORE PROVISIONS | | 25 | 39 |
| Provisions for Future Obligations | 9.1 | <u>115</u> | <u>(99)</u> |
| RETAINED SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR | | <u>140</u> | <u>(60)</u> |
| BREAK EVEN POSITION | 21 | <u>25</u> | <u>39</u> |

The notes on pages 198 to 240 form part of these accounts

All Income and Expenditure is derived from continuing activities.

ULSTER COMMUNITY AND 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 | | 1,674 | | 1,479 |
| Provisions for future obligations | | <u>115</u> | | <u>(99)</u> |
| | | 1,789 | | 1,380 |
| Fixed asset impairment losses | | 0 | | 0 |
| Non donated Fixed Assets | | | | |
| Indexation of fixed assets | 4,817 | | 6,546 | |
| Unrealised Surplus (deficit) on revaluation of fixed assets | <u>55</u> | | <u>(6,474)</u> | |
| | | 4,872 | | 72 |
| Donated Assets | | | | |
| Additions to donated assets | 114 | | 1,724 | |
| Changes to donation reserve (except transfers to realised donation reserve) | <u>887</u> | <u>1,001</u> | <u>2,965</u> | <u>4,689</u> |
| Total recognised gains and losses relating to the year | | 7,662 | | 6,141 |
| Additions to Capital Assets Reserve | | <u>0</u> | | <u>0</u> |
| TOTAL GAINS/(LOSSES) RECOGNISED IN THE FINANCIAL YEAR | | <u><u>7,662</u></u> | | <u><u>6,141</u></u> |

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

| | 2005 | | 2004 | |
|---|--------------|-------------------|--------------|------------------|
| | £000 | £000 | £000 | £000 |
| Net Cash Inflow from Operating Activities (Note 29.1) | | 17,621 | | 7,563 |
| Returns on Investments and Servicing of Finance | | | | |
| Interest received | 322 | | 253 | |
| Interest paid | (1,248) | | (1,311) | |
| Interest element of finance lease rental payments | <u>0</u> | | <u>0</u> | |
| Net Cash (Outflow) Inflow from returns on Investments and Servicing of Finance | | (926) | | (1,058) |
| Capital Expenditure | | | | |
| Payments to acquire intangible fixed assets | 0 | | 0 | |
| Receipts from sales of intangible fixed assets | 0 | | 0 | |
| Payments to acquire tangible fixed assets | (19,296) | | (5,509) | |
| Receipts from sale of tangible fixed assets | <u>2</u> | | <u>12</u> | |
| Net Cash Inflow (Outflow) from Capital Expenditure | | (19,294) | | (5,497) |
| Dividends Paid | | (1,440) | | (2,541) |
| Management of Liquid Resources | | | | |
| Purchase of current asset investments | 0 | | 0 | |
| Sale of current asset investments | <u>(600)</u> | | <u>(100)</u> | |
| Net Cash Inflow (Outflow) from Management of Liquid Resources | | <u>(600)</u> | | <u>(100)</u> |
| Net Cash Inflow (Outflow) before Financing | | (4,639) | | (1,633) |
| Financing | | | | |
| New money capital reserve | 0 | | 0 | |
| New public dividend capital | 14,750 | | 3,000 | |
| 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 | (8,562) | | (1,079) | |
| Repayment of Public Dividend Capital | (1,079) | | (216) | |
| Capital element of finance lease rental payments | <u>0</u> | | <u>0</u> | |
| Net Cash Inflow (Outflow) from Financing | | <u>5,109</u> | | <u>1,705</u> |
| Increase (Decrease) in Cash (Notes 29.2 and 3) | | <u><u>470</u></u> | | <u><u>72</u></u> |

The notes on pages 198 to 240 form part of this statement

ULSTER COMMUNITY AND 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 28 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.

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

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

2. Income from Activities

| | 2005 £000 | 2004 £000 |
|---|----------------------------|----------------------------|
| NI Health and Social Services Boards | 183,254 | 164,070 |
| GB/Republic of Ireland Health Authorities | 0 | 0 |
| General Practice Fundholders | 0 | 0 |
| HSS Trusts | 0 | 0 |
| Non-HPSS: | | |
| - private patients | 427 | 464 |
| - other | 1,034 | 1,236 |
| Clients contributions | 6,628 | 7,180 |
| Total | 191,343 | 172,950 |

Other Operating Income

| | 2005 £000 | 2004 £000 |
|--|----------------------------|----------------------------|
| Patient transport services | 0 | 0 |
| Other income from non-patient services | 3,407 | 3,348 |
| NICPMDE | 2,939 | 2,487 |
| SUMDE | 1,040 | 959 |
| Charitable and other contributions to expenditure | 0 | 0 |
| - Transfers from the donation reserve in respect of depreciation on donated assets | 448 | 228 |
| Income in respect of fixed asset impairments | 2,008 | 8,562 |
| Clinical Negligence Central Fund | 378 | 710 |
| Reversal of fixed asset impairments (specify) | 0 | 0 |
| Other income (specify where material) | 0 | 0 |
| Total | 10,220 | 16,294 |

