

**SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST**  
**ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

**South Eastern Health and Social Care Trust**

**Annual Accounts**

**For the year ended 31 March 2010**

**The Accounting Officer authorised these financial statements for issue on**

**4<sup>th</sup> June 2010**

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

**on**

**1<sup>st</sup> July 2010**

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## **SOUTH EASTERN HSC TRUST**

### **ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

#### **FOREWORD**

These accounts for the year ended 31 March 2010 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 EASTERN HSC TRUST**

### **ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

#### **STATEMENT OF SOUTH EASTERN HSC 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 South Eastern 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 Eastern 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 Hugh McCaughey of South Eastern HSC Trust as the Accounting Officer for the Trust. His relevant responsibilities as Accounting 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 Accounting 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 EASTERN HSC TRUST**

**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

**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 26 to 99) which I am required to prepare on behalf of the South Eastern Health and Social Care 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 HSC Trusts approved by the DHSSPS.

  
..... Director of Finance and Estates  
4/6/10 Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (page 26 to 99) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.

  
..... Chairman  
4/6/10 Date  
  
..... Chief Executive  
4/6/10 Date

## **SOUTH EASTERN HSC TRUST**

### **ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

#### **STATEMENT ON INTERNAL CONTROL**

##### **Scope of Responsibility**

The Board of South Eastern Health and Social Care (HSC) Trust is accounting for internal control. As Accounting Officer and Chief Executive of the Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisations policies, aims and objectives, whilst safeguarding the public funds and assets for which I am responsible in accordance with the responsibilities assigned to me by the Department of Health, Social Services and Public Safety (DHSSPS).

The Trust had a number of regular meetings with the newly established regional commissioning entity, the Health and Social Care Board. These meetings considered the strategic agenda, the development of service proposals and the performance of the Trust in relation to commissioners' requirements. Review performance meetings were also held with DHSSPS to ensure that the Trust delivered to its commitments as articulated within the Trust Delivery Plan.

The South Eastern HSC Trust consider partnership working to be critical to the delivery of health and social care to its population. To address this, the Trust has, among other initiatives, issued a plan for personal and public involvement in its services – 'Having your Say'. In addition the Trust regularly consults publicly on a number of its proposals including the reform and modernisation proposals.

##### **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 organisational 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 has been in place in the South Eastern HSC Trust for the year ended 31 March 2010, and up to the date of the 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.
- six monthly reporting regarding statutory functions and corporate parenting to the regional Health and Social Care Board

The South Eastern HSC Trust has an internal audit function which operates to defined standards (Government Internal Auditing 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 2009-10 Internal Audit reviewed the following systems.

- Cash management in social services facilities
- Payroll
- Bank and cash
- Non pay expenditure
- Adult services directorate – finance
- Boarded out payments
- Travel expenses
- Equipment service and maintenance contracts
- Contracts with the independent sector residential, domiciliary and daycare
- Adult Supported Living
- On call systems
- Adult services directorate
- Prison service healthcare governance
- Efficiency Savings
- Review of absence management
- Direct payments
- Stock-takes

In her Annual Report the Acting head of Internal Audit reported that the system of internal control was satisfactory. However limited assurance has been given in the following areas:

- Cash management in social services facilities

Although assurance for cash management in social services facilities was satisfactory, the limited assurance received related to one facility only where it was found that there were insufficient controls around access to the safe and inadequate records kept of transactions. Management have taken action to address these weaknesses and new Trust wide procedures are now being implemented.

- Adult services directorate – finance

The limited assurance received related specifically to arrangements in place within the directorate to deal with patients monies and also with donations to charitable funds. It was found that there was a lack of awareness at ward level of the correct procedures for dealing with these monies. New Trust wide procedures for both these areas are now available and management within the directorate are

working closely with finance to identify training needs for staff on the application of the new procedures.

- Equipment, service and maintenance contracts

Two Priority 1 recommendations were made in this report in respect of the lack of monitoring of scheduled visits on maintenance contracts, and the failure to match maintenance costs to contract details. A number of Priority 2 weaknesses were also identified including the need to amalgamate legacy Trust contracts. The Trust has accepted and agreed necessary actions to address the recommendations contained within this report and these will be progressed in the 2010/11 year.

- Adult Supported Living

Priority 1 recommendations were made in this report relating to staff knowledge and access to procedures, as well as the standard of record keeping found in a number of facilities. Following this the new Trust wide procedure in respect of learning disability clients has been re-issued and a number of training events organised jointly with operational, finance and internal audit staff have been carried out. Work is also progressing on the development of a procedure to cover adult supported living within the mental health programme.

- Review of absence management

The one Priority 1 recommendation in this report relates to lack of a system for recording and monitoring absence within medical staff and the Trust are progressing a pilot system to delegate responsibility for medical absence information to directorate level. A number of Priority 2 recommendations were also highlighted including lack of Trust wide procedures and a failure to implement some of the legacy procedures in full. The Trust is working as part of a regional group, to agree regional procedures and ensure these are rolled out and enforced within the Trust.

- Prison Health Care Governance

Three priority 1 recommendations were made in this report. At the time of audit the governance action plan was in draft format and did not include timescales or assign responsibilities for actions to individuals. This plan is now in place. A baseline audit had been completed against national standards, however a report or action plan had yet to be drafted. This plan is now in place. A Prison Health Care Strategy is in draft form and has not yet been presented and finalised.

With regard to the wider control environment the South Eastern HSC 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 Eastern HSC Trust are pursued in accordance with the recognised and accepted standards of public administration.

The South Eastern HSC Trust 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. All South Eastern HSC Trust staff are required to be trained in recruitment and selection decisions prior to participating as panel members. The training covers not only interviewing and selection best practice, but also the implications of the legislation. Complaints regarding the process are investigated to identify procedural issues and implement revisions if required.

### **Capacity to handle risk**

During 2009/2010, the Trust continued to develop and implement its Integrated Governance framework which links corporate governance and risk management (including organisational controls), safe and effective care (clinical and social care governance), and financial governance.

The Governance Committee, under the chairmanship of the Chief Executive met on a bi-monthly basis to ensure the continued development of this important and essential agenda. The focus of this Committee is to be the overarching strategic committee responsible to the Trust Board on all matters pertaining to Governance issues. Following each bi-monthly meeting, reports were submitted to the Trust Board detailing the key issues discussed at each meeting.

During the year the extant Governance Strategy continued to be rolled out ensuring a cohesive and integrated approach to the key building blocks of governance. The committee was supported in this work by two sub committees – the Risk Management Committee (meets on a bi-monthly basis and the Safe and Effective Care Committee (meets on a quarterly basis). These committees are further supported by a range of sub committees aligned to both areas. Each sub committee has agreed terms of reference and annual work plans approved by its parent committee.

Two operational lead Assistant Directors support the Governance infrastructure (i.e., Risk Management & Governance and Safe & Effective Care). Their key focus during 2009/2010 was to continue to support the high level and supporting sub committees and the operational Directorates in the delivery of the integrated governance agenda. They also assisted the Lead Director, Governance in undertaking a major review of the governance and risk management infrastructure

A Risk Management Committee was in place and has responsibility for the strategic management and direction of risk management within the organisation. The Clinical Risk Director and the Director of Human Resources & Corporate Affairs jointly chair this committee, which meets on a bi-monthly basis, and oversees the work of all specialist risk management groups (which include both clinical and non-clinical groups), the chairpersons of which report directly to the committee. A standing agenda item on the committee's agenda is the management of Directorate Risk Registers. The Corporate Risk Register is managed by the Governance Committee. The chairman of the committee prepared a bi-monthly report for consideration by the Governance Committee. The chairman of the Governance Committee prepared a bi-monthly report to the Trust Board, which includes key risk management issues.

The Trust also continued to implement an integrated organisational-wide system of risk management that focused on a single approach to the management of clinical and non-clinical risks. The system is based on the AS/NZS 4360: 2004 standard as directed by the Department of Health, Social Services and Public Safety in July 2002.

A risk management policy and strategy is available for all staff which details the commitment, process and behaviours expected of Trust staff. There is a clear chain of accountability for risk from the Accountable Officer downwards. The responsibilities of the Executive, Board, Audit Committee and other relevant committees and sub committees are clearly defined. There is regular consultation with key stakeholders and partners on risk – the Department, HSCB, RQIA and the Northern Ireland Prison Service.

In April 2009, the Risk Management Committee commissioned a Review of the Trust's Governance and Risk Management arrangements under the chairmanship of the Director of Human Resources and Corporate Affairs. The Review determined that the Governance arrangements which the Trust adopted in the summer of 2007 had served it well in terms of signifying the high profile that Governance plays in all of the activities of the Trust. Also after two years of operation, it was clear that the current arrangements had also facilitated the embedding of integrated governance within the major service areas of the Trust and in smaller operational departments. However, the vast architecture had proved to be cumbersome, a challenge to service and maintain and on occasions slightly confusing in terms of the remit of some of the lower level committees.

The outcome of the Review was the development of a revised Governance structure closely following the four stated domains within the Assurance Framework document issued by the DHSSPS, March 2009. The key changes in the structure are listed below:-

- A revised integrated governance structure which closely follows the four domains within the revised Assurance Framework, published by the DHSSPS (dated April 2009), viz:-
  - Corporate Control;
  - Safety & Quality;
  - Finance; and
  - Operational Performance and Service Improvement;
- Review of Non-Executive Director membership on all Board and other committees;
- The standing down of the Joint Audit & Governance Committee with the chairpersons of the Audit and the new Governance Assurance Committee attending the respective reformed committees;
- The formation of a new Governance Assurance Committee chaired by a Non-Executive Director;
- New terms of reference, membership and chairpersons of the Corporate Control Committee (formerly the Governance and Risk Management Committees) and the Safety & Quality Committee (formerly the Safe & Effective Care Committee);
- The streamlining of a number of sub committees and re-alignment to the new Corporate Control and Safety & Quality Committees (parent committees).

In addition, the extant Board Assurance Framework and Risk Management Strategy were reviewed in January 2010 and no changes were recommended. However, in the light of the new governance arrangements, it was recognised that both documents will required review and revision during 2010/2011. The continued focus of both these documents during the year was to strengthen and improve the existing systems of internal control. A quarterly report on the Corporate Risk Register is also submitted to the Trust Board.

Staff are trained and equipped to manage risk in a way appropriate to their authority and duties. Risk management support and guidance is made available to staff both in paper format and via the intranet. Management are clearly accountable, as per the Risk Management Strategy and Policy, for ensuring that appropriate guidance, support and training is available for their staff. There is ongoing training provided by both the Risk Management Directorate and other specialist advisers to embed risk management concepts and tools into everyday business.

During the year the main focus on risk management training was on the continued introduction of the methodology for Corporate and Directorate Risk Registers. In addition, a range of other training was delivered for e.g., Induction, Root Cause Analysis, General Risk Assessment, Incident Reporting, Consent, Emergency Preparedness and NVQ courses. A range of other health and safety training was provided on an on-going basis by specialist advisers for e.g., fire, manual handling, display screen equipment and waste management etc.

The Trust promotes an open, just, honest and participative culture in which errors or service failures can be admitted, reported and discussed openly. Incident reporting (including near misses) is the cornerstone of the risk management system. Trust staff are encouraged 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 the governance programme. The legacy Trusts' suite of policies on Incident Reporting and Management remained operational during the year however draft SET policies have been developed for consultation with key stakeholders within the organisation during 2010/2011. This will incorporate the new SAI reporting arrangements to be introduced post April 2010 by the Health & Social Care Board, the Early Alert Warning System and the new RAIL arrangements. Reports of all Root Cause Analysis Reports and other relevant incidents are widely disseminated within the Trust (and outside, as appropriate) to ensure that all areas learn from other's mistakes. Within the new governance structure it has been agreed to establish a new Lessons Learnt Sub Committee during 2010/2011, chaired by a Director to ensure that lessons from incidents, complaints, litigation and other reports/review are truly embedded within all levels of the organisation.

In compliance with the Trust's duty of quality, it will continue to support the development of risk management and safe and effective care 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.

### **The risk and control framework**

The Trust has developed a Risk Management Strategy based on the principles of the AS/NZS 4360:2004 which has been endorsed by the Trust Board. It was last reviewed in January 2010 and no significant changes or amendments were recommended. This document includes the identification of the Trust's Risk Management objectives and the leadership, accountability and working arrangements for risk management through the formation of appropriate organisational structures. It also details the application of the Trust's risk matrix and a definition of acceptable risk. All risks, whether resulting from accidents, incidents, adverse events, hazard reports or any form of risk assessment must be graded in accordance with the risk matrix and entered on the appropriate risk register/s.

The strategy is delivered through the work of the Risk Management Committee and its supporting sub committees. These sub committees have documented terms of reference and their work plans for 2009/2010 were submitted and endorsed by the Risk Management Committee. Draft plans for 2010/2011 have been received for endorsement by the new Corporate Control Committee. In addition, Operational Directorates in their individual Governance Plans, included a range of governance and risk management initiatives based on the Trust's extant high-level Governance Plan. These plans were monitored via the overall performance management and accountability framework and an audit of the risk management system (including governance) was undertaken by Internal Audit in March 2010.

