



## *UK Transplant*

# **UK TRANSPLANT REPORT AND ACCOUNTS FOR THE 6 MONTH PERIOD 1 APRIL 2005 TO 30 SEPTEMBER 2005**

**Presented to Parliament pursuant to section 98 (1C) of the National Health Service Act 1977  
Laid before the Scottish Parliament by the Scottish Ministers in pursuance of section 88 of the  
Scotland Act 1998**

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**ANNUAL REPORT**  
**OPERATING AND FINANCIAL REVIEW**

The accounts for the six months ending 30 September 2005 have been prepared in accordance with the direction given by the Secretary of State in accordance with section 98(2) of the NHS Act 1977 dated 26 February 2002 and in a format as instructed by the Department of Health with the approval of Treasury.

**Background**

The key role of UK Transplant was to ensure that donated organs were matched and allocated in a fair and unbiased way. Matching, particularly in the case of kidneys, is so important that donation and allocation needed to be organised nationally. The larger the pool the better the likelihood of a good match.

UK Transplant was also in a unique position in that we did not have a direct relationship with patients and did not provide "hands on" care. However, in providing support to transplantation services across the UK, everything we did had an impact on the quality of service delivered to individual patients.

Directly accountable to Parliament through the Department of Health, the Authority was originally established in 1991 as the UK Transplant Support Service Authority (UKTSSA) under Statutory Instrument Nos. 1991 407 and 408. In July 2000, UK Transplant was formed with a new, extended remit to increase organ donation rates (SI 2000 No. 1621).

UK Transplant's specific responsibilities included:

- managing the National Transplant Database which includes details of all donors and patients who are waiting for, or who have received, a transplant
- providing a 24-hour service for the matching and allocation of donor organs and making the transport arrangements to get the organs to patients
- maintaining the national NHS Organ Donor Register
- improving organ donation rates by funding initiatives in the wider NHS
- contributing to the development of performance indicators, standards and protocols which guide the work of organ donation and transplantation
- acting as a central point for information on transplant matters
- providing central support to all transplant units in the UK and Republic of Ireland
- auditing and analysing the results of all organ transplants in the UK and Republic of Ireland to improve patient care
- raising public awareness of the importance of organ donation.

During the six-month period 1 April 2005 to 30 September 2005 UK Transplant employed an average of 128 people.

From 1st October 2005 UK Transplant became an operating division of the new organisation, NHS Blood and Transplant. As part of this new authority UK Transplant will continue to have a clear focus working to promote knowledge and approval for donation amongst the general public, whilst doing everything possible to increase organ and tissue donation.

**Activity**

The following statistics summarise the overall activity for the six-month period 1 April 2005 to 30 September 2005.

- A total of 1,427 solid organ transplants were performed in the UK, 6% more than for the corresponding six-month period in 2004-05.
- 976 patients received a new kidney, an 11% increase for the corresponding six-month period in 2004-05.
- There were 274 kidney transplants from living donors, a 26% increase for the corresponding six-month period in 2004-05.
- 114 kidney only transplants from non-heartbeating donors were carried out, an increase of 68% for the corresponding six-month period in 2004-05.
- 1,296 people had their sight restored by a cornea transplant, the highest number ever recorded in a six-month period.
- 59 people received a pancreas or combined kidney/pancreas transplant, the highest number on record in a six-month period.

## **OPERATING AND FINANCIAL REVIEW (continued)**

### **Financial Standing**

The 6-month end cash balance was £247k. The Authority remained within its allocated Revenue and Capital Resource and cash limits.

A Business plan for 2005-06 was approved with a total revenue budget of £13.572m (including the Organ Donor Register) and a capital budget of £232k. This plan was developed to progress UKT's service provision over the twelve month period beginning in April 2005, which transcends the constitutional factors associated with the abolishment of UK Transplant and the concurrent establishment of NHS Blood and Transplant. Accordingly work activity commitments within the plan remained at the forefront of UK Transplant operational developments and as such, their implementation will continue to be monitored and reported under NHS Blood and Transplant within the UKT Operating Division Performance Review programme.

As a Special Health Authority, UK Transplant was classed as an arms length body of the Department of Health. From October 2003 onwards the Secretary of State for Health undertook a review of Arms length Bodies and on 22 July 2004 announced in a written statement to the House of Commons that the number of NHS bodies that work at 'arms length' from the Department of Health would be reduced. A report, Reconfiguring the Department of Health's Arm's Length Bodies, was published which detailed the bodies that would merge, be abolished or see their functions transferred.

On 30 November 2004, the Secretary of State for Health published An Implementation Framework for Reconfiguring the Department of Health's Arm's Length Bodies, setting out the principles, processes and timescales by which the change programme would be implemented. This has resulted in the dissolution of UK Transplant as a separate body on 30 September 2005, with the transfer of its functions to NHS Blood and Transplant on 1 October 2005.

### **Equal Opportunities**

UK Transplant was an equal opportunities employer committed to ensuring that all customers and staff were treated fairly and consistently without reference to sex, race, disability, religion, age or sexual orientation. We had in place, or were working towards producing, policies, procedures and training to ensure that our commitment to the creation and maintenance of an equal opportunities culture within the organisation was met.

### **Better Payment Practice Code**

The Authority is required to pay its non-NHS trade creditors in accordance with the Better Payment Practice Code. The target is to pay non-NHS trade creditors within 30 days of receipt of good or a valid invoice (whichever is the later) unless other payment terms have been agreed with the supplier. Of total relevant bills, 99% of bills, representing 99% by value, were paid during the period within the target. (2004-05: 99% of bills, representing 99% by value, were paid within the 30-day target).