ULSTER COMMUNITY AND 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:-

| | 2005 £000 | 2004 £000 |
|---|----------------------------|----------------------------|
| Salaries and wages (excluding board members' remuneration) | 117,543 | 102,973 |
| Executive Board members remuneration | 452 | 366 |
| Non-executive Board members remuneration | 52 | 43 |
| Supplies and services - clinical | 13,306 | 11,838 |
| Supplies and services - general | 2,703 | 2,692 |
| Establishment | 3,898 | 3,685 |
| Transport | 431 | 375 |
| Premises | 6,127 | 6,886 |
| Bad debts | 0 | 0 |
| Depreciation and amortisation | 6,000 | 4,435 |
| Fixed asset impairments | 2,008 | 8,562 |
| Purchase of care from non-HPSS bodies and grants to voluntary organisations | 32,933 | 32,146 |
| Personal social services | 2,245 | 1,999 |
| Recharges from other HPSS organisations | 7,329 | 6,998 |
| Clinical Negligence Payments: | | |
| - Provisions Utilised | 229 | 710 |
| - Other | 0 | 0 |
| Audit fees | 32 | 44 |
| Other auditors remuneration | 4 | 0 |
| Miscellaneous | 3,620 | 2,924 |
| Total | <u>198,912</u> | <u>186,676</u> |

4.2 Operating Leases

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

| | 2005 £000 | 2004 £000 |
|-----------------------------|----------------------------|----------------------------|
| Hire of plant and machinery | 315 | 313 |
| Other operating leases | 138 | 141 |
| | <u>453</u> | <u>454</u> |

Commitments under non-cancellable operating leases are:

| | Land and buildings | | Other leases | |
|--------------------------------|---------------------------|----------------------|----------------------|----------------------|
| | 2005 £000 | 2004 £000 | 2005 £000 | 2004 £000 |
| Operating leases which expire: | | | | |
| Within 1 year | 21 | 23 | 21 | 15 |
| Between 1 and 5 years | 117 | 118 | 6 | 6 |
| After 5 years | 0 | 0 | 288 | 292 |
| | 138 | 141 | 315 | 313 |

ULSTER COMMUNITY AND HOSPITALS 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 | 102,178 | 3,000 | 105,178 | 91,576 |
| Social security costs | 7,160 | 0 | 7,160 | 6,572 |
| Pension Costs for early retirement reflecting the single lump sum to buy over the full liability | 0 | 0 | 0 | 0 |
| Other pension costs | 5,205 | 0 | 5,205 | 4,786 |
| Early departure costs | 0 | 0 | 0 | 0 |
| Total | <u>114,543</u> | <u>3,000</u> | <u>117,543</u> | <u>102,934</u> |

Of the total, £x has been charged to capital

5.2 Average Number of Employees

| | . Directly employed No | . Other No | . 2005 No | . 2004 No |
|----------------------------------|---------------------------------------|---------------------------|--------------------------|--------------------------|
| Medical and dental | 298 | 12 | 310 | 275 |
| Nursing and Midwifery | 1,448 | 60 | 1,508 | 1,433 |
| Professions Allied to medicine | 240 | 3 | 243 | 227 |
| Ancillaries | 771 | 10 | 781 | 770 |
| Administrative and clerical | 750 | 16 | 766 | 718 |
| Ambulance staff | 0 | 0 | 0 | |
| Works | 47 | 0 | 47 | 46 |
| Other Professional and technical | 188 | 0 | 188 | 169 |
| Social Services | 434 | 10 | 444 | 393 |
| Other | 1 | 0 | 1 | 1 |
| | <u>4,177</u> | <u>111</u> | <u>4,288</u> | <u>4,032</u> |

Figures refer to wholetime equivalents (WTEs) rather than individuals

ULSTER COMMUNITY AND 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 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 |
|--|--|--|---|---|-----------------------------|-----------------------------|-------------------------------------|
| Non-Executive Members | | | | | | | |
| Mrs E S Grant | 20 - 25 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mr P Hepper | 5 - 10 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ms M Smith | 5 - 10 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ms J Allen | 5 - 10 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mr G Mackey | 5 - 10 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mr J Jamieson | 5 - 10 | 0 | 0 | 0 | 0 | 0 | 0 |
| Executive Members | | | | | | | |
| Mr J McCall Chief Executive | 85-90 | 1100 | 0 - 3.2 plus lump sum5 -7.5 | 25-30 plus lump sum 65-70 | 420 | 460 | 20 |
| Mr P Cummings Director of Finance | 75-80 | ** | ** | ** | ** | ** | ** |
| Dr J McFarland Medical Director | 90-95 | ** | ** | ** | ** | ** | ** |
| Mr C Worthington Director of Social Services | 55 -60 | ** | ** | ** | ** | ** | ** |
| Mrs S Salmon Director of Nursing to 12 May 2004 | 0-5 | ** | ** | ** | ** | ** | ** |
| Ms I Foster Acting Director of Nursing | 40-45 | ** | ** | ** | ** | ** | ** |
| Ms V Jackson Director of Nursing from 4 January 2005 | 10-15 | ** | ** | ** | ** | ** | ** |

| | | | | | | | |
|---|---------|----|----|----|----|----|----|
| Mr JP McGoran Director of Acute Services | 55-60 | ** | ** | ** | ** | ** | ** |
| Mr B Mullen Director of Mental Health & Learning Disability | 55 -60 | ** | ** | ** | ** | ** | ** |
| Mr J Symington Director of Corporate Services | 65 - 70 | ** | ** | ** | ** | ** | ** |
| Ms M Paul Director of Primary Care | 60-65 | ** | ** | ** | ** | ** | ** |
| Mr C Dennison Acting Director of Human Resources | 15-20 | ** | ** | ** | ** | ** | ** |
| Mr H McPoland Director of Human Resources from 1 June 2004 | 50-55 | ** | ** | ** | ** | ** | ** |

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.