There is regular risk management reporting at various levels within the organisation and this is managed primarily through a new Planning, Performance and Accountability Framework which was introduced in the latter part of 2009. Governance and risk management is a key standing agenda item monitored as part of this performance management process.

Reports on Directorate Risk Registers are submitted and discussed on a quarterly basis by the Risk Management Committee. A similar process is in place for the Corporate Risk Register with the Governance Committee. A quarterly report on both registers is received by the Trust Board. There is a clear method of risk identification using the risk assessment and risk register tools/methodologies and upward identification and reporting of risks. Risk appetite/tolerance levels are included within the risk strategy and risk matrix which clearly demonstrates the how to escalate risks from department, Directorate and Corporate levels. All significant risk are assessed and ranked and action plans developed to mitigate the risk. A risk owner (manager) is assigned to each risk and has the authority to allocate actions to specific staff. Employees are made of their own responsibilities for managing risk

via a range of methods – corporate induction, departmental induction, specific risk management awareness and training courses specific to their job roles.

Risk management organisational structures and reporting procedures are 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 has a wide range of communication and consultation mechanisms in existence with relevant stakeholders, both internal and external.

In March 2010, Internal Audit, in accordance with the Internal Audit Plan undertook an audit of the Trust's risk management arrangements. They provided satisfactory assurance on the system of internal control over risk management. Management have provided a response to the audit report and an action plan has been developed to address the recommendations contained therein.

The Trust continues to implement the extant controls assurance standards as directed by the DHSSPS. Six standards were validated in 2009/2010 by Internal Audit (as required by DHSSPS). Internal audit also reviewed the Trust's self assessment in relation to the Fleet and Transport Management Standard. Twenty one standards out of twenty-two achieved the required level of compliance (see table below for results). Action plans have been developed by the relevant lead Director/Assistant Director to address any areas of shortfall and implementation of these are monitored by the Controls Assurance Project team chaired by the Director of Human Resources and Corporate Affairs. This group reports on a regular basis to the Executive Management Team. Regular reports are also submitted to the Risk Management and Governance Committees.

In terms of risks to information, the Trust established an overarching Information Governance Sub Committee (IGSC) in December 2008 which reports to the Risk Management Committee and is supported in its work by two sub committees. The role of the Information Governance Sub-Committee is to lead, co-ordinate and direct the strategic agenda with regard to Information Governance and Records Management issues within the Trust.

An Information Governance and Records Management audit was taken by Internal Audit in March 2010 following on from an audit completed in October/November 2008. Internal Audit provided satisfactory assurance on the system of internal control over records management. Management have provided a response to the audit report and an action plan has been developed to address the recommendations contained therein. Action plans have been put in place to address the areas of shortfall and implementation of the recommendations is monitored on a regular basis by the Information Governance Sub Committee.

During the year the Trust undertook a baseline assessment of its information governance arrangements using the DHSSPS guidance document – Managing Information Risk, A Guide for Accounting Officers, Board Members and Senior Information Owners. The outcome of the work was formally reported to the IGSC and action items included in the programme of work for the IGSC. Trust representatives sit on the DHSSPS IGAG which ensures its IG agenda is focused and meets the needs of the DHSSPS strategic agenda. Information Governance is included on the Corporate Risk Register and the IGSC has a specific risk register to manage risk issues arising from the work of the IGSC.

The Trust is also committed to ensuring the security of information held in electronic form. During the year, an Informatics strategy to clearly define the Trusts vision for informatics for the period 2009 – 2012 was approved by the Trust Board in June 2009. Progress against work plans detailed within the strategy is monitored by the Trusts Informatics Programme Board whose membership is representative of all Trust Directorates.

In accordance with the 2009/10 annual audit plan, Internal Audit carried out an audit of Information and Communication Technology (ICT) during March 2010. Internal Audit provided satisfactory assurance on the system of internal control over ICT. However limited assurance was provided for data security and portable devices. Management have provided a response to the audit report and an action plan has been developed to address the recommendations contained therein. Action plans have been put in place to address the areas of shortfall and implementation of the recommendations is monitored on a regular basis by the Information Governance Steering Committee.

All legal services to the Trust are currently provided by Directorate of Legal Services as directed by the DHSSPS in July 2008, with the exception of a small number of Employment Law cases which remained with the current provider due to the current stage of claim or background knowledge on a particular matter.

The Trust has extant policies on the management of litigation claims which is line with current DHSSPS circulars. A new DHSSPS circular – HSC (SQSD) 5/10 Handling Clinical and Social Care Negligence and Personal Injury Claims was issued on 10<sup>th</sup> March 2010 and the current extant Trust policies will be reviewed and updated accordingly. In line with Circular HSS (F) 67/2006 – Payments in respect of Litigation and Legal Services, a baseline assessment of this circular was undertaken on 4<sup>th</sup> February 2009 within the organisation and an action plan developed to address areas of shortfall. This was presented to and endorsed by the Executive Management Team on 5<sup>th</sup> May 2009.

The South Eastern HSC Trust assessed its compliance with the applicable Controls Assurance Standards which were defined by the Department and against which a degree of progress is expected in 2009/10.

The Organisation achieved the following levels of compliance for 2009/010

Standard	DHSS&PS Expected Level of Compliance	Trust Level of Compliance	Audited by Internal Audit
Buildings, Land, Plant and Non-Medical Equipment	70% - 99% (Substantive)	77% (Substantive)	No
Decontamination of Medical Devices	70% - 99% (Substantive)	72% (Substantive)	No
Emergency Planning	70% - 99% (Substantive)	81% (Substantive)	No
Environmental Cleanliness	70% - 99% (Substantive)	82% (Substantive)	No
Environment Management	70% - 99% (Substantive)	74% (Substantive)	No
Financial Management (Core Standard)	70% - 99% (Substantive)	87% (Substantive)	Yes
Fire Safety	70% - 99% (Substantive)	75% (Substantive)	No
Fleet and Transport Management	70% - 99% (Substantive)	65% (Moderate)	Yes
Food Hygiene	70% - 99% (Substantive)	92% (Substantive)	No
Governance (Core Standard)	70% - 99% (Substantive)	92% (Substantive)	Yes
Health & Safety	70% - 99% (Substantive)	87% (Substantive)	No

Human Resources	70% - 99% (Substantive)	79% (Substantive)	No
Infection Control	70% - 99% (Substantive)	87% (Substantive)	No
Information Communication Technology	70% - 99% (Substantive)	76% (Substantive)	Yes
Management of Purchasing and Supply	70% - 99% (Substantive)	75% (Substantive)	No
Medical Devices and Equipment Management	70% - 99% (Substantive)	71% (Substantive)	Yes
Medicines Management	70% - 99% (Substantive)	81% (Substantive)	No
Records Management	70% - 99% (Substantive)	76% (Substantive)	Yes
Research Governance	70% - 99% (Substantive )	84% (Substantive)	No
Risk Management (Core Standard)	70% - 99% (Substantive)	83% (Substantive)	Yes
Security Management	70% - 99% (Substantive)	77% (Substantive)	No
Waste Management	70% - 99% (Substantive)	75% (Substantive)	No

### Significant Internal control issues

Resourcing the increased demand for services.

During 2009/10 the Trust experienced increased demand for services, across all programmes, and this put all areas under financial pressure. In Hospital Services, activity provided was 10.94% above the agreed (and funded) levels of the Service and Budget Agreement. In Care Management (for Older People and Disability) £3.9m of service was delivered above funded levels. Within Childcare there has been a 44% increase in Child Protection referrals (the most urgent and high risk referrals), with a 20% increase in all referrals.

At the start of the year the Trust anticipated a deficit of £6.5m, however as a result of the activity pressures referred to above, the deficit was £9.1m after six months. To address the deficit, a range of actions were implemented, including a formal Contingency Plan and other internal measures to reduce payroll costs and increased scrutiny of non-payroll costs.

The result of the above measures is that the Trust has moved from a deficit of £9.1m after six months, to a position of breakeven at year-end. This result was achieved through revised operating cycle arrangements and strong actions being taken by Operational Directorates.

#### Unallocated cases within Child Care

The Trust continues to experience a significant increase in the number of children and families being referred to the Gateway Service. The increase reflected in the above control issue not only results in a financial risk, but also creates significant professional/care risk, as teams struggle to maintain high standards of service.

Using 'The LEAN' Improvement methodology, the family and childcare service has undertaken rigorous analysis of the key processes involved to ensure appropriate access times and prevent further increases in the number of unallocated cases.

RQIA carried out a review of Stage I and Stage III Inspection which highlighted improvements in the operation of the Family and Childcare Service and acknowledged that accountability arrangements were in place.

#### Governance in Prison Healthcare

The responsibility for the delivery of Prison Healthcare transferred to the South Eastern Trust in 2008. A joint governance committee was immediately put in place, building on previous arrangements within the Northern Ireland Prison Service. Local governance committees led by healthcare managers take place in each establishment on a monthly basis. And they report to the joint Governance committee on a quarterly basis

A baseline audit of governance arrangements was undertaken in December 2008 and an improvement plan put in place to strengthen arrangements around managing complaints, serious adverse incidents, risk assessment, risk management and performance.

An Improvement Board has been put in place to drive forward a continuous service improvement process and a baseline assessment of performance has been completed against national standards. An action plan is being completed.

An outstanding concern is in relation to direct lines of accountability. Staff remain employed by the Northern Ireland Prison Service and are not directly managed by the Trust. We are in discussions with the Northern Ireland Prison Service on how best to remedy this and other matters.

It is not possible to provide full assurance on the provision of a service when it is delivered by staff from multiple Departments. This creates difficulty in clarity of accountability, which diminishes our ability to address wider governance issues.

#### Pandemic Flu

Pandemic Flu posed a significant threat to service provision for much of 2009. Pandemic Flu preparedness planning and business continuity planning added a great deal of work pressure within an already stretched Trust. However, the Trust effectively managed the vaccination programme for vulnerable groups and staff, fit tested and deployed Personal Protective Equipment, trained staff to manage additional demand and generally was prepared for a surge. There was learning in this activity for the Trust and it highlighted the importance of emergency and continuity planning.

#### **Review of Effectiveness**

As Accounting 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 Eastern HSC 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 relevant internal mechanisms, Audit Committee, Governance Committee, Clinical Governance Committee and a Risk Committee and a plan to address weaknesses and ensure continuous improvement to the system is in place.

The Trust has a robust system of internal control in place within the organisation that supports the achievement of the policies, aims and objectives of the organisation. It is built on a comprehensive set of committees covering all aspects of governance including clinical and social care governance, risk management (including organisational controls) and financial controls.

The Trust Board regularly considers reports contained in the Assurance Framework/Corporate Risk Register faced by all areas within the Trust. This report contains information on levels of assurances, gaps in assurances and controls and actions plans to mitigate any shortfalls.

The Audit Committee meets at least five times per year and regularly considers the effectiveness of internal controls. It approves and endorses the Internal Audit programme of work which is risk based. Regular progress and follow up reports are provided to the Audit Committee. The Audit Committee provides an Annual Report on the effectiveness of the committee to the Board. It also receives the draft Head of Internal Audit Opinion and recommends approval of the draft Statement of Internal Control to the Board. In addition, it reviews progress on implementing internal and external audit recommendations.

The new Performance Management arrangements implemented in the latter part of 2009 provide for management assurances for governance, risk and control arrangements in each Directorate and any weaknesses identified. The annual internal audit plan is flexible to address any unforeseen risks arising during the year.

The Risk Management and Safe & Effective Care Committees and their associated committees form the main strands within the governance framework for the delivery of governance and risk agendas. This committee reports to the Trust Board on a bi-monthly basis and provides assurances on all aspects of Governance (except financial controls). The Audit Committee is responsible for the financial systems of internal control, and oversees the work and outputs of Internal Audit. It also reports direct to the Trust Board. Non-Executive Directors sit on the Risk Management, Safe & Effective Care, Governance and the Audit Committees. The minutes of all sub committees are shared with the respective parent committee and the minutes of the Audit and Governance Committees are circulated to the Trust Board.

In January 2009, the Audit Committee undertook a self assessment exercise using the NAO self assessment checklist for Audit Committees. An action plan was developed to address any areas of shortfall and implementation of the recommendations was monitored by the Audit Committee.

An Internal Audit programme was agreed at the outset of the year and its work plan was informed by an analysis of risk to which the Trust was exposed. Internal Audit undertook 7 Controls Assurance audits – the results are detailed in the table above. The Audit Committee has agreed the internal audit plan for period April 2010 to March 2011.

The Board Secretary maintains a Register of Declaration of Interests and Register of Interests which is reviewed on annual basis (or sooner, if changes are notified by Board members) and is available on request for members of the public. In addition, Board members provided an annual statement confirming compliance with the Code of Conduct and Accountability.