### **Audit**

The accounts have been audited by the Comptroller and Auditor General in accordance with the National Health Service Act 1977.

As Accounting Officer

- So far as I am aware, there is no relevant audit information of which the entity's auditors are unaware; and

- I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The audit certificate can be found on pages 8 to 9.

Signed: Martin Gorham OBE  
Chief Executive

Date: 10 March 2006

## REMUNERATION REPORT

### Remuneration Committee Membership

During the period of the account membership of the Remuneration Committee comprised Gwynneth Flower (Chair) Neil Goodwin, Gilbert Park, Gurch Randhawa (non-executive directors) Mike Mogford (Head of Human Resources)

Remuneration of the Chief Executive and other senior managers (with the exception of the Medical Director is in line with General Whitley Council conditions of service for senior managers. Increase in pay is in line with nationally agreed pay awards, provided in individual business plan targets, as identified within annual appraisals are met. The medical Director is employed on an NHS Consultant Contract.

Performance is not separately remunerated as no performance related pay scheme is in use.

### Contract Details

Sue Sutherland, Chief Executive, contract start date 18 September 2000. Permanent full-time post with six months' notice period on either side for termination.

Christopher Rudge, medical Director, contract start date 30 April 2001. Permanent full-time post with three months' notice period on either side for termination.

David Collett, Director of Statistics & Audit, contract start date 4 August 2003. Full-time post with three months' notice period by employee, and one month's notice period (or statute) by UKT.

Sue Falvey, Director of Donor Care & Co-ordination, contract start date 4 February 2002. Permanent full-time post with three months' notice period for termination by employee, and one month's notice period (or statute) by UKT.

Penny Hallett, Director of Communications & Public Relations, contract start date 5 January 1998. Permanent full-time post with three months' notice period for termination by employee, and one month's notice period (or statute) by UKT.

David Shute, Director of Information, Technology and Support Services, contract start date 5 January 1998. Permanent full-time post with three months' notice period on either side for termination.

Martin Davis, Finance Director, contract start date 1 November 2001. Permanent part-time post (18.5 hrs per week) with three months notice on either side for termination. For the period 25 July to 30 September Martin Davis was acting up for the post of Chief Executive on a full-time basis but retaining three months notice on either side. This is ongoing to 31 March 2006.

### Salary and Pension Entitlement of Senior Managers

#### a. Remuneration

Name and title	6 months to 30 Sept' 2005			2004-05		
	Salary in £5k bands £000	Other remuner. in £5k bands £000	Benefits in kind (rounded to the nearest £00) £00	Salary in £5k bands £000	Other remuner. in £5k bands £000	Benefits in kind (rounded to the nearest £00) £00
<b>Executive</b>						
David Collett - Director of Statistics & Audit	£25k - £30k	-	-	£50k - £55k	-	-
Martin Davis - Director of Finance	£30k - £35k	-	-	£35k - £40k	-	-
Sue Falvey - Director Of Donor Care	£20k - £25k	-	-	£45k - £50k	-	-
Penny Hallett - Director of Communication	£25k - £30k	-	-	£50k - £55k	-	-
David Shute - Director of I, T & SS	£25k - £30k	-	-	£55k - £60k	-	-
Sue Sutherland - Chief Executive	£30k - £35k	-	£3	£90k - £95k	-	£8
Chris Rudge - Medical Director	£70k - £75k	-	-	£100k - £105k	-	-
<b>Non - Executive</b>						
Gwynneth Flower - Chairman	£5k - £10k	-	-	£15k - £20k	-	-
Margaret Branthwaite - NED	£0k - £5k	-	-	£5k - £10k	-	-
Neil Goodwin - NED	£0k - £5k	-	-	£5k - £10k	-	-
George Jenkins - NED	£0k - £5k	-	-	£5k - £10k	-	-
Judith Mackay - NED	£0k - £5k	-	-	£5k - £10k	-	-
Alastair MacGilchrist	£0k - £5k	-	-	£5k - £10k	-	-
Gilbert Park	£0k - £5k	-	-	£5k - £10k	-	-
Gurch Randhawa	£0k - £5k	-	-	£5k - £10k	-	-

## b. Pension benefits

Name and title	Real Increase in pension and related lump sum at age 60 (bands of £2,500) £000	Total accrued pension at age 60 at 30 Sept 2005 and related lump sum (bands of £5,000) £000	Cash Equivalent Transfer Value at 30 Sept 2005 £000	Cash Equivalent Transfer Value at 31 March 2005 £000	Real increase in Cash Equivalent Value £000	Employer's contribution to stakeholder pension (rounded to nearest £00) £
David Collett - Director of Statistics & Audit	0 - 2.5	75 - 80	297	284**	13	-
Martin Davis - Director of Finance *						-
Sue Falvey - Director Of Donor Care	0 - 2.5	55 - 60	197	185	12	-
Penny Hallett - Director of Communication	0 - 2.5	55 - 60	249	229**	20	-
David Shute - Director of I, T & SS	0 - 2.5	80 - 85	329	318	11	-
Sue Sutherland - Chief Executive	0 - 2.5	130 - 135	530	521	9	-
Chris Rudge - Medical Director	27.5 - 30	188 - 190	830	699	131	-

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

\* Non pensionable member of staff

\*\* re-stated sum

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 members' 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 benefit accrued in the 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 disclosure applies.

The CETV figure, 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 NHS 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. CETV are calculated within the guidelines and framework 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 scheme or arrangement) and uses common market valuation factors for the start and end of period.