**** Consent to disclose these details has been withheld**

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

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

NOTE 5 (Contd)

5.4 Staff Benefits

| | 2005 £000 | 2004 £000 |
|-----------|----------------------------|----------------------------|
| (Specify) | 0 | 0 |
| | 0 | 0 |
| | <u>0</u> | <u>0</u> |

5.5 Trust Management Costs

| | 2005 £000 | 2004 £000 |
|------------------------|----------------------------|----------------------------|
| Trust Management Costs | 6,680 | 6,479 |
| Total Income | 201,563 | 189,244 |
| % of total income | <u>3.3%</u> | <u>3.4%</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 49 early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £92,475.

ULSTER COMMUNITY AND HOSPITALS 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:

| | Number | 2005 £000 | Number | 2004 £000 |
|---------------------------------------|--------|--------------|--------|--------------|
| Total bills paid | 69,956 | 75,218 | 69,621 | 63,635 |
| Total bills paid within 30 day target | 54,624 | 64,613 | 53,976 | 54,964 |
| % of bills paid within 30 day target | 78.1% | 85.9% | 77.5% | 86.4% |

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 :

| | |
|--------------|--------------|
| | £ |
| Total | <u>1,450</u> |

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

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

7. Profit (Loss) on Disposal of Fixed Assets

| | 2005 £000 | 2004 £000 |
|---|----------------------------|----------------------------|
| 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 | (42) | 0 |
| Profit on disposal of plant and equipment | 0 | 0 |
| Loss on disposal of plant and equipment | (12) | (33) |
| Total | (54) | (33) |

8. Interest Payable

| | 2005 £000 | 2004 £000 |
|-----------------------------------|----------------------------|----------------------------|
| Originating interest bearing debt | 1,243 | 1,308 |
| Further borrowing (government) | 0 | 0 |
| Further borrowing (other) | 0 | 0 |
| Finance leases | 0 | 0 |
| Other interest (Specify) | 2 | 1 |
| Total | 1,245 | 1,309 |

An amount of £142,174 is included within Note 9.3 for the unwinding of discount on provisions.

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

NOTES TO THE ACCOUNT

9.1 Provisions for Future Obligations

| | 2005 £000 | 2004 £000 |
|--|---------------------|------------------|
| Provisions in year: | | |
| Clinical Negligence | 119 | 570 |
| Pensions | 40 | 119 |
| Employers liability | 361 | 265 |
| Public (Occupiers) liability | 53 | 0 |
| Injury benefit | 0 | 0 |
| Accrued leave | 0 | 0 |
| Restructuring | 0 | 0 |
| Industrial Relations Cases | 0 | 0 |
| Other | 0 | 0 |
| | 0 | 0 |
| | <hr/> | <hr/> |
| Arising during the year (net) (9.2) | 573 | 954 |
| Unwinding of Discount on Provisions (9.3) | 142 | 147 |
| Utilised in year (9.4) | (876) | (1,027) |
| Other (Specify) | 0 | 0 |
| | 0 | 0 |
| | 0 | 0 |
| | <hr/> | <hr/> |
| Movement in Year (subtotal) (note 17) | (161) | 74 |
| Reimbursements receivable (note 9.5) | 46 | 25 |
| Total Increase/decrease (to Income and Expenditure Account) | <u>(115)</u> | <u>99</u> |

9.2 Arising During the Year

| | 2005 £000 | 2004 £000 |
|---|-------------------|-------------------|
| Provided in year (note 17) | 1,161 | 1,552 |
| Provisions not required (reversed unused) (note 17) | (588) | (598) |
| | <hr/> | <hr/> |
| Total Provided in year (9.1) | <u>573</u> | <u>954</u> |

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

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

9.3 Unwinding of Discount on Provisions

| | 2005 £000 | 2004 £000 |
|--|----------------------------|----------------------------|
| Unwinding of discount on Provisions is analysed as follows: | | |
| Clinical Negligence | 114 | 115 |
| Other | 28 | 32 |
| Total Unwinding of Discounts on Provisions (Note 9.1) | <u>142</u> | <u>147</u> |

9.4 Utilised in year

| | 2005 £000 | 2004 £000 |
|--|----------------------------|----------------------------|
| Clinical Negligence (Note 17) | (279) | (710) |
| Pensions relating to other staff (note 17) | (37) | 0 |
| Restructuring (note 17) | 0 | 0 |
| Other (note 17) | (560) | (317) |
| Total Utilised (Note 9.1) | <u>(876)</u> | <u>(1,027)</u> |

9.5 Reimbursements Receivable

| | 2005 £000 | 2004 £000 |
|--|----------------------------|----------------------------|
| Clinical Negligence Central Fund | 46 | 25 |
| Other (Specify) | 0 | 0 |
| Total Reimbursements Receivable | <u>46</u> | <u>25</u> |