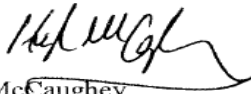
The Trust also participated in a number of Regulation and Quality Improvement Authority (RQIA) governance reviews during the year:

- RQIA – Review to evidence that the Safer Childbirth: Minimum Standards for the Organisation and Delivery of Care in Labour (March 2009);
- RQIA – Unannounced Cleanliness Review of Labour Wards, Ulster Hospital (March 2009)

- RQIA Unannounced hygiene inspection of Ulster Hospital: A&E, Ward 11, Outpatients Dept, MAU (May 2009)
- Unannounced hygiene inspection Mental Health Units (June – July 2009)
- Unannounced hygiene inspection – Downe Hospital (August 2009)
- RQIA – Blood Safety Review (February 2009)
- Hyponatraemia Review (November 2009)
- Out of Hours Review (November 2009)
- Review of Lakewood Secure Accommodation (April 2009 – March 2010)

On receipt of RQIA review reports, action plans are prepared and recommendations implemented by relevant lead Director and Assistant Director. Implementation of the recommendations is tracked and monitored by the Safe and Effective Care Committee (now the Quality and Safety Committee). The Trust has also continued to progress and sustain the learning from previous RQIA announced and unannounced reviews.

In conclusion, as Accounting Officer, I am satisfied with the system of internal control within South Eastern HSC Trust.



Hugh McCaughey  
Accounting Officer

Date: 4/6/10

## **South Eastern Health and Social Care Trust**

### **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

I certify that I have audited the financial statements of South Eastern Health and Social Care Trust for the year ended 31 March 2010 under the Health & Personal Social Services (Northern Ireland) Order 1972, as amended. These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Reserves and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

#### **Respective responsibilities of the Chief Executive and auditor**

As explained more fully in the Statement of Trust and Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the South Eastern Health and Social Care Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the South Eastern Health and Social Care Trust; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

#### **Opinion on Regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

#### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view, of the state of the South Eastern Health and Social Care Trust's affairs as at 31 March 2010 and of its net expenditure, changes in reserves and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health & Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health, Social Services and Public Safety directions issued thereunder.

#### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Health & Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health, Social Services and Public Safety directions issued thereunder; and

- the information given in the Director's Report and the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with Department of Health, Social Services and Public Safety's guidance.

### **Report**

I have no observations to make on these financial statements.



*KJ Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU*

*18 June 2010*

## SOUTH EASTERN HSC TRUST

### NET EXPENDITURE ACCOUNT FOR YEAR ENDED 31ST MARCH 2010

	NOTE	2010 £000s	Restated 2009 £000s
<b>Expenditure</b>			
Staff costs	4.1	(288,021)	(272,485)
Depreciation	5.0	(14,385)	(13,177)
Other Expenditure	5.0	(238,846)	(203,817)
		<u>(541,252)</u>	<u>(489,479)</u>
<b>Income</b>			
Income from activities	6.1	22,304	19,775
Other Income	6.2	15,291	10,240
Reimbursements receivable	6.3	1,351	5,925
		<u>38,946</u>	<u>35,940</u>
<b>Net Expenditure</b>		<u><b>(502,306)</b></u>	<u><b>(453,539)</b></u>
<b>Credit reversal of notional costs</b>			
Cost of capital	5.0	11,261	10,571
Notional costs (audit fees)	5.0	65	59
<b>Net expenditure for the financial year</b>		<u><b>(490,980)</b></u>	<u><b>(442,909)</b></u>
<b>Revenue Resource Limit (RRL)</b>	26.1	502,334	453,589
<b>Surplus/deficit against RRL</b>		<u><b>28</b></u>	<u><b>50</b></u>

The notes on pages 26-99 form part of these accounts  
All Income and Expenditure is derived from continuing activities

## SOUTH EASTERN HSC TRUST

### STATEMENT of FINANCIAL POSITION as at 31 March 2010

	NOTE	2010		Restated 2009		Restated 2008	
		£000s	£000s	£000s	£000s	£000s	£000s
<b>Non Current Assets</b>							
Property, Plant and Equipment	7.0/7.2/7.4	379,569		391,688		344,223	
Intangible assets	8.0 /8.2/8.4	0		0		5	
Financial Assets	9.1	0		0		0	
Trade and other Receivables	13.0	5,527		7,675		10,998	
<b>Total non current Assets</b>			<b>385,096</b>		<b>399,363</b>		<b>355,226</b>
<b>Current Assets</b>							
Assets classified as held for sale	10.0	5,700		580		0	
Inventories	12.0	2,327		1,822		1,774	
Trade and other Receivables	13.0	35,008		25,896		16,846	
Other current assets	13.0	0		0		0	
Financial assets	9.1	0		0		0	
Cash and cash equivalents	14.0	1,884		1,090		7,421	
<b>Total Current Assets</b>			44,919		29,388		26,041
<b>Total Assets</b>			<b>430,015</b>		<b>428,751</b>		<b>381,267</b>
<b>Current Liabilities</b>							
Trade and other Payables	15.0	(59,048)		(63,308)		(71,845)	
Other Liabilities	15.0	0		0		0	
Provisions < 1yr	17.0	(14,048)		(13,802)		(11,956)	
<b>Total current liabilities</b>			(73,096)		(77,110)		(83,801)
<b>Non current assets plus/less net current assets/liabilities</b>			<b>356,919</b>		<b>351,641</b>		<b>297,466</b>
<b>Non Current liabilities</b>							
Provisions > 1yr	17.0	(9,850)		(14,561)		(14,827)	
Other Payables > 1 yr	15.0	0		0		0	
Financial Liabilities	9.1	0		0		0	
<b>Total Non Current Liabilities</b>			(9,850)		(14,561)		(14,827)

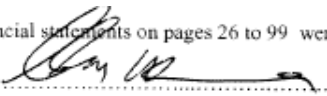
**ASSETS LESS LIABILITIES**

**347,069**                      **337,080**                      **282,639**

**RESERVES**

Donated asset reserve	17,778	23,141	23,288
Revaluation Reserve	27,446	22,826	17,592
General Reserve	301,845	291,113	241,759
	<u><b>347,069</b></u>	<u><b>337,080</b></u>	<u><b>282,639</b></u>

The financial statements on pages 26 to 99 were approved by the Board on (date) and were signed on its behalf by:

Signed..........(Chairman)                      Date..... 4/6/10.....

Signed..........(Chief Executive)                      Date..... 4/6/10.....

## SOUTH EASTERN HSC TRUST

### STATEMENT OF CHANGES IN RESERVES for the year ended 31 March 2010

	Note	General Reserve £000s	Revaluation Reserve £000s	Donation Reserve £000s	Total £000s
<b>Balance at 31 March 2008</b>		258,119	17,592	23,288	298,999
Changes in accounting policy (IFRS)		(4,760)	0	0	(4,760)
Change in accounting policy - GIA		(11,600)	0	0	(11,600)
Transfers of Function					
<b>Restated balance at 1 April 2008</b>		<b>241,759</b>	<b>17,592</b>	<b>23,288</b>	<b>282,639</b>
<b>Changes in reserves 2008-09</b>					
Net gain/(loss) on revaluation of property, plant & equipment	7.2, 7.4	0	5,303	95	5,398
Impairment of property, plant and equipment	11	0	0	0	0
Net gain/(loss) on revaluation of intangible assets	8.2, 8.4	0	0	0	0
Impairment of intangible asset	11	0	0	0	0
Donated asset reserve - transfer to net expend for depreciation		0	0	(634)	(634)
Donated asset receipts		0	0	392	392
Non cash charges - cost of capital	5	10,571	0	0	10,571
Non cash charges - auditors remuneration	5	59	0	0	59
Transfers between reserves		69	(69)	0	0
Net expenditure for the year		(453,539)	0	0	(453,539)
Movement - Other		2,041	0	0	2,041
<b>Total recognised income and expense for 2008-09</b>		(440,799)	5,234	(147)	(435,712)
Grant from DHSSPS		490,153			490,153
<b>Balance at 31 March 2009</b>		<b>291,113</b>	<b>22,826</b>	<b>23,141</b>	<b>337,080</b>
<b>Changes in reserves 2009-10</b>					
Net gain/(loss) on revaluation of property, plant & equipment	7.1, 7.3	0	4,861	(773)	4,088
Impairment of property, plant and equipment	11	0	0	(4,630)	(4,630)
Net gain/(loss) on revaluation of intangible assets	8.1, 8.3	0	0	0	0
Impairment of intangible asset	11	0	0	0	0
Donated asset reserve - transfer to net expend for depreciation		0	0	(637)	(637)
Donated asset receipts		0	0	677	677
Non cash charges - cost of capital	5	11,261	0	0	11,261
Non cash charges - auditors remuneration	5	65	0	0	65
Transfers between reserves		241	(241)	0	0
Net expenditure for the year		(502,306)	0	0	(502,306)
<b>Total recognised income and expense for 2009-10</b>		(490,739)	4,620	(5,363)	(491,482)
Grant from DHSSPS		501,471	0	0	501,471
<b>Balance at 31 March 2010</b>		<b>301,845</b>	<b>27,446</b>	<b>17,778</b>	<b>347,069</b>

## SOUTH EASTERN HSC TRUST

### STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2010

(continued)

#### Analysis of Revaluation Reserve

	<b>Property, Plant &amp; Equipment</b>	<b>Intangibles</b>	<b>Total</b>
	£'000	£'000	£'000
<b>Balance at 31 March 2008</b>	17,592	0	17,592
Changes in accounting policy			
<b>Restated balance at 1 April 2008</b>	<u>17,592</u>	<u>0</u>	<u>17,592</u>
Movements in 2008/09:			
Net gain/ loss on revaluation	5,303	0	5,303
Impairment	0	0	0
Transfer to General Reserve	(69)	0	(69)
Release of reserves to Net Expenditure Account			
<b>Balance at 31 March 2009</b>	<u>22,826</u>	<u>0</u>	<u>22,826</u>
Movements in 2008/09:			
Net gain/ loss on revaluation	4,861	0	4,861
Impairment	0	0	0
Transfer to General Reserve	(241)	0	(241)
Release of reserves to Net Expenditure Account			
<b>Balance at 31 March 2010</b>	<u>27,446</u>	<u>0</u>	<u>27,446</u>

## SOUTH EASTERN HSC TRUST

### STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2010

	<b>2010</b>	<b>Restated</b>
	<b>£000s</b>	<b>2009</b>
		<b>£000s</b>
<b>Cashflows from operating activities</b>		
Net expenditure after coc & interest	(502,306)	(453,539)
Adjustments for non cash costs	59,202	35,579
Prior Year GIA adjustment	0	2,040
(Increase)/decrease in trade & other receivables	(6,964)	(5,727)
(Increase)/decrease in inventories	(505)	(48)
Increase/(decrease) in trade payables	(550)	(5,210)
Use of provisions	(5,524)	(9,217)
<b>Net cash outflow from operating activities</b>	<b>(456,647)</b>	<b>(436,122)</b>
 <b>Cashflows from investing activities</b>		
Purchase of property, plant & equipment	(44,732)	(60,365)
Purchase of intangible assets	0	0
Proceeds of disposal of property, plant & equipment	702	3
Proceeds on disposal of intangibles	0	0
Proceeds on disposal of assets held for resale	0	0
Interest Received	0	0
<b>Net Cash inflow/(Outflow) from investing activities</b>	<b>(44,030)</b>	<b>(60,362)</b>
 <b>Cash flows from financing activities</b>		
Grant in aid	501,471	490,153
Cap element of payments iro finance leases & on balance sheet PFIs	0	0
<b>Net financing</b>	<b>501,471</b>	<b>490,153</b>
 <b>Net increase (decrease) in cash &amp; cash equivalents in the period</b>	<b>794</b>	<b>(6,331)</b>
<b>Cash &amp; cash equivalents at the beginning of the period</b>	14	1,090
<b>Cash &amp; cash equivalents at the end of the period</b>	14	1,884

The notes on pages 26 to 99 form part of these accounts

# **SOUTH EASTERN HSC TRUST**

## **ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

### **NOTES TO THE ACCOUNTS**

#### **STATEMENT OF ACCOUNTING POLICIES**

##### **1. Authority**

These accounts have been prepared in a form determined by the Department of Health, Social Services and Public Safety based on guidance from the Department of Finance and Personnel's Financial Reporting manual (FreM) and 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.

The accounting policies follow IFRS to the extent that it is meaningful and appropriate to HSC Trusts. Where a choice of accounting policy is permitted, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The Trust's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

##### Changes from UK GAAP to IFRS

The HSC has prepared its accounts in accordance with IFRS with the effective date of transition being 1<sup>st</sup> April 2008. First time adoption requires full comparative information to be disclosed under IFRS. All differences between closing UK GAAP financial position and opening IFRS financial position are processed through reserves. This is shown in note 2 to the accounts.

##### **1.1 Accounting convention**

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

##### **1.2 Currency and Rounding**

These accounts are presented in UK Pounds sterling. The figures in the accounts are shown to the nearest £1,000.

##### **1.3 Property, Plant and Equipment**

Property, plant and equipment assets comprise Land, Buildings, Dwellings, Transport Equipment, Plant & Machinery, Information Technology, Furniture & Fittings, and Assets under construction.

##### Recognition

Property, plant and equipment must be capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the trust;
- it is expected to be used for more than one financial year;

- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000 (or less if so desired); or
- Collectively, a number of items have a cost of at least £5,000 (or less if so desired) and individually have a cost of more than £1,000 (or less if so desired), 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
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

On initial recognition property, plant and equipment are measured at cost including any expenditure such as installation, directly attributable to bringing them into working condition. Items classified as “under construction” are recognised in the balance sheet to the extent that money has been paid or a liability has been incurred.