Signed: Martin Gorham OBE  
Chief Executive

Date: 10 March 2006

## **STATEMENT OF THE BOARD'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES**

Under the National Health Service Act 1977 and directions made thereunder by the Secretary of State with the approval of Treasury, UK Transplant is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State, with the approval of Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of UK Transplant's state of affairs at the year-end and of its net resource outturn, recognised gains and losses and cash flows for the financial year.

The Accounting Officer for the Department of Health has appointed the Chief Executive of NHS Blood and Transplant (NHSBT) as the Accounting Officer, with responsibility for preparing the Authority's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the NHSBT Board and Accounting Officer are required to:

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Authority will continue in operation.

The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public funds and assets vested in the Authority, and for the keeping of proper records, are set out in the Accounting Officers' Memorandum issued by the Department of Health.

## **STATEMENT ON INTERNAL CONTROL**

UK Transplant ceased to exist as a separate entity on 30 September 2005 and its functions were transferred to the newly established NHS Blood and Transplant (NHSBT) on 1 October 2005.

### **1. Scope of responsibility**

I was appointed as Accounting Officer for NHSBT from 1 October 2005. This Statement on Internal Control has accordingly been prepared by NHSBT as the successor body for UK Transplant. (UKT)

As Accounting Officer I have responsibility, together with the Board of NHSBT for ensuring that a sound system of internal control that supported the achievement of the organisation's policies, aims and objectives was in place. I also have responsibility to ensure that systems were in place to safeguard public funds and the organisation's assets for which I am personally responsible as set out in the Accounting Officers' Memorandum issued by the Department of Health. I was advised on implications of the results of my review on the effectiveness of the systems of internal control that were in place by the former Accounting Officer and Board of UKT and the Audit Committee.

The Chief Executive and Accounting Officer of UKT met with the Department of Health (DH) quarterly to discuss performance and risk. Key items of risk highlighted from internal performance monitoring meetings between the Executive Directors and each directorate were discussed with the DH at these meetings. The risk register was on the agenda of each Audit Committee, which was then verbally reported to the UKT Board Meeting. The Department of Health received copies of all UKT Board papers.

### **2. The 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 the organisation's policies, aims and objectives,
- 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 had been in place in UK Transplant for the 6 months ended 30 September 2005 and up to the date of approval of the annual report and accounts.

### **3. Capacity to handle risk**

The Authority's Audit Committee reviewed the risk register and action plan at each meeting. This was then reported verbally to the Board. The responsibility for the leadership and day to day risk management was delegated to the Director of Information, Technology and Support Services, and was therefore at a high level within the Authority

Risk Management has been explained to all staff at the Authority. Staff were required to report on new and existing risks at the quarterly performance monitoring meetings

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

Directorates were encouraged to identify risks before new areas of work were started. Each risk was identified and scored using the standard model, which rated the risk in terms of likelihood and consequences. This was then entered on the risk register, and appropriate action identified to reduce that risk to an acceptable level.

This system was embedded in to the organisation through the quarterly performance review process, where directorates were prompted to review all new and existing areas of risk. The Audit Committee, through their review of the register, also actively monitored areas of risk and measures implemented to reduce them.

**STATEMENT ON INTERNAL CONTROL (Continued)**

The Authority had an assurance framework in place, which identified its key objectives, potential risks, and the procedures and controls in place to reduce those risks to acceptable levels. It also provided evidence to the Board that key objectives were being met.

5. Review of effectiveness

As Accounting Officer, I have responsibility, together with the Board of NHSBT for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The head of internal audit for UKT provided me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive managers within the organisation who had responsibility for the development and maintenance of the system of internal control provided me with assurances. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by routine Internal and External Audit reports, and the quarterly performance monitoring process that operated within the Authority

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the former UKT Board, Audit Committee, Information Security Group, and the Health and Safety Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place. This will continue to be monitored under NHSBT.

No significant control weaknesses have been identified.

Signed: Martin Gorham OBE  
Chief Executive and Accounting Officer

Date: 10 March 2006

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL  
TO THE HOUSES OF PARLIAMENT AND THE SCOTTISH PARLIAMENT**

I certify that I have audited the financial statements of UK Transplant for the period ending 30 September 2005 under the National Health Service Act 1977. These comprise the Operating Cost Statement, the Balance Sheet, the Cashflow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

**Respective responsibilities of the Chief Executive and Auditor**

The Chief Executive is responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the National Health Service Act 1977 and directions made thereunder by the Secretary of State with the approval of the Treasury and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Chief Executive's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the part of the Remuneration Report to be audited has been properly prepared in accordance with the National Health Service Act 1977 and directions made thereunder by the Secretary of State with the approval of the Treasury. I also report 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 to you if, in my opinion, if the Authority has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 6 to 7 reflects the Authority's compliance with HM Treasury's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Chief Executive's statement on internal control covers all risks and controls, or form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the unaudited part of the Remuneration Report and the Operating and Financial Review. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

**Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) 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 and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority'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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error 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 also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL  
TO THE HOUSES OF PARLIAMENT AND THE SCOTTISH PARLIAMENT**

**Opinion**

In my opinion:

- the financial statements give a true and fair view, in accordance with the National Health Service Act 1977 and directions made thereunder by the Secretary of State with the approval of the Treasury, of the state of the Authority's affairs as at 30 September 2005, and of its net resource outturn, recognised gains and losses and cashflows for the period then ended;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the National Health Service Act 1977 and directions made thereunder by the Secretary of State with the approval of the Treasury; 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.