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

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

10. Intangible Fixed Assets

| Cost or Valuation | Software licences £000 | Other licences and trademarks £000 | Patents £000 | Development Expenditure £000 | Total £000 |
|-------------------------------|------------------------------|---|-----------------|------------------------------------|---------------|
| At 1 April 2004 | 0 | 0 | 0 | 0 | 0 |
| Indexation | 0 | 0 | 0 | 0 | 0 |
| Additions - purchased | 0 | 0 | 0 | 0 | 0 |
| Additions - donated | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 |
| Other Revaluation | | | | | |
| Impairments | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| At 1 April 2005 | 0 | 0 | 0 | 0 | 0 |
| Depreciation | | | | | |
| At 1 April 2004 | 0 | 0 | 0 | 0 | 0 |
| Indexation | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 |
| 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 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2005 | 0 | 0 | 0 | 0 | 0 |
| Net Book Value | | | | | |
| At 31 March 2005 | 0 | 0 | 0 | 0 | 0 |
| - Purchased | | | | | |
| - Donated | | | | | |
| Total at 31 March 2005 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2004 | | | | | |
| - Purchased | 0 | 0 | 0 | 0 | 0 |
| - Donated | 0 | 0 | 0 | 0 | 0 |
| Total at 31 March 2004 | 0 | 0 | 0 | 0 | 0 |

ULSTER COMMUNITY AND 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

| 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 | 9,982 | 79,117 | 4,197 | 11,152 | 2,962 | 107,410 |
| Indexation | 518 | 6,279 | 0 | 228 | 0 | 7,025 |
| Additions | 6,250 | 1,628 | 712 | 932 | 9,027 | 18,549 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 3,755 | (3) | (119) | (3,659) | (26) |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | (11) | (34) | 0 | (601) | 0 | (646) |
| National Revaluation Exercise | 8,677 | 3,014 | 0 | 0 | 0 | 11,691 |
| At 31 March 2005 | 25,416 | 93,759 | 4,906 | 11,592 | 8,330 | 144,003 |
| Depreciation | | | | | | |
| At 1 April 2004 | 0 | 26,200 | 2,891 | 6,923 | | 36,014 |
| Indexation | 0 | 2,069 | 0 | 139 | 0 | 2,208 |
| Transfers | 0 | 11 | (22) | (25) | 0 | (36) |
| Revaluation | 0 | (55) | 0 | 0 | 0 | (55) |
| Impairments | 0 | 2,008 | 0 | 0 | 0 | 2,008 |
| Disposals | 0 | (5) | 0 | (586) | 0 | (591) |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Provided during the year | 0 | 4,294 | 410 | 848 | 0 | 5,552 |
| National Revaluation Exercise | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2005 | 0 | 34,522 | 3,279 | 7,299 | 0 | 45,100 |
| Net Book Value | | | | | | |
| At 31 March 2005 | 25,416 | 59,237 | 1,627 | 4,293 | 8,330 | 98,903 |
| At 31 March 2004 | 9,982 | 52,917 | 1,306 | 4,229 | 2,962 | 71,396 |

Of the total net book value at 31 March 2005, £0 related to buildings, installations and fittings valued at open market value for alternative use.

The reversal of impairment is due to N/A

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

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

Note 11.1 (Contd)

Donated Assets

| Cost or Valuation | Land | Buildings | Computer | Other | Assets under | Total |
|-------------------------------|---------------|---------------------------------------|-------------------|-------------------|----------------------|---------------|
| | £000 | Installations and fittings £000 | Equipment £000 | Equipment £000 | Construction £000 | |
| At 1 April 2004 | 14,505 | 1,580 | 245 | 3,532 | 815 | 20,677 |
| Indexation | 752 | 125 | 0 | 76 | 0 | 953 |
| Additions | 0 | 0 | 31 | 83 | 0 | 114 |
| Transfers | 0 | 814 | 9 | (13) | (815) | (5) |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | (9) | (49) | 0 | (58) |
| National Revaluation Exercise | 1,268 | 320 | 0 | 0 | 0 | 1,588 |
| At 31 March 2005 | 16,525 | 2,839 | 276 | 3,629 | 0 | 23,269 |
| Depreciation | | | | | | |
| At 1 April 2004 | 0 | 340 | 177 | 1,854 | 0 | 2,371 |
| Indexation | 0 | 27 | 0 | 40 | 0 | 67 |
| Transfers | 0 | 0 | 0 | (4) | 0 | (4) |
| Impairments | 0 | 8 | 0 | 0 | 0 | 8 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | (9) | (50) | 0 | (59) |
| Reversal of Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Provided during the year | 0 | 187 | 21 | 240 | 0 | 448 |
| National Revaluation Exercise | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2005 | 0 | 562 | 189 | 2,080 | 0 | 2,831 |
| Net Book Value | | | | | | |
| At 31 March 2005 | 16,525 | 2,277 | 87 | 1,549 | 0 | 20,438 |
| At 31 March 2004 | 14,505 | 1,240 | 68 | 1,678 | 815 | 18,306 |

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

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

11.2 Total Tangible Fixed Assets:

| | Purchased £000 | Donated £000 | Total £000 | 2004 £000 |
|--------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| Net book value: | | | | |
| Land | 25,416 | 16,525 | 41,941 | 24,487 |
| Buildings installations and fittings | 59,237 | 2,277 | 61,514 | 54,157 |
| Computer Equipment | 1,627 | 87 | 1,714 | 1,374 |
| Other Equipment | 4,293 | 1,549 | 5,842 | 5,907 |
| Assets under construction | <u>8,330</u> | <u>0</u> | <u>8,330</u> | <u>3,777</u> |
| Total | <u>98,903</u> | <u>20,438</u> | <u>119,341</u> | <u>89,702</u> |