### Valuation of Land and Buildings

Land and buildings are carried at the last professional valuation, in accordance with the Royal Institute of Chartered Surveyors (Statement of Asset Valuation Practice) Appraisal and Valuation Standards in so far as these are consistent with the specific needs of the HSC.

The last valuation was carried out on 31 January 2010 by Land and Property Services (LPS) which is an independent executive agency within the Department of Finance and Personnel. The valuers are qualified to meet the ‘Member of Royal Institution of Chartered Surveyors’ (MRICS) standard. The values at 31 March 2010 were considered by LPS to be not materially different from those at 31 January and the January values have therefore been used at the financial year end.

Professional revaluations of land and buildings are undertaken at least once in every five year period and are revalued annually, between professional valuations, using indices provided by LPS.

Land and buildings used for the trust’s services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Fair values are determined as follows:

- Land and non-specialised buildings – open market value for existing use
- Specialised buildings – depreciated replacement cost
- Properties surplus to requirements – open market value less any material directly attributable selling costs.

## Modern Equivalent Asset

DFP has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. Land and Property Services (LPS) have included this requirement within the latest valuation.

## Assets Under Construction (AUC)

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

## Fixtures and Equipment

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation. From 1 April 2008 HSC entities had the option to elect to cease indexing all short life assets ( other than IT ). Short life IT assets are not indexed. Short life is defined as a useful life of up to and including 5 years. The carrying value of existing assets at that date were written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

Where estimated life of fixtures and equipment exceed 5 years, suitable indices will be applied each year and depreciation will be based on indexed amount.

## Revaluation Reserve

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

## **1.4 Depreciation**

No depreciation is provided on freehold land since land has unlimited or a very long established useful life. Items under construction are not depreciated until they are commissioned. Properties that are surplus to requirements and which meet the definition of “non current assets held for sale “ are also not depreciated.

Otherwise, depreciation is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. Assets held under finance leases are also depreciated over their estimated useful lives. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. The following asset lives have been used.

Asset Type	Asset Life
Freehold Buildings	25 – 60 years
Leasehold property	Remaining period of lease
IT Assets	3 – 10 years
Intangible assets	3 – 10 years
Other Equipment	3 – 15 years

## 1.5 Impairment loss

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

## 1.6 Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure which meets the definition of capital restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

The overall useful life of the Trust's buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on those assets at the same rate as if separate components had been identified and depreciated at different rates.

## 1.7 Intangible assets

Intangible assets comprise software and licences. Software that is integral to the operating of hardware, for example an operating system is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

## Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the trust's business or which arise from contractual or other legal rights. Intangible assets are considered to have a finite life. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably. All single items over £5,000 in value must be capitalised while intangible assets which fall within the grouped asset definition must be capitalised if their individual value is at least £1,000 each and the group is at least £5,000 in value.

The amount recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date of commencement of the intangible asset, until it is complete and ready for use.

Intangible assets acquired separately are initially recognised at fair value. Following initial recognition, intangible assets are carried at fair value by reference to an active market, and as no active market currently exists depreciated replacement cost has been used as fair value.

### **1.8 Donated assets**

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to the donated asset reserve. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are 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 offset the expenditure. On sale of donated assets, the net book value is transferred from the donated asset reserve to the General Fund.

### **1.9 Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order to meet this definition IFRS 5 requires that the asset must be immediately available for sale in its current condition and that the sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset and the sale is considered likely to be concluded within one year. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value, less any material directly attributable selling costs. Fair value is open market value, where one is available, including alternative uses. Assets classified as held for sale are not depreciated.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount. The profit from sale of land which is a non-depreciating asset is recognised within income. The (profit) / loss from sale of land or from sale of depreciating assets is shown within operating expenses. On disposal, the balance for the asset on the revaluation reserve is transferred to the general reserve. For donated and government-granted assets, a transfer is made to or from the relevant reserve to the profit/loss on disposal account so that no profit or loss is recognised in income or expenses. The remaining surplus or deficit in the donated asset or government grant reserve is then transferred to general reserve.

Property, plant or equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

#### **1.10 Inventories**

Inventories are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

#### **1.11 Income**

Operating Income relates directly to the operating activities of the Trust and is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. Reimbursements receivable for clinical negligence are reflected within Income and relate directly to the movement in the clinical negligence provision.

Grant in aid

Funding received from other entities, including the Department and the Health and Social Care Board are accounted for as grant in aid and are reflected through reserves.

#### **1.12 Investments**

The Trust does not have any investments.

#### **1.13 Other expenses**

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

#### **1.14 Cash and cash equivalents**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### **1.15 Leases**

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present

value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the trust's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated. Leased land is treated as an operating lease. Leased buildings are assessed as to whether they are operating or finance leases.

#### The trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### **1.16 Private Finance Initiative (PFI) transactions.**

The South Eastern HSC Trust had no PFI Transactions during the year.

DFP has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including replacement of components and
- c) Payment for finance (interest costs).

#### Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

## PFI Assets

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

## PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

## Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of

property, plant and equipment in the Trust's Statement of Financial Position.

Other assets contributed by the Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the Trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

## **1.17 Financial instruments**

- Financial assets

Financial assets are recognised on the balance sheet when the Trust becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

- Financial liabilities

Financial liabilities are recognised on the balance sheet when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value.

- Financial risk management

IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more limited role within Trusts in creating risk than would apply to a non public sector body of a similar size, therefore Trusts are not exposed to the degree of financial risk faced by business entities. Trusts have 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 Trusts in undertaking activities. Therefore the HSC is exposed too little credit, liquidity or market risk.

- Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

- Interest rate risk

The Trust has limited powers to borrow or invest and therefore has low exposure to interest rate fluctuations.

- Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk.

- Liquidity risk

Since the Trust receives the majority of its funding through its principal Commissioner which is voted through the Assembly, it is therefore not exposed to significant liquidity risks.

## **1.18 Provisions**

In accordance with IAS 37, Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using DFP's discount rate of 2.2% in real terms.

The Trust has also disclosed the carrying amount at the beginning and end of the period, additional provisions made, amounts used during the period, unused amounts reversed during the period and increases in the discounted amount arising from the passage of time and the affect of any change in the discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

### **1.19 Clinical negligence costs**

A Clinical Negligence Central Fund was established in 1998 to manage the payment of clinical negligence settlements. Clinical Negligence provisions are fully funded and as such the cost of clinical negligence provisions are reimbursable by the Central Fund Reimbursements receivable in respect of clinical negligence provisions are accounted for as income.

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

### **1.20 Contingencies**

Under IAS 37, the Trust discloses contingent liabilities where there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

### **1.21 Employee benefits**

Short-term employee benefits

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been estimated using average staff numbers and costs applied to the average untaken leave balance determined from the results of a survey to ascertain leave balances as at 31 March 2010. It is not anticipated that the level of untaken leave will vary significantly from year to year. Untaken flexi leave is estimated to be immaterial to the Trust and has not been included.

Retirement benefit costs

The Trust participates in the HSC 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 HSC Superannuation Scheme can be found in the HSC 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 Net Expenditure Account at the time the Trust commits itself to the retirement.

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the balance sheet date and updates it to reflect current conditions. An interim valuation as at 31 March 2006 was completed in the summer of 2009 and was used for the 2008-09 accounts. The next valuation will be as at 31 March 2008 and will be used in the 2009/10 accounts.

### **1.22 Value Added Tax**

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

### **1.23 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 98 to 101 to the accounts.

### **1.24 Government Grants**

Government assistance for capital projects whether from UK, or Europe, is treated as a Government grant even where there are no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain regions or industry sectors. Such grants (does not include grant-in-aid) are credited to a government grant reserve and are released to income over the useful life of the asset. The note to the financial statements distinguishes between grants from UK government entities and grants from European Union.

### **1.25 Losses and Special Payments**

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had HSC trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

### **1.26 Capital Charge**

A charge reflecting the cost of capital utilised by the Trust is included within

operating costs. The charge is calculated at the rate set by HM Treasury, currently 3.5% on the average carrying amount of all assets less liabilities, except for donated assets, where the charge is nil.

## **1.27 Accounting standards that have been issued but have not yet been adopted**

The following accounting standards have been issued by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted.  
Standards Issued by IASB not included in 2009-10 FreM

### IFRICs

- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

None of these interpretations is likely to be applicable in the public sector context.

### IFRSs

- IFRS 9 Financial Instruments

#### Financial Assets

IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting 1 January 2013.

All financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For subsequent measurement IFRS 9 divides all financial assets that are currently in the scope of IAS 39 into two classifications – those measured at amortised cost and those measured at fair value. Classification is made at the time the financial asset is initially recognised, namely when the entity becomes a party to the contractual provisions of the instrument.

Financial assets held by the public sector generally fall into the following categories:

- trade receivables and similar debts
- loans held for policy purposes (e.g. student loans, loans in connection with economic development)
- loans to sponsored bodies

These would appear to meet the tests in IFRS 9 to be subsequently measured at amortised cost, namely that they are held to maturity and that the cash flows are in relation to the payment of principal and interest only.

#### Equity instruments

All equity investments in scope of IFRS 9 are to be measured at fair value in the balance sheet, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to report value changes in

‘other comprehensive income’. There is no ‘cost exception’ for unquoted equities.

Notwithstanding the above, the standard contains guidance on when cost may be the best estimate of fair value and also when it might not be representative of fair value.

Given that IAS 39 is currently interpreted by FreM to require that equity investments in public bodies outside the departmental boundary are to be measured at historical cost less any impairment, there does not appear to be any basis to conclude that this interpretation would not continue when IFRS 9 is introduced.

However, the method of valuation of other investments would potentially need to be reviewed to ascertain if any change will be required.

#### Embedded derivatives

The embedded derivative concept of IAS 39 is not included in IFRS 9. It is unlikely that any of these have been identified in the financial assets of the public sector, but if they have, they will no longer require to be separated and separately disclosed. Instead the fair value of the financial asset will be assessed based on the cash flows including the embedded derivative.

#### Revisions to Accounting Standards that are not effective for 2009-10

The below table summarises the amendments to accounting standards that come into effect after the 2009-10 period. With the exception of the changes to IAS 17 it is unlikely that any of these will lead to significant change for public sector entities.

Standard	Description of Revision	Application date	Comments
IFRS 1	First-time Adoption of International Financial Reporting Standards — Amendments relating to oil and gas assets and determining whether an arrangement contains a lease	Annual periods beginning on or after 1 January 2010	Unlikely to apply to HSC
IFRS 1	First-time Adoption of International Financial Reporting Standards — Limited Exemption from	Annual periods beginning on or after 1 July 2010	Not applicable in the public sector context as adoption date is prior to this.

	Comparative IFRS 7 Disclosures for First-time Adopters		
IFRS 2	Share-based Payment — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 July 2009	Unlikely to apply to HSC
IFRS 2	Share-based Payment — Amendments relating to group cash-settled share-based payment transactions	Annual periods beginning on or after 1 January 2010	Unlikely to apply to HSC
IFRS 3	Business Combinations — Comprehensive revision on applying the acquisition method	Annual periods beginning on or after 1 July 2009	Unlikely to apply to HSC.
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 July 2009	Relates to the treatment of sale of a subsidiary. Unlikely to apply to HSC
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010	Clarification surrounding disclosures. Unlikely to have a significant impact on HSC.

IFRS 8	Operating Segments — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010	Segment assets not required to be disclosed unless regularly reported to the CODM.
IAS 1	Presentation of Financial Statements — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010	Relates to the settlement of a liability through the issue of equity. Unlikely to be applicable to the HSC
IAS 7	Statement of Cash Flows — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010	Clarification that only cash flows resulting in the recognition of an asset can be classified as investing activities. Unlikely to lead to change.
IAS 17	Leases — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010	Leases of land to be classified according to general principles of the standard rather than assumed to be operating leases.
IAS 24	Related Party Disclosures — Revised definition of related parties	Annual periods beginning on or after 1 January 2011	Inclusion of a partial exemption for government-related entities. Given that the FreM interprets the related party requirements significantly to reduce the disclosure on transactions between public sector entities it is unlikely that this will have significant impact.
IAS 32	Financial Instruments: Presentation — Amendments relating to classification of rights issues	Annual periods beginning on or after 1 February 2010	Unlikely to apply to HSC

IAS 36	Impairment of Assets — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010	Allocation of goodwill in an impairment test. Unlikely to apply to HSC
IAS 38	Intangible Assets — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 July 2009	Accounting for intangible assets acquired in a business combination. Unlikely to apply to HSC
IAS 39	Financial Instruments: Recognition and Measurement — Amendments for eligible hedged items	Annual periods beginning on or after 1 July 2009	Unlikely to apply to HSC
IAS 39	Financial Instruments: Recognition and Measurement — Amendments for embedded derivatives when reclassifying financial instruments	Annual periods ending on or after 30 June 2009	Unlikely to apply to NI public sector bodies
IAS 39	Financial Instruments: Recognition and Measurement — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010	Relate to hedging, derivatives and business combinations. Unlikely to apply to HSC.