Signed:	John Bourn	National Audit Office
	Comptroller and Auditor General	157-197 Buckingham Palace Road
		Victoria
		London SW1W 9SP

Date: 27 March 2006

**Operating Cost Statement for the 6 months ended 30 September 2005**

		<b>6 months to 30 Sept' 2005 £000</b>	2004-05 £000
	Notes		
Programme costs	2.1	<b>6,729</b>	14,517
Operating income	4	<b>(1,202)</b>	(1,982)
<b>Net operating cost before interest</b>		<u><b>5,527</b></u>	<u>12,535</u>
<b>Net operating cost</b>		<u><b>5,527</b></u>	<u>12,535</u>
<b>Net resource outturn</b>	3.1	<u><b>5,527</b></u>	<u>12,535</u>

**All income and expenditure is derived from continuing operations**

**Statement of Recognised Gains and Losses for the 6 months ended 30 September 2005**

		<b>6 months to 30 Sept' 2005 £000</b>	2004-05 £000
Unrealised surplus on the revaluation of fixed assets	12.2	-	397
Unrealised surplus on the indexation of fixed assets	12.2	<b>132</b>	326
<b>Recognised gains and losses for the period</b>		<u><b>132</b></u>	<u>723</u>

*The notes at pages 13 to 31 form part of this account.*

**Balance Sheet as at 30 September 2005**

		<b>30 September</b>	31 March
		<b>2005</b>	2005
	Notes	<b>£000</b>	£000
<b>Fixed assets:</b>			
Tangible assets	5.1	<u>5,400</u>	<u>5,377</u>
		<b>5,400</b>	5,377
<b>Current assets</b>			
Stocks	6	-	-
Debtors	7	1,217	483
Cash at bank and in hand	8	<u>247</u>	<u>1</u>
		<b>1,464</b>	484
<b>Creditors: amounts falling due within one year</b>	9.1	<b>(425)</b>	(350)
<b>Net current assets/(liabilities)</b>		<u>1,039</u>	134
<b>Total assets less current liabilities</b>		<u>6,439</u>	<u>5,511</u>
<b>Provisions for liabilities and charges</b>	10	<b>(599)</b>	(454)
		<u>5,840</u>	<u>5,057</u>
<b>Taxpayers' equity</b>			
General Fund	12.1	3,967	3,312
Revaluation reserve	12.2	1,873	1,745
		<u>5,840</u>	<u>5,057</u>

*The notes at pages 13 to 31 form part of this account.*

The financial statements on pages 10 to 31 were approved by the NHS Blood and Transplant Board on 23 January 2006 and signed by the Accounting Officer, Martin Gorham OBE.

Signed: Martin Gorham OBE  
Accounting Officer

Date: 10 March 2006

**Cash Flow Statement for the 6 months ended 30 September 2005**

		<b>6 months to 30 Sept 2005</b>	2004-05
	Notes	<b>£000</b>	£000
<b>Net cash (outflow) from operating activities</b>	13	<b>(5,805)</b>	(11,518)
<b>Capital expenditure and financial investment:</b>			
(Payments) to acquire tangible fixed assets		<u>(35)</u>	<u>(254)</u>
<b>Net cash (outflow) from investing activities</b>		<u><b>(35)</b></u>	<u>(254)</u>
<b>Net cash (outflow) before financing</b>		<u><b>(5,840)</b></u>	<u>(11,772)</u>
<b>Financing</b>			
Net Parliamentary funding	12.1	<b>6,070</b>	11,739
Health Departments Capital Funding	12.1	<b>16</b>	32
<b>Increase/(decrease) in cash in the period</b>	8	<u><b>246</b></u>	<u>(1)</u>

*The notes at pages 13 to 31 form part of this account.*

## Notes to the Accounts

### 1 Accounting policies

The financial statements have been prepared in accordance with the 2005-06 Financial Reporting Manual issued by HM Treasury. The particular accounting policies adopted by the Authority are described below. They have been consistently applied in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting Conventions

This account is prepared under the historical cost convention, modified to account for the revaluation of tangible fixed assets and stock where material, at their value to the business by reference to current cost. This is in accordance with directions issued by the Secretary of State for Health and approved by HM Treasury.

#### Acquisitions and Discontinued Operations

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

#### 1.2 Going Concern

As discussed in the Foreword, on 22 July 2004, the Secretary of State for Health announced that the number of NHS bodies that work at 'arm's length' from the Department of Health would be reduced. On 30 November 2004, the Secretary of State announced the dissolution of the UK Transplant Special Health Authority as a separate body at 30 September 2005, with the transfer of its functions into the new NHS Blood & Transplant Special Health Authority with effect from 1 October 2005. Accordingly the assets, liabilities, contractual obligations and staff of UK Transplant, were transferred on 1 October 2005 to the NHS Blood & Transplant Special Health Authority. The Accounting Officer of UK Transplant therefore considers that it is appropriate to prepare the 6 month financial statements on a going concern basis.

#### 1.3 Income

Income is accounted for applying the accruals convention. The main source of funding for the Special Health Authority is Parliamentary grant from the Department of Health from Request for Resources 1 within an approved cash limit, which is credited to the general fund. Parliamentary funding is recognised in the financial period in which it is received.

Operating income is income which relates directly to the operating activities of the authority. It principally comprises fees and charges for services provided on a full-cost basis to external customers, as well as public repayment work, but it also includes other income such as that from investments and from 'list Departments etc'. It includes both income appropriated-in-aid and income to the Consolidated Fund which HM Treasury has agreed should be treated as miscellaneous income. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Statement of Recognised Gains and Losses for the 6 months ended

#### 1.4 Taxation

The Authority is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to an asset.