11.3 The net book value of land and buildings comprises:

| | 2005 £000 | 2004 £000 |
|-----------------|----------------|---------------|
| Freehold | 67,684 | 56,421 |
| Long leasehold | 35,769 | 22,221 |
| Short leasehold | 0 | 0 |
| | <u>103,453</u> | <u>78,642</u> |

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

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

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

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

12. Stocks and Work in Progress

| | 2005 £000 | 2004 £000 |
|-------------------------------|---------------------|---------------------|
| Raw Materials and consumables | 1,242 | 1,161 |
| Work in progress | 0 | 0 |
| Finished goods | 0 | 0 |
| | <u>1,242</u> | <u>1,161</u> |
| Total | <u>1,242</u> | <u>1,161</u> |

13. Debtors

| | 2005 £000 | 2004 £000 |
|--|----------------------|----------------------|
| Amounts falling due within one year: | | |
| HSS or NHS debtors | 3,006 | 845 |
| Clinical Negligence - Central Fund | 1,548 | 2,345 |
| Other debtors | 5,691 | 12,849 |
| Pension Prepayments | | |
| in respect of former directors | 0 | 0 |
| in respect of other staff | 3 | 3 |
| Other prepayments and accrued income | 0 | 0 |
| | <u>10,248</u> | <u>16,042</u> |
| Sub Total | <u>10,248</u> | <u>16,042</u> |
| The balances are net of a provision for bad debts of £286,214 (2004 £122,124) | | |
| Amounts falling due after more than one year: | | |
| HSS or NHS debtors | 0 | 0 |
| Clinical Negligence - Central Fund | 1,753 | 1,000 |
| Other debtors | 52 | 47 |
| Pension Prepayments | | |
| in respect of former directors | 0 | 0 |
| in respect of other staff | 45 | 47 |
| Other prepayments and accrued income | 0 | 0 |
| | <u>1,850</u> | <u>1,094</u> |
| Sub Total | <u>1,850</u> | <u>1,094</u> |
| Total | <u>12,098</u> | <u>17,136</u> |

14. Short-term Investments

| | 2005 | 2004 |
|--|----------------------------|--------------------------|
| | £000 | £000 |
| Government Securities | 0 | 0 |
| Other Approved Public Sector Organisations | 0 | 0 |
| Banking Deposits | 1,000 | 400 |
| Others (specify if in excess of £50,000) | <u>0</u> | <u>0</u> |
| Total | <u><u>1,000</u></u> | <u><u>400</u></u> |

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

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

15. Creditors

15.1 Creditors: Amounts falling due within one year:

| | 2005 £000 | 2004 £000 |
|--|---------------|---------------|
| Bank overdrafts | 0 | 124 |
| Current instalments due on loans | 1,079 | 1,079 |
| Interest payable | 52 | 55 |
| Public dividend capital dividend payable | 1,649 | 1,440 |
| PDC payable in respect of impairments | 2,008 | 8,562 |
| Payments received on account | 0 | 0 |
| HPSS or NHS creditors and accruals | 457 | 1,205 |
| Non HPSS or NHS trade revenue creditors | 4,826 | 7,100 |
| Non HPSS or NHS trade capital creditors | 2,050 | 1,734 |
| Payroll creditors including taxation and social security | 7,970 | 3,470 |
| Net obligations under finance leases | 0 | 0 |
| Clinical Negligence | 51 | 0 |
| Pensions | | |
| - relating to former directors | 0 | 0 |
| - relating to other staff | 0 | 0 |
| Other accruals | 0 | 0 |
| Other creditors | 16 | 101 |
| Sub Total | 20,158 | 24,870 |

15.2 Creditors: Amounts falling due after more than one year:

| | | |
|---|---------------|---------------|
| Long Term Loans | 18,875 | 19,951 |
| 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 |
| Sub Total | 18,875 | 19,951 |
| Total Creditors | 39,033 | 44,821 |

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

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

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

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:

| | 2005 £000 | 2004 £000 |
|--|----------------------------|----------------------------|
| 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> |
| | <u>0</u> | <u>0</u> |

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

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

15.4 Public Dividend Capital Dividends

| | 2005 £000 | 2004 £000 |
|---|----------------------------|----------------------------|
| The dividend is in respect of Public Dividend Capital | 1,649 | 1,440 |
| | <u>1,649</u> | <u>1,440</u> |
| | <u>1,649</u> | <u>1,440</u> |

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

NOTES TO THE ACCOUNTS

16. Loans

| | Government Loans £000 | Other Loans £000 | 2005 £000 | 2004 £000 |
|----------------------------|--------------------------------------|---------------------------------|----------------------|----------------------|
| Amounts falling due: | | | | |
| In one year or less | 1,079 | 0 | 1,079 | 1,079 |
| Between one and two years | 1,079 | 0 | 1,079 | 1,079 |
| Between two and five years | 3,236 | 0 | 3,236 | 3,236 |
| In five years or more | 14,557 | 0 | 14,557 | 15,636 |
| Total | 19,951 | 0 | 19,951 | 21,030 |

| | Government Loans £000 | Other Loans £000 | 2005 £000 | 2004 £000 |
|---|--------------------------------------|---------------------------------|----------------------|----------------------|
| 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 | 19,951 | 0 | 19,951 | 21,030 |
| Total | 19,951 | 0 | 19,951 | 21,030 |

| | | | | |
|---|---------------|----------|---------------|---------------|
| Total Repayable after five years by instalments | 14,557 | 0 | 14,557 | 15,636 |
|---|---------------|----------|---------------|---------------|