## 1.29 Change in Accounting Policy / Prior Year Restatement

As a direct result of a change to the accounting and budgeting treatment for HSC Trusts as Non Departmental Public Bodies (NDPBs) in 2008/09, HSC Trusts are now required to treat funding that is received from a controlling party, such as the Department and HSC Board, as Grant in Aid (GIA) and can no longer accrue

debtors and creditors for GIA. A dispensation was granted by the DHSSPS in the initial year of adoption which permitted the inclusion of debtors and creditors for GIA in 2008/09.

The Trust is now required to adopt this policy in full and has therefore restated any GIA debtors and creditors. Debtors in relation to the Review of Public Administration provision have been classified as GIA from 2009/10.

The prior year totals have been restated in the accounts to reflect this change in treatment. The effect of this change is shown in the table below:

	08/09 £000	07/08 £000
Income	(3,500)	0
GIA RRL	3,500	0
Receivables	(11,292)	(11,600)
Reserves	11,292	11,600

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 2 FIRST TIME ADOPTION OF IFRS

For periods up to and including the year ended 31 March 2009 the Department prepared its accounts in accordance with UK GAAP. For the year ended 31 March 2010 the Department is required to prepare its accounts in accordance with IFRS. The effective date of transition for the Department is 1 April 2008 and first time adoption requires restatement of all comparative balances on an IFRS basis. All movements are processed through reserves. The tables below show the reconciliations from UK GAAP to IFRS. The tables have been adapted to also reflect other prior period changes for transfers of function and changes in accounting policy.

#### Note 2.1 – Reconciliation of UK GAAP reported Reserves to IFRS at the date of transition 1 April 2008

	General Fund £000s	Revaluation reserve £000s	Donated asset reserve £000s
<b>Reserves at 31 March 2008 under UK GAAP</b>	258,119	17,592	23,288
Change in accounting policy – GIA	(11,600)	0	0
<b>Reserves at 31 March 2008 under UK GAAP</b>	246,519	17,592	23,288
IAS 36 Property, plant & equipment	0	0	0
IAS 17 Leases additions	0	0	0
IAS 17 Leases liabilities	0	0	0
IAS 19 Employee benefits	(4,760)	0	0
IAS 38 Intangible assets	0	0	0
IFRS 5 Non Current assets held for sale	0	0	0
IFRIC 12 Service Concession Arrangements	0	0	0
<b>Reserves at 1 April 2008 under IFRS</b>	<b>241,759</b>	<b>17,592</b>	<b>23,288</b>

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### Note 2.2 - Reconciliation of UK GAAP reported Reserves to IFRS at the end of the final UK GAAP reporting period 31 March 2009

	<b>General Fund</b>	<b>Revaluation reserve</b>	<b>Donated asset reserve</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Reserves at 31 March 2009 under UK GAAP</b>	305,535	22,826	23,141
Changes in accounting policy – GIA	(11,292)	0	0
<b>Reserves at 31 March 2009 under UK GAAP</b>	294,243	22,826	23,141
IAS 36 Property, plant & equipment	0	0	0
IAS 17 Leases	0	0	0
IAS 17 Leases liabilities	0	0	0
IAS 19 Employee benefits	(3,130)	0	0
IAS 38 Intangible assets	0	0	0
IFRS 5 Non Current assets held for sale	0	0	0
IFRIC 12 Service Concession Arrangements	0	0	0
<b>Reserves at 1 April 2009 under IFRS</b>	<b>291,113</b>	<b>22,826</b>	<b>23,141</b>

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### Note 2.3 Reconciliation of UK GAAP reported Net expenditure to IFRS for the year ended 31 March 2009

	<b>£000s</b>
<b>Net Expenditure for 2008-09 under UK GAAP</b>	(452,573)
Change in accounting policy – GIA	(2,596)
<b>Net Expenditure for 2008-09 under UK GAAP</b>	(455,169)
<i>List adjustments required by relevant Standard eg.</i>	
IAS 36 Property, plant & equipment	0
IAS 17 Leases	0
IAS 19 Employee benefits	1,630
IAS 38 Intangible assets	0
IFRS 5 Non Current assets held for sale	0
IFRIC 12 Service Concession Arrangements	0
<b>Net Expenditure for 2008-09 under IFRS</b>	<b><u>(453,539)</u></b>

In addition to the cash balances of £1,090k reported under GAAP at 31 March 2009, the Trust held cash equivalents of £0. These were reported under UK GAAP as investments.

The adjustment under IAS 19 Employees benefits relates to accrued holiday entitlement. Leave that has been earned but not taken in year has to be accrued and disclosed as a liability and the movement ( the increase or decrease in the liability) from one year to the next as an expense.

# SOUTH EASTERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

### ANALYSIS OF NET EXPENDITURE BY SEGMENT

#### Note 3

<b>Group/Corporate Group</b>	<b>Service</b>	<b>Staff Costs</b>	<b>Other Expenditure</b>	<b>Total Expenditure</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Hospital Services</b>		(125,990)	(39,523)	(165,513)
<b>Adult Services</b>		(36,126)	(31,421)	(67,547)
<b>Childrens Services &amp; Social Work</b>		(30,422)	(18,985)	(49,407)
<b>Primary &amp; Elderly Services</b>		(61,507)	(73,179)	(134,686)
<b>Support Services</b>		(34,819)	(28,058)	(62,877)
<b>Expenditure for Reportable Segments</b>		<b>(288,864)</b>	<b>(191,166)</b>	<b>(480,030)</b>
<b>Unallocated Expenditure</b>				
Other Expenditure				<b>3,246</b>
Non-Cash Costs (per Note 5):				
Depreciation				(14,385)
Amortisation				0
Impairments				(37,812)
Profit/(Loss) on disposal of assets				114
Cost of Capital Charges				(11,261)
Provisions provided for in year				(583)
Unwinding of discount on Provisions				(476)
Auditors Remuneration				(65)
<b>Total Non-Cash Costs</b>				<b>(64,468)</b>
<b>Sub-Total of Unallocated Expenditure</b>				<b>(61,222)</b>
<b>Total Expenditure</b>				<b>(541,252)</b>
<b>Unallocated Income</b>				<b>38,946</b>
<b>Net Expenditure as per Net Expenditure Account</b>				<b>(502,306)</b>
<b>Revenue Resource Limit (RRL)</b>				<b>502,334</b>
<b>Surplus/(Deficit) against RRL</b>				<b>28</b>

## SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

### ANALYSIS OF NET EXPENDITURE BY SEGMENT

Note 3

<b>Group/Corporate Group</b>	<b>Service</b>	<b>Staff Costs</b>	<b>Other Expenditure</b>	<b>Total Expenditure</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Hospital Services</b>		(118,971)	(36,666)	(155,637)
<b>Adult Services</b>		(35,199)	(31,734)	(66,933)
<b>Childrens Services &amp; Social Work</b>		(28,051)	(15,723)	(43,774)
<b>Primary &amp; Elderly Services</b>		(58,090)	(70,018)	(128,108)
<b>Support Services</b>		(33,032)	(33,580)	(66,612)
<b>Expenditure for Reportable Segments</b>		<b>(273,343)</b>	<b>(187,721)</b>	<b>(461,064)</b>
<b>Unallocated Expenditure</b>				
Other Expenditure				<b>7,795</b>
Non-Cash Costs (per Note 5):				
Depreciation				(13,177)
Amortisation				(5)
Impairments				(1,541)
Profit/(Loss) on disposal of assets				(58)
Cost of Capital Charges				(10,571)
Provisions provided for in year				(10,368)
Unwinding of discount on Provisions				(431)
Auditors Remuneration				(59)
Total Non-Cash Costs				<b>(36,210)</b>
<b>Sub-Total of Unallocated Expenditure</b>				<b>(28,415)</b>
<b>Total Expenditure</b>				<b>(489,479)</b>
<b>Unallocated Income</b>				<b>35,940</b>
<b>Net Expenditure as per Net Expenditure Account</b>				<b>(453,539)</b>
<b>Revenue Resource Limit (RRL)</b>				<b>453,589</b>
<b>Surplus/(Deficit) against RRL</b>				<b>50</b>

## **SOUTH EASTERN HSC TRUST**

### **ANALYSIS OF NET EXPENDITURE BY SEGMENT**

#### **Note 3 (continued)**

The Trust is managed by way of a directorate structure, each led by a director providing, an integrated healthcare service for its resident population. The Directors along with the Chief Executive, Chairman and Non Executive Directors form the Trust Board. The Trust Board is responsible for managing and co-ordinating the activities of the Trust. The Trust Board of the South Eastern HSC Trust is considered to be the Chief Operating Decision Maker. The Trust Board regularly reviews the financial performance of each directorate against a dedicated budget.

The following directorates are reportable segments:-

#### **Hospital Services**

All acute services including maternity, surgery, medicine, women and child health, cancer services, emergency care and clinical support (diagnostic) services.

#### **Adult Services**

Mental health, prison healthcare, physical disability, learning disability, psychology services.

#### **Children's Services and Social Work**

Child health, safeguarding children, cared for children and promoting well-being.

#### **Primary and Elderly**

Allied Health Professional (AHP's) elderly services including domiciliary services, nursing and residential care, dementia services.

The following directorates have been disclosed as a single segment "Support Services"

#### **Human Resources and Corporate Affairs**

Human resource services, executive management team, Trust board support, complaints, risk and governance, patient's experience, public relations.

#### **Finance and Estates**

Financial services, financial management, costing, capital, maintenance and upkeep of Trust land and buildings.

#### **Planning, Information and Performance Management**

Capital development, corporate planning, strategic planning, performance improvement, information and communications technology.

The segmental analysis discloses the expenditure reviewed by the Chief Operating Decision Maker and reconciles this to the surplus reported in year as detailed in the Net Expenditure Account.

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 4 STAFF NUMBERS AND RELATED COSTS

##### 4.1 Staff Costs

Staff costs comprise

	<b>Total</b>	<b>2010</b>		<b>2009</b>
	<b>£000s</b>	<b>Permanently</b>	<b>Others</b>	<b>Total</b>
		<b>staff</b>	<b>£000s</b>	<b>£000s</b>
		<b>£000s</b>		
Wages & Salaries	248,739	234,796	13,943	230,169
Social security costs	16,515	16,515	0	16,242
Other pension costs	23,586	23,586	0	26,738
<b>Sub-Total</b>	<b>288,840</b>	<b>274,897</b>	<b>13,943</b>	<b>273,149</b>
Less Capital Costs	819			664
<b>Gross staff cost less capitalised cost</b>	<b>288,021</b>			<b>272,485</b>
Less recoveries in respect of outward secondments	1,613			2,184
<b>Total net costs</b>	<b>287,227</b>			<b>270,965</b>

Of the total an amount of £819k has been charged to capital in the year (2008/09 £664k).

The Trust participates in the HSC 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.

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the balance sheet date and updates it to reflect current conditions. An interim valuation as at 31 March 2006 was completed in the summer of 2009 and was used for the 2008-09 accounts. The next valuation will be as at 31 March 2008 and will be used in the 2009/10 accounts.

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### 4.2 Average number of persons employed

The average number of whole time equivalent persons employed during the year was as follows;

	<b>Total No.</b>	<b>2010 Permanently employed staff No.</b>	<b>Others No.</b>	<b>2009 Total No.</b>
Medical and dental	514	485	29	522
Nursing and Midwifery	2,816	2,565	251	2,660
Professions Allied to medicine	559	545	14	538
Ancillaries	1,227	1,187	40	1,216
Administrative and clerical	1,395	1,268	127	1,446
Ambulance staff	0	0	0	0
Works	86	86	0	82
Other Professional and technical	298	297	1	282
Social Services	1,123	1,082	41	1,132
Other	0	0	0	25
Total	<b>8,018</b>	<b>7,515</b>	<b>503</b>	<b>7,903</b>

Included in above 18 Staff are engaged on capital projects

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 4 STAFF NUMBERS AND RELATED COSTS

##### 4.3 Senior Employees' Remuneration

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

Name	2009-10		2008-09		Real increase in pension and related lump sum at age 60 £000s	2009-10			
	Salary, including Performance Pay £000s	Benefits in Kind (Rounded to nearest £100)	Salary, including Performance Pay £000s	Benefits in Kind (Rounded to nearest £100)		Total accrued pension at age 60 and related lump sum £000s	CETV at 31/03/09 £000s	CETV at 31/03/10 £000s	Real increase in CETV £000s
<b>Non-Executive Members</b>									
D Fitsimmons	0	0	10-15	0	0	0	0	0	0
C McKenna	30-35	0	10-15	0	0	0	0	0	0
P Davidson	5-10	0	5-10	0	0	0	0	0	0
D Flannagan	5-10	0	10-15	0	0	0	0	0	0
F Graham	5-10	0	5-10	0	0	0	0	0	0
D Mann-Kler	5-10	0	5-10	0	0	0	0	0	0
N Mansley	5-10	0	5-10	0	0	0	0	0	0
D O'Hara	5-10	0	5-10	0	0	0	0	0	0
J Trethowen	5-10	0	5-10	0	0	0	0	0	0