#### 1.5 Capital charges

The treatment of fixed assets in the account is in accordance with the principal capital charges objective to ensure that such charges are fully reflected in the cost of capital. The interest rate applied to capital charges in the 6-month period to 30 September 2005 was 3.5% (2004-05 3.5%) on all assets less liabilities, except for donated assets and cash balances with the Office of the Paymaster General, (OPG), where the charge is nil.

## **1 Accounting policies (continued)**

### **1.6 Fixed Assets**

#### **a. Capitalisation**

All assets falling into the following categories are capitalised:

- i Intangible assets where they are capable of being used for more than one year and have a cost, individually or as a group, equal to or greater than £5,000.
- ii Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred.
- iii Tangible assets which are capable of being used for more than one year, and they:
  - individually have a cost equal to or greater than £5,000;
  - collectively have a cost of at least £5,000 and an individual cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
  - form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.
- iv Donated fixed assets are capitalised at their current value on receipt, and this value is credited to the donated asset reserve.

#### **b. Valuation**

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

Intangible fixed assets held for operational use are valued at historical cost, except Research and Development which is revalued using an appropriate index figure. Surplus intangible assets are valued at the net recoverable amount.

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

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

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.

## 1 Accounting policies (continued)

### i Land and buildings (including dwellings)

Valuations are carried out by the District Valuer of the Inland Revenue Government Department at five yearly intervals in accordance with FRS 15. Between valuations price indices appropriate to the category of asset are applied to arrive at the current value. The buildings indexation 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. The valuations were 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 and HM Treasury. In accordance with the requirements of the Department of Health, the asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005 and have been included as the opening balance to the 6 month accounts.

The valuations have been carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property. In respect of non-operational properties, including surplus land, the valuations have been carried out at Open Market Value. The value of land for existing use purposes is assessed to Existing Use Value. The valuations do not include notional directly attributable acquisition costs nor have selling costs been deducted, since they are regarded as not material.

To meet the underlying objectives established by the Department of Health the following accepted variations of the RICS Appraisal and Valuation Manual have been required:

- specialised operational assets have been valued on a replacement rather than modern substitute basis;
- no adjustment has been made to the cost figures of operational assets in respect of dilapidations; and
- additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

- ii Operational equipment is valued at net current replacement costs through annual uplift by the change in the value of the GDP deflator. Equipment surplus to requirements is valued at net recoverable amount.
- iii Assets in the course of construction are valued at current cost, using the index as for land and buildings. These assets include any existing land or buildings under the control of a contractor.
- iv Subsequent revaluations to donated fixed assets are taken to the donated asset reserve.
- v 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 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.

## 1 Accounting policies (continued)

### c. Depreciation and Amortisation

Depreciation is charged on each individual fixed asset as follows:

- i Intangible assets are amortised, on a straight line basis, over the estimated lives of the assets.
- ii Purchased computer software licences are amortised over the shorter of the term of the licence and their useful economic lives.
- iii Land and assets in the course of construction are not depreciated.
- iv Buildings are depreciated evenly on their revalued amount over the assessed remaining life of the asset as advised by the District Valuer (average life of 25 years). Leaseholds are depreciated over the primary lease term.
- v Each equipment asset is depreciated evenly over the expected useful life:

	Years
Furniture and fittings	10
Transport Equipment	7
Information technology	5
Plant & Machinery	5 - 15

### 1.7 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.

### 1.8 Losses and special payments

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

## **1 Accounting policies (continued)**

### **1.9 Pension costs**

Past and present employees are covered by the provisions of the NHS Pension Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. As a consequence it is not possible for the Special Health Authority to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period. The total employer contributions payable in the 6 months to 30 September 2005 was £224,176 (2004-05 £429,344) .

The Scheme is subject to a full valuation for FRS17 purposes every four years. The last valuation on this basis took place as at 31 March 2003. The Scheme is also subject to a full valuation by the Government Actuary to assess the Scheme's assets and liabilities to allow a review of the employers contribution rates, this valuation took place as at 31 March 2004 and has yet to be finalised. The last published valuation on which contributions are based covered the period 1 April 1994 to 31 March 1999. Between valuations the Government Actuary provides an update of the Scheme liabilities on an annual basis. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions Agency website at [www.nhs.gov.uk](http://www.nhs.gov.uk). Copies can also be obtained from The Stationery Office.

The conclusion of the 1999 valuation was that the scheme continues to operate on a sound financial basis and the notional surplus of the scheme is £1.1 billion. It was recommended that employers' contributions remain at 7% of pensionable pay until 31 March 2003 and then be increased to 14% of pensionable pay with effect from 1 April 2003. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

NHS bodies are directed by the Secretary of State to charge employers pension costs contributions to operating expenses as and when they become due.

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

## **1 Accounting policies (continued)**

are permanently incapable of fulfilling their duties effectively through illness or infirmity. Additional pension liabilities arising from early retirement are not funded by the scheme except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the Operating Cost Statement account at the time the Authority commits itself to the retirement, regardless of the method of payment.

A death gratuity of twice final years pensionable pay for death in service, and up to five times their annual pension for death after retirement, less pensions already paid, subject to a maximum amount equal to twice the member's final years pensionable pay less their retirement lump sum for those who die after retirement is payable.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee can make contributions to enhance their pension benefits. The benefits payable relate directly to the value of the investments made.

Employees can also increase benefits by contributing to one of the approved stakeholder pension schemes. No employer contributions are made to these schemes

### **1.10 Research and Development**

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

### **1.11 Foreign exchange**

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used.

### **1.12 Leases**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives or primary lease term. Rentals under operating leases are charged on a straight line basis over the terms of the lease.