Loans wholly or partially repayable after five years:

| Terms of payment | Interest Rate % | 2005 £000 | 2004 £000 |
|--------------------------|--------------------------------|----------------------|----------------------|
| Originating Capital Debt | 6.000 | 26,964 | 26,964 |
| (Specify) | 0.000 | 0 | 0 |
| (Specify) | 0.000 | 0 | 0 |
| (Specify) | 0.000 | 0 | 0 |
| (Specify) | 0.000 | 0 | 0 |

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

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

17. Provisions for liabilities and charges

| | Pensions relating to former directors £000 | Pensions relating to other staff £000 | Clinical negligence £000 | Restructuring £000 | Other £000 | 2005 £000 | 2004 £000 |
|--------------------------|--|---|--------------------------------|-----------------------|---------------|--------------|--------------|
| Balance at 31 March 2004 | 0 | 581 | 3,345 | 0 | 948 | 4,874 | 4,800 |
| Arising during the year | 0 | 40 | 535 | 0 | 586 | 1,161 | 1,552 |
| Utilised during the year | 0 | (37) | (279) | 0 | (560) | (876) | (1,027) |
| Reverse unused | 0 | 0 | (416) | 0 | (172) | (588) | (598) |
| Unwinding of discount | 0 | 0 | 114 | 0 | 28 | 142 | 147 |
| At 31 March 2005 | 0 | 584 | 3,299 | 0 | 830 | 4,713 | 4,874 |

Income and Expenditure Account Charges

| | |
|--------------------------|---------------------|
| | £000 |
| Arising during the year | 1,161 |
| Utilised during the year | (876) |
| Reversed unused | (588) |
| Unwinding of discounts | <u>142</u> |
| Total | <u>(161)</u> |

ULSTER COMMUNITY AND HOSPITALS 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 | Restructuring £000 | Other £000 | 2005 £000 | 2004 £000 |
|---------------|--|--|--------------------------------|-----------------------|---------------|--------------|--------------|
| Within 1 year | 0 | 37 | 1,548 | 0 | 702 | 2,287 | 3,276 |
| 1 - 5 years | 0 | 150 | 1,753 | 0 | 38 | 1,941 | 1,200 |
| Over 5 years | 0 | 393 | 0 | 0 | 0 | 393 | 396 |

[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:-

| | £000 |
|----------------------------------|-------|
| Clinical Negligence Central Fund | 3,299 |

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.

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

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

18. Public Dividend Capital

| | 2005 £000 | 2004 £000 |
|--|---------------|---------------|
| Public dividend capital was issued as follows: | | |
| During the reporting year | 12,742 | (5,778) |
| In prior years | 19,892 | 25,670 |
| Total | 32,634 | 19,892 |

19. Movements on Reserves

| | Revaluation Reserve £000 | Donation Reserve £000 | Realised Donation Reserve £000 | Other Reserves £000 | Income and Expenditure Reserve £000 | Total £000 |
|--|--------------------------------|-----------------------------|---|---------------------------|--|---------------|
| At 1 April 2004 | 21,752 | 18,306 | 0 | 0 | (1,237) | 38,821 |
| Retained surplus (deficit) for year | 0 | 0 | 0 | 0 | 140 | 140 |
| Revaluation and indexation of fixed assets | 16,563 | 2,474 | 0 | 0 | 0 | 19,037 |
| Transfer of realised profits (losses) | (41) | 0 | 0 | 0 | 41 | 0 |
| Movements in donation reserve | 0 | (342) | 0 | 0 | 0 | (342) |
| Fixed Asset Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Other reserve movements (specify) | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2005 | 38,274 | 20,438 | 0 | 0 | (1,056) | 57,656 |

ULSTER COMMUNITY AND HOSPITALS HSS TRUST

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

20. Reconciliation of Movement in Government Funds

| | 2005 £000 | 2004 £000 |
|---|-----------------------------|-----------------------------|
| Surplus (deficit) for the financial year | 1,674 | 1,479 |
| less provisions for future obligations | 115 | (99) |
| less public dividend capital dividends | <u>(1,649)</u> | <u>(1,440)</u> |
| | 140 | (60) |
| Gains (losses) from revaluation/indexation of | | |
| Purchased fixed assets | 16,563 | 72 |
| Public dividend capital repayments | (3,087) | (8,778) |
| Public dividend capital issued | 14,750 | 3,000 |
| New Government loans issued | 0 | 0 |
| Government loans repayments | 0 | (1,079) |
| Additions (reductions) in other reserves | <u>0</u> | <u>0</u> |
| Net Movement in Government funds | 28,366 | (6,845) |
| Government funds at 31 March 2004 | <u>61,437</u> | <u>68,282</u> |
| Government funds at 31 March 2005 | <u><u>89,803</u></u> | <u><u>61,437</u></u> |

ULSTER COMMUNITY AND 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 £2,891,702, bears to the average relevant net assets of £63,488,791 that is 4.55%.

The return for 2004/2005 is calculated as 4.55% (2003/2004 4.4%)

This exceeds the target return of 3.5% for two main reasons:(1)Trust capital charges are calculated on average fixed assets rather than average relevant net assets.(2)Trust capital charges include amounts in relation to assets under construction of £315,000.