Name	2009-10		2008-09		2009-10				
	Salary, including Performance Pay £000s	Benefits in Kind (Rounded to nearest £100)	Salary, including Performance Pay £000s	Benefits in Kind (Rounded to nearest £100)	Real increase in pension and related lump sum at age 60 £000s	Total accrued pension at age 60 and related lump sum £000s	CETV at 31/03/09 £000s	CETV at 31/03/10 £000s	Real increase in CETV £000s
J Compton	0	0	140-145	300	0	0	0	0	0
H McCaughey	95-100 (115-120 Full Year Equivalent)	300	0	0	2.5-5 plus Lump sum 12.5-15	35-40 plus Lump sum 110-115	514	637	81
D Bannon	65-70	1500	60-65	1400	0-2.5 plus Lump sum 0-2.5	30-35 plus Lump sum 95-100	634	688	6
P Cummings	15-20 (95-100 Full Year Equivalent)	600	95-100	3900	0-2.5 plus Lump sum 2.5-5	30-35 plus Lump sum 90-95	468	533	25
N Guckian	40-45 (85-90 Full Year Equivalent)	0	0	0	0-2.5 plus Lump sum 2.5-5	15-20 plus Lump sum 45-50	227	259	12
C Martyn (ins clinical duties)	180-185	300	165-170	200	12.5-15 plus Lump sum 40-42.5	40-45 plus Lump sum 130-135	600	935	280
C McArdle	70-75	0	70-75	0	0-2.5 plus Lump sum 2.5-5	15-20 plus Lump sum 45-50	207	238	13
S McGoran	90-95	3000	90-95	3400	0-2.5 plus Lump sum 2.5-5	25-30 plus Lump sum 75-80	403	458	20
E Molloy	90-95	0	90-95	0	0-2.5 plus Lump sum 2.5-5	35-40 plus Lump sum 105-110	656	736	24
N J Simpson	85-90	300	90-95	600	0-2.5 plus Lump sum 2.5-5	30-35 plus Lump sum 100-105	791	880	30

K Thompson	85-90	0	85-90	0	0-2.5 plus Lump sum 2.5-5	25-30 plus Lump sum 80-85	535	602	26
S Christie	30-35 (60-65 Full Year Equivalent)	0	0	0	0-2.5 plus Lump sum 2.5-5	5-10 plus Lump sum 15-20	77	98	14

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 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the HSC 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.

Note

P Cummings left 31/05/09

H McCaughey commenced 01/06/09

N Guckian commenced 21/09/09

S Christie acted as Director of Finance and Estate from 24/04/09 to 30/09/09

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 4 STAFF NUMBERS AND RELATED COSTS

	<b>2010</b> <b>£000s</b>	<b>2009</b> <b>£000s</b>
Staff benefits	0	0

#### 4.5 Trust Management Costs

	<b>2010</b> <b>£000s</b>	<b>Restated</b> <b>2009</b> <b>£000s</b>
Trust Management Costs	15,877	15,527
<b>Income:</b>		
RRL	502,334	453,589
Income per Note 6	37,595	30,015
Less interest receivable	0	0
<b>Total Income</b>	<b>539,929</b>	<b>483,604</b>
<b>% of total income</b>	<b>2.9%</b>	<b>3.2%</b>

The definition of management costs is based on the DHSSPS circular HSC (THR) 2/99. Due to the change in accounting treatment of Grant and Aid Income it has been necessary to restate prior year figures for comparative purposes.

#### 4.6 Retirements due to ill-health

During 2009/10 there were 41 early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £81k

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 5 OPERATING EXPENSES

##### Operating Expenses

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

	<b>2010</b>	<b>Restated</b>
	<b>£000s</b>	<b>2009</b>
		<b>£000s</b>
Purchase of care from non-HSC bodies	95,914	86,788
Revenue Grants to voluntary organisations	8,597	9,044
Capital Grants to voluntary organisations	500	0
Personal social services	8,218	6,309
Recharges from other HSC organisations	8,909	8,486
Supplies and services - clinical	27,061	28,399
Supplies and services - general	6,065	5,453
Establishment	10,618	9,588
Transport	813	865
Premises	15,818	18,329
Bad debts	(40)	199
Rentals under operating leases	612	725
Interest charges	0	0
PFI Service charges	0	0
Research & development expenditure	0	0
Clinical negligence claims not provided for	0	0
Miscellaneous	5,678	6,599
<b>Non cash items</b>		
Depreciation	14,385	13,177
Amortisation	0	5
Impairments	37,812	1,541
(Profit) on disposal of assets (excluding profit on land)	(114)	0
Loss on disposal of assets ( including land)	0	58
Cost of Capital charges	11,261	10,571
Provisions provided for in year	583	10,368
Unwinding of discount on Provisions	476	431
Auditors remuneration	65	59
<b>Total</b>	<b>253,231</b>	<b>216,994</b>

During the year the South Eastern Trust purchased no non audit services from its auditor the Northern Ireland Audit Office.

The impairment cost of £37m relates to losses in respect of tangible and intangible purchased and donated assets due to clear consumption of economic benefits or due to price changes where there is no corresponding positive balance on the revaluation reserve under IAS36.

# SOUTH EASTERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

### NOTE 6 INCOME

#### 6.1 Income from Activities

	<b>2010</b>	<b>Restated</b>
	<b>£000s</b>	<b>2009</b>
		<b>£000s</b>
GB/Republic of Ireland Health Authorities	0	0
HSC Trusts	935	655
Non-HSC:- Private patients	385	430
Non-HSC:- Other	2,297	1,658
Clients contributions	18,687	17,032
<b>Total</b>	<b>22,304</b>	<b>19,775</b>

#### 6.2 Other Operating Income

	<b>2010</b>	<b>Restated</b>
	<b>£000s</b>	<b>2009</b>
		<b>£000s</b>
Other income from non-patient services	8,411	7,425
Seconded staff	1,613	2,184
Charitable and other contributions to expenditure	0	0
Donated asset reserve transfer for Impairment	4,630	0
Donated asset reserve transfer for Depreciation	637	631
Profit on disposal of land	0	0
Interest receivable	0	0
<b>Total</b>	<b>15,291</b>	<b>10,240</b>

#### 6.3 Reimbursements receivable in respect of provisions

	<b>2010</b>	<b>Restated</b>
	<b>£000s</b>	<b>2009</b>
		<b>£000s</b>
Movements in reimbursable income from Clin Neg Central Fund	1,351	5,925
<b>Total</b>	<b>1,351</b>	<b>5,925</b>
<b>TOTAL INCOME</b>	<b>38,946</b>	<b>35,940</b>

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 7 Property, Plant & Equipment

##### Summary

	Purchased £000s	Donated £000s	2010 Total £000s
Net book value:			
Land	56,416	14,220	70,636
Buildings (excluding dwellings)	189,773	2,805	192,578
Dwellings	33,465	0	33,465
Assets under construction	53,845	0	53,845
Plant and machinery (Equipment)	19,615	698	20,313
Transport Equipment	621	32	653
Information Technology (IT)	6,017	23	6,040
Furniture & Fittings	2,039	0	2,039
<b>Total PPE - 31 March 2010</b>	<b>361,791</b>	<b>17,778</b>	<b>379,569</b>

	Purchased £000s	Donated £000s	2009 Total £000s
Net book value:			
Land	78,614	19,783	98,397
Buildings (excluding dwellings)	141,576	2,480	144,056
Dwellings	34,652	0	34,652
Assets under construction	92,640	23	92,663
Plant and machinery (Equipment)	14,074	781	14,855
Transport Equipment	784	36	820
Information Technology (IT)	4,909	38	4,947
Furniture & Fittings	1,298	0	1,298
<b>Total PPE - 31 March 2009</b>	<b>368,547</b>	<b>23,141</b>	<b>391,688</b>

The last valuation was carried out on the 31<sup>st</sup> January 2010 by Land and Property Services (LPS) which is an independent executive within the Department of Finance and Personnel. The valuers are qualified to meet the "Member of Royal Institution of Chartered Surveyors" (MRICS) standard. The valuation at 31<sup>st</sup> March 2010 was considered by LPS to be not materially different from those at 31 January and the January values have therefore been used at the financial year end.

Professional revaluations of Land and Buildings are undertaken at least once in every five year period and are revalued annually, between professional valuations, using indices provided by LPS

# SOUTH EASTERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

### NOTE 7.1 Property, Plant & Equipment - Purchased assets - year ended 31 March 2010

	<b>Land £000s</b>	<b>Buildings (excluding dwellings) £000s</b>	<b>Dwellings £000s</b>	<b>Assets under Construction £000s</b>	<b>Plant and Machinery (Equipment) £000s</b>	<b>Transport Equipment £000s</b>	<b>Information Technology (IT) £000s</b>	<b>Furniture and Fittings £000s</b>	<b>Total £000s</b>
<b>Cost or Valuation</b>									
At 1 April 2009	78,614	176,120	39,540	92,640	28,141	3,074	11,593	2,045	431,767
Indexation	(3,816)	(9,575)	(1,934)	0	894	259	0	0	(14,172)
Additions	0	4,678	275	24,592	7,901	46	2,531	1,000	41,023
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	(5,700)	53,656	303	(53,954)	26	(26)	7	(12)	(5,700)
Revaluation	(3,584)	(22,932)	(2,286)	44	(97)	0	0	(1)	(28,856)
(Impairments)	(9,098)	(12,174)	(2,433)	(9,477)	0	0	0	0	(33,182)
(Disposals)	0	0	0	0	(778)	(77)	0	0	(855)
<b>At 31 March 2010</b>	<b>56,416</b>	<b>189,773</b>	<b>33,465</b>	<b>53,845</b>	<b>36,087</b>	<b>3,276</b>	<b>14,131</b>	<b>3,032</b>	<b>390,025</b>

# SOUTH EASTERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

### NOTE 7.1 (continued) Property, Plant & Equipment - Purchased assets - year ended 31 March 2010

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
<b>Depreciation</b>									
At 1 April 2009	0	34,544	4,888	0	14,067	2,290	6,684	747	63,220
Indexation	0	(1,377)	(192)	0	448	195	0	0	(926)
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	(40,526)	(6,558)	0	(3)	(1)	128	(1)	(46,961)
(Impairments)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(770)	(77)	0	0	(847)
Provided during the year	0	7,359	1,862	0	2,730	248	1,302	247	13,748
At 31 March 2010	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,472</b>	<b>2,655</b>	<b>8,114</b>	<b>993</b>	<b>28,234</b>
<b>Net Book Value</b>									
At 31 March 2010	<b>56,416</b>	<b>189,773</b>	<b>33,465</b>	<b>53,845</b>	<b>19,615</b>	<b>621</b>	<b>6,017</b>	<b>2,039</b>	<b>361,791</b>
At 31 March 2009	<b>78,614</b>	<b>141,576</b>	<b>34,652</b>	<b>92,640</b>	<b>14,074</b>	<b>784</b>	<b>4,909</b>	<b>1,298</b>	<b>368,547</b>
<b>Asset financing</b>									
Owned	56,416	189,773	33,465	53,845	19,615	621	6,017	2,039	361,791
Finance Leased	0	0	0	0	0	0	0	0	0
On b/s PFI contracts	0	0	0	0	0	0	0	0	0
<b>Net Book Value</b>									
At 31 March 2010	<b>56,416</b>	<b>189,773</b>	<b>33,465</b>	<b>53,845</b>	<b>19,615</b>	<b>621</b>	<b>6,017</b>	<b>2,039</b>	<b>361,791</b>

The total amount of depreciation charged in the Net Expenditure Account in respect of assets held under finance leases and hire purchase contracts is £0 (2009 £0)

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 7.2 Property, Plant & Equipment – Purchased assets – year ended 31 March 2009

	<b>Land £000s</b>	<b>Buildings (excluding dwellings) £000s</b>	<b>Dwellings £000s</b>	<b>Assets under Construction £000s</b>	<b>Plant and Machinery (Equipment) £000s</b>	<b>Transport Equipment £000s</b>	<b>Information Technology (IT) £000s</b>	<b>Furniture and Fittings £000s</b>	<b>Total £000s</b>
<b>Cost or Valuation</b>									
At 1 April 2008	79,194	162,735	31,529	58,276	26,527	3,025	9,014	1,760	372,060
Indexation	0	4,766	921	0	693	30	0	13	6,423
Additions	0	4,836	128	46,729	2,395	135	2,482	334	57,039
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	(580)	3,785	6,963	(10,824)	78	0	0	(2)	(580)
Revaluation	0	0	(1)	0	(51)	(7)	97	0	38
(Impairments)	0	0	0	(1,541)	0	0	0	0	(1,541)
(Disposals)	0	(2)	0	0	(1,501)	(109)	0	(60)	(1,672)
<b>At 31 March 2009</b>	<b>78,614</b>	<b>176,120</b>	<b>39,540</b>	<b>92,640</b>	<b>28,141</b>	<b>3,074</b>	<b>11,593</b>	<b>2,045</b>	<b>431,767</b>
<b>Depreciation</b>									
At 1 April 2008	0	26,177	3,599	0	12,927	2,137	5,687	598	51,125
Indexation	0	767	105	0	338	21	0	4	1,235
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	(67)	0	0	(78)	(7)	77	0	(75)
(Impairments)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(1,445)	(109)	0	(57)	(1,611)
Provided during the year	0	7,667	1,184	0	2,325	248	920	202	12,546
<b>At 31 March 2009</b>	<b>0</b>	<b>34,544</b>	<b>4,888</b>	<b>0</b>	<b>14,067</b>	<b>2,290</b>	<b>6,684</b>	<b>747</b>	<b>63,220</b>