### **1.13 Provisions**

The Authority 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 discounted using the Treasury's discount rate of 2.2% in real terms (2004-05 3.5%).

**2.1 Authority programme expenditure**

	Notes	6 months to 30 Sept'		2004-05 £000
		2005 £000	2005 £000	
Non-executive members' remuneration			31	63
Other salaries and wages	2.2		2,241	4,118
Premises and fixed plant			141	337
Capital: Depreciation and amortisation	5.1	144		321
Capital charges interest		92		175
(Profit)/loss on disposal	5.3	-		2
			<b>236</b>	<b>498</b>
Auditor's remuneration: Audit Fees			30	37
Organ Donor Register			61	75
Eyebanks			642	1,050
Computer Equipment, Licenses & IT			238	522
Donor Initiatives SLAs			1,878	4,209
Other			770	1,437
Campaigns			355	1,646
Permanent Injury Benefit			106	525
			<b>6,729</b>	<b>14,517</b>

The Authority did not make any payments to Auditors for non audit work

**2.2 Staff numbers and related costs**

	30 Sept' 2005		Other £000	2004-05 £000
	Total £000	Permanently Employed Staff £000		
Salaries and wages	1,877	1,768	109	3,426
Social security costs	140	140	-	263
Employer contributions to NHSPA	224	224	-	429
	<b>2,241</b>	<b>2,132</b>	<b>109</b>	<b>4,118</b>

The average number of employees during the year was:

	Permanently Employed		Other Number	2004-05 Number
	Total Number	Staff Number		
Total	<b>126</b>	<b>123</b>	<b>3</b>	<b>128</b>

**Expenditure on staff benefits**

The amount spent on staff benefits during the year totalled £nil (2004-05: £nil).

**Retirements due to ill-health**

During the 6 months to 30 September 2005 there were no early retirements from the Special Health Authority on the grounds of ill-health.

**2.3 Better Payment Practice Code - measure of compliance**

	<b>Number</b>	<b>£000</b>
Total non NHS bills paid 6 month period to 30 September 2005	<b>953</b>	<b>1,781</b>
Total non NHS bills paid within target	<b>951</b>	<b>1,779</b>
Percentage of non NHS of bills paid within target	<b>99.8%</b>	<b>99.9%</b>
Total NHS bills paid 6 month period to 30 September 2005	<b>47</b>	<b>190</b>
Total NHS bills paid within target	<b>47</b>	<b>190</b>
Percentage of NHS bills paid within target	<b>100.0%</b>	<b>100.0%</b>

There are plans in place to provide a breakdown of the split between NHS and non-NHS bills in accordance with the NHS Manual for Accounts 2005/06 under NHSBT.

The Late Payment of Commercial Debts (Interest) Act 1998

No interest was paid under the legislation or no compensation payments made

**3.1 Reconciliation of net operating cost to net resource outturn**

	<b>6 months to 30 Sept' 2005 £000</b>	<b>2004-05 £000</b>
Net operating cost	<b>5,527</b>	12,535
Plus operating income not classed as Appropriation in Aid	-	-
<b>Net resource outturn</b>	<b>5,527</b>	12,535
<b>Statement of Recognised Gains and Losses for the 6 months ended</b>	<b>5,527</b>	12,562
<b>Underspend against revenue resource limit</b>	<b>-</b>	<b>27</b>

**3.2 Reconciliation of gross capital expenditure to capital resource limit**

	<b>6 months to 30 Sept' 2005 £000</b>	<b>2004-05 £000</b>
Gross capital expenditure	<b>35</b>	232
NBV of assets disposed	-	2
Capital grants	<b>16</b>	32
<b>Net capital resource outturn</b>	<b>19</b>	198
Capital resource limit	<b>19</b>	200
<b>Underspend against limit</b>	<b>-</b>	<b>2</b>

**4 Operating income**

Operating income analysed by classification and activity, is as follows:

	<b>Appropriated</b>	<b>Not</b>	<b>Total</b>	<b>2004-05</b>
	<b>in aid</b>	<b>in aid</b>	<b>£000</b>	<b>£000</b>
	<b>£000</b>	<b>£000</b>		
Programme income:				
Fees & charges to external customers	246	-	246	203
Income received from Scottish Parliament	473	-	473	877
Income received from National Assembly for Wales	276	-	276	514
Income received from Northern Ireland Assembly	142	-	142	264
Income received from other Departments, etc	65	-	65	124
<b>Total</b>	<b>1,202</b>	<b>-</b>	<b>1,202</b>	<b>1,982</b>

**5.1 Tangible fixed assets**

	Land	Buildings exc dwellings	Assets under constr. + poa	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings	Total
	£000	£000	£000	£000	nce leases.	£000	£000	£000
Cost or Valuation at 31 March 2005	1,300	4,053	65	102	24	1,616	9	7,169
Additions - purchased	-	-	-	23	-	12	-	35
Reclassification	-	-	(65)	65	-	-	-	0
Indexation	65	63	-	3	-	-	1	132
Disposals	-	-	-	-	-	(79)	-	(79)
<b>Gross cost at 30 September 2005</b>	<b>1,365</b>	<b>4,116</b>	<b>0</b>	<b>193</b>	<b>24</b>	<b>1,549</b>	<b>10</b>	<b>7,257</b>
Accumulated depreciation at 31 March 2005		592		50	17	1,132	1	1,792
Provided during the year		71		5	2	65	1	144
Disposals		0		0	0	(79)	0	(79)
<b>Accumulated depreciation at 30 September 2005</b>		<b>663</b>		<b>55</b>	<b>19</b>	<b>1,118</b>	<b>2</b>	<b>1,857</b>
Net book value:								
Purchased at 31 March 2005	1,300	3,461	65	52	7	484	8	5,377
Total at 30 September 2005	1,300	3,461	65	52	7	484	8	5,377
<b>Net book value:</b>								
<b>Purchased at 30 September 2005</b>	<b>1,365</b>	<b>3,453</b>	-	<b>138</b>	<b>5</b>	<b>431</b>	<b>8</b>	<b>5,400</b>
<b>Total at 30 September 2005</b>	<b>1,365</b>	<b>3,453</b>	-	<b>138</b>	<b>5</b>	<b>431</b>	<b>8</b>	<b>5,400</b>

There are no assets held under finance leases.