The Capital Cost Absorption Rate is calculated as follows:

$$\text{Capital Cost Absorption rate (\%)} = (\text{TDR}/\text{Average relevant net assets}) \times 100$$

| | 2005 £000 |
|--|---------------------|
| Trust Debt Remuneration is calculated as: | |
| Interest payable on Government borrowing | 1,243 |
| Plus | |
| Dividends payable on Public Dividend Capital | 1,649 |
| | <hr/> |
| Trust Debt Remuneration | <u><u>2,892</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) | 58,713 | 77,011 | 67,862 |
| Less: | | | |
| Donation reserve | (18,306) | (18,853) | (18,580) |
| Purchased assets in the course of construction | (2,962) | (8,330) | (5,646) |
| Short-term assets | (400) | (1,000) | (700) |
| Finance Lease assets (during their primary lease term) | | | |
| Plus: | | | |
| Loans and overdrafts | 21,154 | 19,951 | 20,553 |
| Finance Lease Creditors (capital only) | | | |
| Relevant Net Assets | <u><u>58,199</u></u> | <u><u>68,779</u></u> | <u><u>63,489</u></u> |

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

ULSTER COMMUNITY AND 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:

| | 2000/01 £000 | 2001/02 £000 | 2002/03 £000 | 2003/04 £000 | 2004/05 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| i. Turnover | 136,599 | 144,073 | 160,700 | 189,244 | 201,563 |
| ii. Operational Surplus/(Deficit) for Financial Year before Provisions and Exceptional Income | (260) | 129 | 47 | 39 | 25 |
| iii. Break Even in year position | (260) | 129 | 47 | 39 | 25 |
| iv. Break Even cumulative position(opening) | (663) | 77 | 206 | 253 | 292 |
| v. Other Adjustments | 0 | 0 | 0 | 0 | 0 |
| vi. Exceptional Income Year ended 31 March 2001 | 1,000 | - | - | - | - |
| vii. Break Even Cumulative position(closing) | 77 | 206 | 253 | 292 | 317 |
| If a Break Even cumulative deficit - anticipated financial year of recovery | | | | | 0 |
| If more than 2 years-agree period | | | | | 0 |

ULSTER COMMUNITY AND 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 % |
|---|--------------|--------------|----------------|----------------|----------------|
| Materiality Test: | | | | | |
| Break Even in year position as % of turnover | -0.2% | 0.1% | 0.0% | 0.0% | 0.0% |
| Break Even cumulative position as % of turnover | 0.1% | 0.1% | 0.2% | 0.2% | 0.2% |

A concise yet explicit explanation of the in year cumulative surplus/(deficit) must be given.

The explanations must make clear why the surplus/deficit has arisen and the planned action and timescale to restore the Trusts break even position

ULSTER COMMUNITY AND HOSPITALS 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>13,816</u> | <u>6,496</u> |

The Trust stayed within its External Financing Limit by £1,215,359. The Trust's External Financing Requirement for the year was £12,600,641 and was met as follows:-

| | 2005 £000 | 2004 £000 |
|---------------------------------|---------------|----------------|
| Increase (decrease) in: | | |
| Public dividend capital | 14,750 | (5,778) |
| Government long-term loans | (1,079) | (1,079) |
| Other long-term loans | | |
| Short-term loans | | |
| Overdrafts | (124) | (71) |
| Finance lease capital creditors | | |
| (Increase) decrease in: | | |
| Short-term investments | (600) | (100) |
| Cash at bank and in hand | (346) | (1) |
| External Finance Accessed | <u>12,601</u> | <u>(7,029)</u> |

21.4 Capital Resource Limit

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

| | 2005 £000 | |
|---|--------------|---------------|
| Gross Capital Expenditure (charge against the CRL) | | 18,549 |
| Capital Resource Limit | | <u>19,575</u> |
| (Over)/Underspend against CRL | | <u>1,026</u> |

ULSTER COMMUNITY AND 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.

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

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

| | 2005 | 2004 |
|--|-------------|-------------|
| | £000 | £000 |
| 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) | <u>0</u> | <u>0</u> |
| | <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 +/- £0 (2004 +/- £0).

ULSTER COMMUNITY AND 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:

| | Finance Leases £000 | Other £000 | 2005 Total £000 | 2004 Total £000 |
|---|------------------------------------|-----------------------|--------------------------------|--------------------------------|
| Contracted | 0 | 21,937 | 21,937 | 3,050 |
| Authorised by the Board, but not contracted | <u>0</u> | <u>14,422</u> | <u>14,422</u> | <u>38,902</u> |
| Total | <u>0</u> | <u>36,359</u> | <u>36,359</u> | <u>41,952</u> |

24. Post Balance Sheet Events

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

ULSTER COMMUNITY AND 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 £0 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:

| | 2005 | 2004 |
|--|-----------------|-----------------|
| | £000 | £000 |
| Total estimate of contingent clinical negligence liabilities | 1,650 | 1,158 |
| Amount recoverable from the Clinical Negligence Central Fund | <u>1,650</u> | <u>1,158</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:]

| | 2005 | 2004 |
|----------------------|-----------------|-----------------|
| | £000 | £000 |
| 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 Ulster Community & Hospitals HSS Trust.