# SOUTH EASTERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

### NOTE 7.2 (continued) Property, Plant & Equipment – Purchased assets – year ended 31 March 2009

	<b>Land £000s</b>	<b>Buildings (excluding dwellings) £000s</b>	<b>Dwellings £000s</b>	<b>Assets under Construction £000s</b>	<b>Plant and Machinery (Equipment) £000s</b>	<b>Transport Equipment £000s</b>	<b>Information Technology (IT) £000s</b>	<b>Furniture and Fittings £000s</b>	<b>Total £000s</b>
<b>Net Book Value</b>									
At 1 April 2008	<b>79,194</b>	<b>136,558</b>	<b>27,930</b>	<b>58,276</b>	<b>13,600</b>	<b>888</b>	<b>3,327</b>	<b>1,162</b>	<b>320,935</b>
At 31 March 2009	<b>78,614</b>	<b>141,576</b>	<b>34,652</b>	<b>92,640</b>	<b>14,074</b>	<b>784</b>	<b>4,909</b>	<b>1,298</b>	<b>368,547</b>
<b>Asset financing</b>									
Owned	78,614	141,576	34,652	92,640	14,074	784	4,909	1,298	368,547
Finance Leased	0	0	0	0	0	0	0	0	0
On b/s PFI contracts	0	0	0	0	0	0	0	0	0
<b>Net Book Value</b>									
At 31 March 2009	78,614	141,576	34,652	92,640	14,074	784	4,909	1,298	368,547

<b>Asset financing</b>									
Owned	79,194	136,558	27,930	58,276	13,600	888	3,327	1,162	320,935
Finance Leased	0	0	0	0	0	0	0	0	0
On b/s PFI contracts	0	0	0	0	0	0	0	0	0
<b>Net Book Value</b>									
At 1 April 2008	79,194	136,558	27,930	58,276	13,600	888	3,327	1,162	320,935

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 7.3 Property, Plant & Equipment – Donated assets – Year ended 31 March 2010

	<b>Land £000s</b>	<b>Buildings (excluding dwellings) £000s</b>	<b>Dwellings £000s</b>	<b>Assets under Construction £000s</b>	<b>Plant and Machinery (Equipment) £000s</b>	<b>Transport Equipment £000s</b>	<b>Information Technology (IT) £000s</b>	<b>Furniture and Fittings £000s</b>	<b>Total £000s</b>
<b>Cost or Valuation</b>									
At 1 April 2009	19,783	3,513	0	23	3,972	70	238	2	27,601
Indexation	(1,164)	(193)	0	0	126	6	0	0	(1,225)
Additions	0	435	0	0	242	0	0	0	677
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	0	23	0	(23)	0	0	0	0	0
Revaluation	0	(742)	0	0	(3)	0	0	0	(745)
(Impairments)	(4,399)	(231)	0	0	0	0	0	0	(4,630)
(Disposals)	0	0	0	0	(88)	0	0	0	(88)
<b>At 31 March 2010</b>	<b>14,220</b>	<b>2,805</b>	<b>0</b>	<b>0</b>	<b>4,249</b>	<b>76</b>	<b>238</b>	<b>2</b>	<b>21,590</b>

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 7.3 (continued) Property, Plant & Equipment – Donated assets – Year ended 31 March 2010

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
<b>Depreciation</b>									
At 1 April 2009	0	1,033	0	0	3,191	34	200	2	4,460
Indexation	0	(41)	0	0	99	3	0	0	61
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	(1,257)	0	0	(4)	1	2	0	(1,258)
(Impairments)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(88)	0	0	0	(88)
Provided during the year	0	265	0	0	353	6	13	0	637
At 31 March 2010	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,551</b>	<b>44</b>	<b>215</b>	<b>2</b>	<b>3,812</b>
<b>Net Book Value</b>									
At 31 March 2010	<b>14,220</b>	<b>2,805</b>	<b>0</b>	<b>0</b>	<b>698</b>	<b>32</b>	<b>23</b>	<b>0</b>	<b>17,778</b>
At 31 March 2009	<b>19,783</b>	<b>2,480</b>	<b>0</b>	<b>23</b>	<b>781</b>	<b>36</b>	<b>38</b>	<b>0</b>	<b>23,141</b>
<b>Asset financing</b>									
Owned	14,220	2,805	0	0	698	32	23	0	17,778
Finance Leased	0	0	0	0	0	0	0	0	0
On b/s PFI contracts	0	0	0	0	0	0	0	0	0
<b>Net Book Value</b>									
At 31 March 2010	<b>14,220</b>	<b>2,805</b>	<b>0</b>	<b>0</b>	<b>698</b>	<b>32</b>	<b>23</b>	<b>0</b>	<b>17,778</b>

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 7.4 Property, Plant & Equipment - Donated assets - Year ended 31 March 2009

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
<b>Cost or Valuation</b>									
At 1 April 2008	19,783	3,073	0	23	4,554	34	232	2	27,701
Indexation	0	90	0	0	119	0	0	0	209
Additions	0	350	0	0	0	36	6	0	392
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	(2)	0	0	0	(2)
(Impairments)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(699)	0	0	0	(699)
At 31 March 2009	<b>19,783</b>	<b>3,513</b>	<b>0</b>	<b>23</b>	<b>3,972</b>	<b>70</b>	<b>238</b>	<b>2</b>	<b>27,601</b>

#### Depreciation

At 1 April 2008	0	801	0	0	3,394	33	183	2	4,413
Indexation	0	23	0	0	90	0	0	0	113
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
(Impairments)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	(696)	0	(1)	0	(697)
Provided during the year	0	209	0	0	403	1	18	0	631
At 31 March 2009	<b>0</b>	<b>1,033</b>	<b>0</b>	<b>0</b>	<b>3,191</b>	<b>34</b>	<b>200</b>	<b>2</b>	<b>4,460</b>

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 7.4 Property, Plant & Equipment - Donated assets - Year ended 31 March 2009

<b>Land</b>	<b>Buildings (excluding dwellings)</b>	<b>Dwellings</b>	<b>Assets under Construction</b>	<b>Plant and Machinery (Equipment)</b>	<b>Transport Equipment</b>	<b>Information Technology (IT)</b>	<b>Furniture and Fittings</b>	<b>Total</b>
<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>

#### Net Book Value

At 1 April 2008

<b>19,783</b>	<b>2,272</b>	<b>0</b>	<b>23</b>	<b>1,160</b>	<b>1</b>	<b>49</b>	<b>0</b>	<b>23,288</b>
<b>19,783</b>	<b>2,480</b>	<b>0</b>	<b>23</b>	<b>781</b>	<b>36</b>	<b>38</b>	<b>0</b>	<b>23,141</b>

At 31 March 2009

#### Asset financing

Owned  
Finance Leased  
On b/s PFI contracts

19,783	2,480	0	23	781	36	38	0	23,141
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<b>19,783</b>	<b>2,480</b>	<b>0</b>	<b>23</b>	<b>781</b>	<b>36</b>	<b>38</b>	<b>0</b>	<b>23,141</b>

#### Net Book Value

At 31 March 2009

#### Asset financing

Owned  
Finance Leased  
On b/s PFI contracts

19,783	2,272	0	23	1,160	1	49	0	23,288
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<b>19,783</b>	<b>2,272</b>	<b>0</b>	<b>23</b>	<b>1,160</b>	<b>1</b>	<b>49</b>	<b>0</b>	<b>23,288</b>

#### Net Book Value

At 1 April 2008

# SOUTH EASTERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

### NOTE 8 Intangible assets

#### Summary

	2010		
	Purchased £000s	Donated £000s	Total £000s
<b>Net book value:</b>			
Software	0	0	0
Software licenses	0	0	0
	<hr/>		
<b>Total Intangible assets - 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>

	2009		
	Purchased £000s	Donated £000s	Total £000s
<b>Net book value:</b>			
Software	0	0	0
Software licenses	0	0	0
	<hr/>		
<b>Total Intangible assets - 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 8.1 INTANGIBLE ASSETS (Purchased) - Year ended 31 March 2010

	Software licenses	Software	Total
Cost or Valuation	£000s	£000s	£000s
At 1 April 2009	434	0	434
Indexation	0	0	0
Additions	0	0	0
Reclassifications	0	0	0
Transfers	0	0	0
Revaluation	0	0	0
(Impairments)	0	0	0
(Disposals)	(434)	0	(434)
At 31 March 2010	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation</b>			
At 1 April 2009	434	0	434
Indexation	0	0	0
Reclassifications	0	0	0
Transfers	0	0	0
Revaluation	0	0	0
(Impairments)	0	0	0
(Disposals)	(434)	0	(434)
Provided during the year	0	0	0
At 31 March 2010	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>			
At 31 March 2010	<b>0</b>	<b>0</b>	<b>0</b>
At 31 March 2009	<b>0</b>	<b>0</b>	<b>0</b>
<b>Asset financing</b>			
Owned	0	0	0
Finance Leased	0	0	0
On b/s PFI contracts	0	0	0
<b>Net Book Value</b>			
At 31 March 2010	<b>0</b>	<b>0</b>	<b>0</b>

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 8.2 INTANGIBLE ASSETS (Purchased) - Year ended 31 March 2009

Cost or Valuation	Software licenses	Software	Total
	£000s	£000s	£000s
At 1 April 2008	434	0	434
Indexation	0	0	0
Additions	0	0	0
Reclassifications	0	0	0
Transfers	0	0	0
Revaluation	0	0	0
(Impairments)	0	0	0
(Disposals)	0	0	0
At 31 March 2009	<b>434</b>	<b>0</b>	<b>434</b>
<b>Amortisation</b>			
At 1 April 2008	429	0	429
Indexation	0	0	0
Reclassifications	0	0	0
Transfers	0	0	0
Revaluation	0	0	0
(Impairments)	0	0	0
(Disposals)	0	0	0
Provided during the year	5	0	5
At 31 March 2009	<b>434</b>	<b>0</b>	<b>434</b>
<b>Net Book Value</b>			
At 1 April 2008	<b>5</b>	<b>0</b>	<b>5</b>
At 31 March 2009	<b>0</b>	<b>0</b>	<b>0</b>
<b>Asset financing</b>			
Owned	0	0	0
Finance Leased	0	0	0
On b/s PFI contracts	0	0	0
<b>Net Book Value</b>			
At 31 March 2009	<b>0</b>	<b>0</b>	<b>0</b>
<b>Asset financing</b>			
Owned	5	0	5
Finance Leased	0	0	0
On b/s PFI contracts	0	0	0
<b>Net Book Value</b>			
At 1 April 2008	<b>5</b>	<b>0</b>	<b>5</b>

**SOUTH EASTERN HSC TRUST**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

**NOTE 8.3 INTANGIBLE ASSETS (Donated) - Year ended 31 March 2010**

The Trust does not have any intangible donated assets

**SOUTH EASTERN HSC TRUST**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

**NOTE 8.4 INTANGIBLE ASSETS (Donated) - Year ended 31 March 2009**

The Trust does not have any intangible donated assets

# **SOUTH EASTERN HSC TRUST**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

### **NOTE 9 FINANCIAL INSTRUMENTS**

#### **9.1 Financial instruments**

The Trust does not have any financial instruments.

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 10: ASSETS CLASSIFIED AS HELD FOR SALE

	Land			Buildings			Total		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost</b>									
At 1 April	580	0	0	0	0	0	580	0	0
Transfers from non-current assets	5,700	580	0	0	0	0	5,700	580	0
(Disposals)	(580)	0	0	0	0	0	(580)	0	0
At 31 March	<b>5,700</b>	<b>580</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,700</b>	<b>580</b>	<b>0</b>
<b>Depreciation</b>									
At 1 April	0	0	0	0	0	0	0	0	0
Transfers from non-current assets	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	0	0	0	0	0
At 31 March	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 31 March</b>	<b>5,700</b>	<b>580</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,700</b>	<b>580</b>	<b>0</b>

Non current assets held for sale comprise non current assets that are held for resale rather than for continuing use within the business.

In 2009 the carrying value represents the NBV of Appletree Childrens Home.

During the year 31<sup>st</sup> March 2010 a transfer from non-current assets Land category took place. These assets comprised of Bayview Resource Centre, Groomsport Road, Bangor, the former Downe Hospital, 3 Pound Lane Downpatrick and the part disposal of the Downe Hospital, 10 Ardglass Road Downpatrick .

These assets have been deemed to be surplus to Trust requirements and are actively being marketed for sale within the next 12 months subject to current property market conditions.

At 31<sup>st</sup> March 2010 non current assets held for resale comprise of Bayview Resource Centre, the former Downe Hospital and the part disposal of the Downshire Hospital.