**5.2 Net Book Value of land and buildings**

The net book value of land, buildings and dwellings as at 30 September 2005 comprises:

	30 Sept' 2005	31 March 2005
	£000	£000
Freehold	4,818	4,167
	<b>4,818</b>	<b>4,167</b>

**5.3 Profit/loss on disposal of fixed assets**

	<b>6 months to 30 Sept' 2005</b>	2004-05
	<b>£000</b>	£000
Profit/(loss) on disposal of plant and equipment	-	(2)
	<u>-</u>	<u>(2)</u>

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**6 Stocks and work in progress**

	<b>30 Sept' 2005</b>	31 March 2005
	<b>£000</b>	£000
	<u>-</u>	<u>-</u>

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**7 Debtors****7.1 Amounts falling due within one year**

	<b>30 Sept' 2005</b>	31 March 2005
	<b>£000</b>	£000
Prepayments	<b>325</b>	135
Accrued income	<b>117</b>	53
Other debtors	<b>752</b>	264
	<u><b>1,194</b></u>	<u>452</u>

**7.2 Amounts falling due after more than one year**

	<b>30 Sept' 2005</b>	31 March 2005
	<b>£000</b>	£000
Prepayments	<b>23</b>	31
	<u><b>23</b></u>	<u>31</u>
<b>Total debtors</b>	<u><b>1,217</b></u>	<u>483</u>

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**8 Analysis of changes in cash**

	At 31 March 2005 £000	<b>Change during the year £000</b>	<b>At 30 September 2005 £000</b>
Cash at OPG	-	<b>231</b>	<b>231</b>
Cash at commercial banks and in hand	1	<b>15</b>	<b>16</b>
	<u>1</u>	<u><b>246</b></u>	<u><b>247</b></u>

**9 Creditors:****9.1 Amounts falling due within one year**

	<b>30 Sept' 2005 £000</b>	31 March 2005 £000
NHS creditors	<b>5</b>	54
Tax and social security	-	93
Other creditors	<b>180</b>	34
Deferred income	<b>69</b>	-
Accruals	<b>171</b>	169
	<u><b>425</b></u>	<u>350</u>

**10 Provisions for liabilities and charges**

	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
At 31 March 2005	454	454
Arising during the year	<b>52</b>	<b>52</b>
Utilised during the year	<b>(14)</b>	<b>(14)</b>
Change in the discount rate	<b>107</b>	<b>107</b>
<b>At 30 September 2005</b>	<b><u>599</u></b>	<b><u>599</u></b>

**Expected timing of cash flows:**

Within 1 year	78	<b>78</b>
1-5 years	105	<b>105</b>
Over 5 years	416	<b>416</b>

£nil is included in the provisions of the NHS Litigation Authority at 30 Sept' 2005 in respect of clinical negligence liabilities of the Authority.

**11 Movements in working capital other than cash**

	<b>6 months</b>	
	<b>to 30 Sept</b>	
	<b>2005</b>	2004-05
	<b>£000</b>	£000
Increase/(decrease) in debtors	<b>734</b>	(37)
(Increase) in creditors	<b>(75)</b>	(39)
	<b><u>659</u></b>	<b><u>(76)</u></b>

**12 Movements on reserves****12.1 General Fund**

	<b>6 months to 30 Sept'</b>	
	<b>2005</b>	2004-05
	<b>£000</b>	£000
Balance at 31 March 2005	3,312	3,862
Net operating costs for the year	<b>(5,527)</b>	(12,535)
Net Parliamentary funding	<b>6,070</b>	11,739
Health Departments' Capital Funding	<b>16</b>	32
Transfer of realised profits/losses from revaluation reserve	<b>4</b>	39
Non-cash items: Capital charge interest	<b>92</b>	175
<b>Balance at 30 September 2005</b>	<b><u>3,967</u></b>	<b><u>3,312</u></b>

**12.2 Revaluation reserve**

	<b>6 months to 30 Sept'</b>	
	<b>2,005</b>	2004-05
	<b>£000</b>	£000
Balance at 31 March 2005	1,745	1,061
Indexation of fixed assets	<b>132</b>	326
Revaluation of fixed assets	-	397
Transfer to General Fund: realised revaluation	<b>(4)</b>	(39)
<b>Balance at 30 September 2005</b>	<b><u>1,873</u></b>	<b><u>1,745</u></b>

**13 Reconciliation of operating costs to operating cash flows**

		<b>6 months to 30 Sept'</b>	
		<b>2005</b>	2004-05
		<b>£000</b>	£000
Net operating cost before interest for the year		<b>5,527</b>	12,535
Adjust for non-cash transactions	2.1	<b>(236)</b>	(498)
Adjust for movements in working capital other than cash	11	<b>659</b>	(76)
(Increase) in provisions	10	<b>(145)</b>	(443)
<b>Net cash outflow from operating activities</b>		<b><u>5,805</u></b>	<b><u>11,518</u></b>