ULSTER COMMUNITY AND 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 | 3 | 66 |
| 2 Cash Losses - Overpayments of salaries, wages and allowances | 4 | 952 |
| 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 | 66 | 28,964 |
| 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 | 0 | 0 |
| 10 Stores and Inventory Losses - Stocktaking discrepancies | 0 | 0 |
| 11 Stores and Inventory Losses - Other causes | 0 | 0 |
| i. Bedding and linen | 0 | 0 |
| ii. Other equipment and property | 0 | 0 |
| 12 Compensation payments (legal obligation) | 0 | 0 |
| i. Clinical Negligence | 13 | 229,083 |
| ii. Public Liability | 6 | 75,991 |
| iii. Employers Liability | 45 | 482,186 |
| 13 Ex-gratia payments - Compensation payments (including payments to patients and staff) | 1 | 10,250 |
| 14 Ex-gratia payments - Other payments | 20 | 7,064 |
| 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 |
| TOTAL | 158 | 834,556 |

ULSTER COMMUNITY AND 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 within 1 year £000 | Amounts falling due after more than 1 year £000 |
| Other central government bodies | 0 | 0 | 0 | 0 |
| Northern Ireland Health and Social Service Boards | 3 | 0 | 2530 | 0 |
| HSS Trusts | 208 | 8 | 250 | 4 |
| NHS Trusts | 0 | 0 | 0 | 0 |
| Agencies & Special Agencies | 253 | 0 | 43 | 35 |
| Non-Departmental Public Bodies | 0 | 0 | 0 | 0 |
| Local Authorities | 0 | 0 | 0 | 0 |
| Public corporations and trading funds | 0 | 0 | 0 | 0 |
| Total | 464 | 8 | 2823 | 39 |

ULSTER COMMUNITY AND 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

| | 2005 | 2004 |
|---|----------------------|---------------------|
| | £000 | £000 |
| Operating surplus (deficit) | 2,651 | 2,568 |
| Depreciation charge | 6,000 | 4,435 |
| Provisions for future obligations (I&E Account) | 115 | (99) |
| Fixed asset impairments | 2,008 | 8,562 |
| Transfer from donation reserve | (448) | (228) |
| Non-cash Items | 0 | 0 |
| Increase (decrease) in provisions (Balance Sheet) | (161) | 74 |
| (Increase) decrease in stocks | (81) | (95) |
| (Increase) decrease in debtors | 5,037 | (9,796) |
| Increase (decrease) in creditors | <u>2,500</u> | <u>2,142</u> |
| Net cash inflow from operating activities | <u>17,621</u> | <u>7,563</u> |

ULSTER COMMUNITY AND 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 | | | | |
| | 470 | | 72 | |
| Cash inflow from new debt | 0 | | 0 | |
| Cash outflow from debt repaid and finance lease capital payments | 1,079 | | 1,079 | |
| Cash (inflow)/outflow from decrease/increase in liquid resources | <u>600</u> | | <u>100</u> | |
| Change in net debt resulting from cash flows | | 2,149 | | 1,251 |
| Non-cash changes in debt | | <u>0</u> | | <u>0</u> |
| Net Debt at 1 April 2004 | | <u>(20,745)</u> | | <u>(21,996)</u> |
| Net Debt at 31 March 2005 | | <u><u>(18,596)</u></u> | | <u><u>(20,745)</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 | 9 | 346 | | 355 |
| Bank overdrafts | (124) | 124 | | 0 |
| Debt due within 1 year | (1,079) | 1,079 | (1,079) | (1,079) |
| Debt due after 1 year | (19,951) | 0 | 1,079 | (18,872) |
| Finance leases | 0 | 0 | | 0 |
| Current asset investments | <u>400</u> | <u>600</u> | | <u>1,000</u> |
| | <u><u>(20,745)</u></u> | <u><u>2,149</u></u> | <u><u>0</u></u> | <u><u>(18,596)</u></u> |

ULSTER COMMUNITY AND 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 Ulster Community & Hospitals HPSS 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 Ulster Community & 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 Ulster Community & Hospitals HSS Trust in undertaking its activities.

31. Third party assets

The Trust held £56,786 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.

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.

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.

Ulster Hospitals 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 244 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 241 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 Ulster Community and Hospitals HSS 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
Date:
30th August 2005

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

YEAR ENDED 31 MARCH 2005

ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS

| Previous Year | RECEIPTS | | | |
|-----------------|---------------------------|--|--------|----------------|
| £ | | | £ | £ |
| | Balance at 1 April | | | |
| | 2004 | | | |
| | | 1. Investments (at cost) | | |
| 11,385 | | 2. Cash at Bank | 24,991 | |
| 120 | | 3. Cash in Hand | 120 | 25,111 |
| 63,077 | | Amounts Received in the Year | | 168,414 |
| 417 | | Interest Received | | 1,421 |
| 74,999 | TOTAL | | | 194,946 |
| PAYMENTS | | | | |
| 49,888 | | Amounts Paid to or on behalf of Patients/Residents | | 138,160 |
| | | <u>Balance at 31 March 2005</u> | | |
| | | 1. Investments (at cost) | | |
| 24,991 | | 2. Cash at Bank | | 56,666 |
| 120 | | 3. Cash in Hand | | 120 |
| 74,999 | TOTAL | | | 194,946 |

Schedule of investments held at 31 March 2005

| Investment | Nominal Value £ | Cost Price £ |
|------------|--------------------|-----------------|
| - | - | - |