**14 Contingent liabilities**

At 30 September 2005 there were no known contingent liabilities (2004-05 £nil)

**15 Capital commitments**

At 30 September 2005 the value of contracted capital commitments was £nil (2004-05 £nil)

**16 Commitments under operating leases**

Expenses of the Authority include the following in respect of hire and operating lease rentals:

		<b>6 months to 30 Sept'</b>	
		<b>2005</b>	2004-05
		<b>£000</b>	£000
Hire of plant and machinery		<u>2</u>	<u>4</u>
		<b>2</b>	<b>4</b>
Commitments under non-cancellable operating leases:			
<b>Other leases</b>			
Operating leases which expire: between 1 and 5 years		<u>4</u>	<u>4</u>
		<b>4</b>	<b>4</b>

**17 Other commitments**

The Authority has not entered into any non-cancellable contracts (which are not operating leases) as at 30 September 2005: (2004-05 £nil)

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**18 Losses and special payments**

There was one case of losses and special payment under £1,000.

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**19 Related parties**

The Authority is a body corporate established by order of the Secretary of State for Health.

The Department of Health is regarded as a controlling related party. During the year the Authority has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department, i.e.:

Any UK NHS Trust, NHS Connecting for Health, Royal Medical Colleges, any UK University (e.g. Bristol, Southampton and Oxford), South Gloucestershire Council, NHS Pensions Agency, NHS Personnel, Customs & Excise. Transactions are summarised below

UK Transplant received funding from the Scottish Executive, National Assembly for Wales, Northern Ireland Assembly, and the Republic of Ireland. The details of this funding are shown in Note 4.

	<b>Income £000</b>	<b>Expenditure £000</b>
<b><u>Other SpHAs</u></b>		
NHS Connecting for Health	-	13
<b>NHS Trusts</b>	-	2,152
<b><u>Other</u></b>		
Inland Revenue	-	142
NHS Pensions Agency	-	223
Customs & Excise	222	-
COI	-	105
South Gloucestershire Council	-	48
Avon & Somerset Police Authority	-	6

In addition the Authority employed Martin Davis to undertake additional work to the value of £13,297 trading as Martin G Davis CPFA, FCCA Interim Management & Professional Support Service.

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**20 Post balance sheet events**

As discussed in the Foreward and Note 1, UK Transplant was dissolved as a separate body at 30 September 2005 and its functions transferred into the NHS Blood and Transplant Special Health Authority with effect from 1 October 2005.

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## 21 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 way Special Health Authorities are financed, the Special Health Authority 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 Special Health Authority 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 Strategic Health Authority in undertaking its activities.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than from the currency profile.

### Liquidity risk

The Special Health Authority's net operating costs are financed from resources voted annually by Parliament. The Special Health Authority largely finances its capital expenditure from funds made available from Government under an agreed capital resource limit. UK Transplant Special Health Authority is not, therefore, exposed to significant liquidity risks.

### Interest-rate risk

100% of the Authority's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. UK Transplant Special Health Authority is not, therefore, exposed to significant interest-rate risk. The following two tables show the interest rate profiles of the Authority's financial assets and liabilities:

#### Financial assets

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate		Non interest bearing
					Weighted average interest rate	Weighted average period for which fixed	
	£000	£000	£000	£000	%	years	Weighted average term years
At 30 September 2005							
Sterling	0	0	0	247	0.00%	0.0	0.0
Other	0	0	0	0	0.00%	0.0	0.0
Gross financial assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>247</u>			
At 31 March 2005							
Sterling	1	0	0	1	0.00%	0.0	0.0
Other	0	0	0	0	0.00%	0.0	0.0
Gross financial assets	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>			

**Foreign currency risk**

The Authority has no foreign currency income or expenditure.

**Fair values**

A comparison, by category, of book values and fair values of the Authority's financial assets and liabilities as at 30 September 2005 is as follows:

	<b>Book value</b>	<b>Fair value</b>	<b>Basis of fair valuation</b>
	<b>£000</b>	<b>£000</b>	
<b>Financial assets:</b>			
Cash	<u>247</u>	<u>247</u>	fair value equals book value
Total	<u>247</u>	<u>247</u>	

**Notes:**

- (a) Fair value is not significantly different from book value since interest of 9% is paid on early retirement creditors.
- (b) To obtain fair value, cash flows have been discounted at prevailing market interest rates for finance leases for a similar term.
- (c) Fair value is not significantly different from book value since, in the calculation of book value, the expected cash flows have been discounted at the Treasury rate of 2.2% in real terms (2004-05 3.5%).
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**22 Intra-government balances**

	Debtors: Amounts falling due within one year £000	Debtors: Amounts falling due after more than one year £000	Creditors Amounts falling due within one year £000	Creditors Amounts falling due after more than one year £000
Balances with other central government bodies	55	-	150	-
Balances with NHS Trusts	204	-	74	-
Balances with bodies external to government	935	23	201	-
At 30 September 2005	<u>1,194</u>	<u>23</u>	<u>425</u>	<u>-</u>

	Debtors: Amounts falling due within one year £000	Debtors: Amounts falling due after more than one year £000	Creditors Amounts falling due within one year £000	Creditors Amounts falling due after more than one year £000
Balances with other central government bodies	230	-	149	-
Balances with public corporations and trading funds	53	-	1	-
Balances with bodies external to government	169	31	200	-
At 31 March 2005	<u>452</u>	<u>31</u>	<u>350</u>	<u>-</u>

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