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### 11. IMPAIRMENTS

	Property, Plant & Equipment		Intangibles		Total £000s
	£000s	£000s	£000s	£000s	
	Purchased	Donated	Purchased	Donated	
Total value of impairments for the period	33,182	0	0	0	33,182
Impairments taken through revaluation/donation reserve	0	4,630	0	0	4,630
<b>Impairments charged to Net Expenditure Account</b>	<b>33,182</b>	<b>4,630</b>	<b>0</b>	<b>0</b>	<b>37,812</b>

	Property, Plant & Equipment		Intangibles		Total £000s
	£000s	£000s	£000s	£000s	
	Purchased	Donated	Purchased	Donated	
Total value of impairments for the period	1,541	0	0	0	1,541
Impairments taken through revaluation/donation reserve	0	0	0	0	0
<b>Impairments charged to Net Expenditure Account</b>	<b>1,541</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,541</b>

#### 12. INVENTORIES

Classification	2010	2009	2008
	£000s	£000s	£000s
Pharmacy	965	914	766
Theatre Equipment	528	307	305
Building & Engineering Supplies	121	120	122
Fuel	282	131	201
Community Care Appliances	99	107	111
Laboratory material	142	80	85
Stationery	75	70	79
Laundry	67	66	75
X-Ray	33	15	18
Stock held for resale	8	7	6
Orthopaedic Equip	7	5	6
<b>Total</b>	<b>2,327</b>	<b>1,822</b>	<b>1,774</b>

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### 13. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2010 £000s	Restated 2009 £000s	Restated 2008 £000s
<b>Amounts falling due within one year</b>			
Trade Receivables	8,537	1,671	1,588
Deposits and advances	0	0	0
Clinical Negligence provision Receivable	7,902	6,711	3,919
CN Central fund reimbursements receivable	7,729	5,421	1,291
Other receivables	10,840	12,093	10,048
<b>Trade and other Receivables</b>	<b>35,008</b>	<b>25,896</b>	<b>16,846</b>
Prepayments and accrued income	0	0	0
Current part of PFI prepayment	0	0	0
<b>Other current assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amounts falling due after more than one year</b>			
Trade Receivables	0	0	0
Deposits and advances	0	0	0
Clinical Negligence Receivable	5,527	7,675	10,996
Other receivables	0	0	2
<b>Trade and other Receivables</b>	<b>5,527</b>	<b>7,675</b>	<b>10,998</b>
Prepayments and accrued income	0	0	0
<b>Other current assets falling due after more than one year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>40,535</b>	<b>33,571</b>	<b>27,844</b>
<b>TOTAL OTHER CURRENT ASSETS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL RECEIVABLES AND OTHER CURRENT ASSETS</b>	<b>40,535</b>	<b>33,571</b>	<b>27,844</b>

The balances are net of a provision for bad debts of £1,692k (2009 £1,731 : 2008 £1,532k)

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### 13 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

##### 13.1 Trade Receivables and other current assets: Intra-Government balances

Name	Restated	Restated	Restated	Restated	Restated	
	Amounts falling due within 1 year 2009/10 £000s	Amounts falling due within 1 year 2008/09 £000s	Amounts falling due within 1 year 2007/08 £000s	Amounts falling due after more than 1 year 2009/10 £000s	Amounts falling due after more than 1 year 2008/09 £000s	Amounts falling due after more than 1 year 2007/08 £000s
Balances with other central government bodies	26,038	12,578	6,095	5,527	7,675	10,996
Balances with local authorities						
Balances with NHS /HSC Trusts	1,356	1,226	704	0	0	0
Balances with public corporations and trading funds						
Intra-Government Balances	27,394	13,804	6,799	5,527	7,675	10,996
Balances with bodies external to government	7,614	12,092	10,047	0	0	2
Total Receivables & other current assets at 31 March	<b>35,008</b>	<b>25,896</b>	<b>16,846</b>	<b>5,527</b>	<b>7,675</b>	<b>10,998</b>

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### 14. CASH AND CASH EQUIVALENTS

	<b>2010</b>	<b>Restated</b>	<b>Restated</b>
	<b>£000s</b>	<b>2009</b>	<b>2008</b>
		<b>£000s</b>	<b>£000s</b>
Balance at 1st April	1,090	7,421	3,474
Net change in cash and cash equivalents	794	(6,331)	3,947
<b>Balance at 31st March</b>	<b>1,884</b>	<b>1,090</b>	<b>7,421</b>

#### The following balances at 31 March were held at

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Commercial Banks and cash in hand	1,884	1,090	7,421
	<b>1,884</b>	<b>1,090</b>	<b>7,421</b>

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### 15. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	<b>2010</b>	<b>Restated</b>	<b>Restated</b>
	<b>£000s</b>	<b>2009</b>	<b>2008</b>
		<b>£000s</b>	<b>£000s</b>
<b>Amounts falling due within one year</b>			
Other taxation and social security	0	0	0
Bank overdraft	0	0	0
Trade capital payables	8,850	12,560	15,887
Trade revenue payables	10,192	3,893	2,511
Payroll payables	27,347	27,035	38,270
Clinical Negligence payables	198	3,427	255
RPA payables	370	477	0
Other payables	12,091	15,916	14,922
Accruals and deferred income	0	0	0
<b>Trade and other payables</b>	<b>59,048</b>	<b>63,308</b>	<b>71,845</b>
Current part of finance leases	0	0	0
Current part of Long term loans	0	0	0
Current part of imputed finance lease element of on balance sheet PFI contracts	0	0	0
<b>Other current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total payables falling due within one year</b>	<b>59,048</b>	<b>63,308</b>	<b>71,845</b>
<b>Amounts falling due after more than one year</b>			
Other Payables, accruals and deferred income	0	0	0
Trade and other payables	0	0	0
Clinical Negligence payables	0	0	0
Finance leases	0	0	0
Imputed finance lease element of on balance sheet PFI contracts	0	0	0
Long term loans	0	0	0
<b>Total non current other payables</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES</b>	<b>59,048</b>	<b>63,308</b>	<b>71,845</b>

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### 15 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

##### 15.1 Trade payables and other current liabilities - Intra-government balances

Name	Restated		Restated		Restated		Restated	
	Amounts falling due within 1 year 2009/10 £000s	Amounts falling due within 1 year 2008/09 £000s	Amounts falling due within 1 year 2007/08 £000s	Amounts falling due after more than 1 year 2009/10 £000s	Amounts falling due after more than 1 year 2008/09 £000s	Amounts falling due after more than 1 year 2007/08 £000s	Amounts falling due after more than 1 year 2007/08 £000s	Amounts falling due after more than 1 year 2007/08 £000s
Balances with other central government bodies	4,043	920	1,181	0	0	0	0	0
Balances with local authorities	3	24	0	0	0	0	0	0
Balances with NHS /HSC Trusts	7,860	3,055	990	0	0	0	0	0
Balances with public corporations and trading funds	0	1	0	0	0	0	0	0
Intra-Government Balances	11,906	4,000	2,171	0	0	0	0	0
Balances with bodies external to government	47,142	59,308	69,674	0	0	0	0	0
Total Payables and other liabilities at 31 March	<b>59,048</b>	<b>63,308</b>	<b>71,845</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**SOUTH EASTERN HSC TRUST**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

**15. TRADE PAYABLES AND OTHER CURRENT LIABILITIES**

**NOTE 15. LOANS**

The Trust does not have any long term loans.

# **SOUTH EASTERN HSC TRUST**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

### **NOTE 16 PROMPT PAYMENT POLICY**

#### **16.1 Public Sector Payment Policy - Measure of Compliance**

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

	<b>2010</b>	<b>2009</b>
	<b>Number</b>	<b>Number</b>
Total bills paid	<u>145,234</u>	<u>133,663</u>
Total bills paid within 30 day target	<u>122,375</u>	<u>105,862</u>
% of bills paid within 30 day target	<u><b>84.3%</b></u>	<u><b>79.2%</b></u>

#### **16.2 The Late Payment of Commercial Debts Regulations 2002**

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

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

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### 17. PROVISIONS FOR LIABILITIES AND CHARGES - 2010

	<b>Pensions relating to former directors £000s</b>	<b>Pensions relating to other staff £000s</b>	<b>Clinical negligence £000s</b>	<b>RPA/CSR Restructuring £000s</b>	<b>Other £000s</b>	<b>2010 £000s</b>
Balance at 1 April 2009	0	4,378	14,386	8,373	1,226	28,363
Provided in year	0	731	5,205	0	903	6,839
(Provisions not required written back)	0	(330)	(4,196)	(1,500)	(230)	(6,256)
(Provisions utilised in the year)	0	(321)	(2,308)	(2,643)	(252)	(5,524)
Unwinding of discount	0	98	342	0	36	476
At 31 March 2010	<b>0</b>	<b>4,556</b>	<b>13,429</b>	<b>4,230</b>	<b>1,683</b>	<b>23,898</b>

#### **RPA/CSR £000s**

RPA/CSR Utilised costs include the following;  
Pension Costs for early retirement reflecting the single lump sum to buy over the full liability  
Redundancy costs

1,408
<u>1,235</u>
<u><u>2,643</u></u>

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### 17. (continued) PROVISIONS FOR LIABILITIES AND CHARGES - 2010

Net Expenditure Account charges	2010 £000s	2009 £'000
Arising during the year	6,839	15,190
Reversed unused	(6,256)	(4,822)
Unwinding of discount	476	431
<b>Total charge within Operating costs</b>	<b>1,059</b>	<b>10,799</b>
<b>Reimbursements receivable</b>		
Clinical Negligence Central Fund	1,351	5,925
RPA	(1,500)	3,500
Other		
<b>Total reimbursements receivable</b>	<b>(149)</b>	<b>9,425</b>
<b>Net increase/decrease to Net expenditure</b>	<b>1,208</b>	<b>1,374</b>

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### 17. (continued) PROVISIONS FOR LIABILITIES AND CHARGES - 2010

##### Analysis of expected timing of discounted flows

	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical Negligence £000s	Restructuring £000s	Other £000s	2010 £000s
Within 1 year	0	321	7,902	4,230	1,595	14,048
1 - 5 years	0	1,285	5,527	0	88	6,900
6 -10 years	0	2,950	0	0	0	2,950
Thereafter	0	0	0	0	0	0
At 31 March 2010	0	4,556	13,429	4,230	1,683	23,898

Pensions relating to other staff - The amounts are based on the actual liability projected over an individual's life expectancy. The life expectancy is estimated using information from Government Actuary Tables.

Clinical Negligence - The amounts are based on information provided by Legal Advisors, who provide high, medium and low estimates and associated probabilities which are set to calculate an expected settlement figure. The expected settlement figure is discounted to present value to take into account the expected year of settlement.

Restructuring RPA - The liability for restructuring in respect of the Review of Public Administration (RPA). The total expected cost of restructuring is £5,673,000 (this includes £1,000,000 returned to DHSSPS in 2008/09 and £1,500,000 in 2009/10). To date £5,313,000 cost have been incurred including £2,013,000 in 2009/10, leaving an outstanding liability of £360,000. It is expected that this liability will be fully utilised in 2010/11. This provision has been fully funded by DHSSPS.

Restructuring CSR - The total liability for restructuring in respect of the Comprehensive Spending Review (CSR) is based on a DHSSPS approved Business plan. The Trust total expected cost of restructuring is £4,500,000. £630,000 costs have been incurred in 2009/10. It is expected that this provision will be fully utilised in 2010/11. This provision has been fully funded by DHSSPS.

## **SOUTH EASTERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

#### **17. (continued) PROVISIONS FOR LIABILITIES AND CHARGES - 2010**

Other Provisions comprise of:-

Employers/Public Liability - £1,683,000

Provisions are based on legal advice which is used to calculate an expected settlement value, discounted to present value (as for clinical negligence)

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

	<b>£000s</b>
Clinical Negligence Central Fund	<u>13,429</u>

In addition to the clinical negligence provision, contingent liabilities for clinical negligence are given in Note 23

## SOUTH EASTERN HSC TRUST

### 17 PROVISIONS FOR LIABILITIES AND CHARGES - 2009

	<b>Restated</b>					
	<b>Pensions relating to former directors £000s</b>	<b>Pensions relating to other staff £000s</b>	<b>Clinical negligence £000s</b>	<b>RPA Restructuring £000s</b>	<b>Other £000s</b>	<b>2009 £000s</b>
Balance at 1 April 2008	0	3,899	14,916	6,774	1,194	26,783
Provided in year	0	743	9,006	4,500	941	15,190
(Provisions not required written back)	0	(57)	(3,391)	(1,000)	(374)	(4,822)
(Provisions utilised in the year)	0	(301)	(6,455)	(1,901)	(562)	(9,219)
Unwinding of discount	0	94	310	0	27	431
At 31 March 2009	<b>0</b>	<b>4,378</b>	<b>14,386</b>	<b>8,373</b>	<b>1,226</b>	<b>28,363</b>

## **SOUTH EASTERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

#### **NOTE 18. CAPITAL COMMITMENTS**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Contracted capital commitments at 31 March not otherwise included in these financial statements			
Property, Plant & Equipment	6,760	37,347	74,280
Intangible assets	0	0	0
	<u>6,760</u>	<u>37,347</u>	<u>74,280</u>

# SOUTH EASTERN HSC TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

### NOTE 19 COMMITMENTS UNDER LEASES

#### 19.1 Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2010 £000s	2009 £000s	2008 £000s
<b>Obligations under operating leases comprise</b>			
<b>Land &amp; Buildings</b>			
Not later than 1 year	202	196	111
Later than 1 year and not later than 5 years	228	356	275
Later than 5 years	142	193	243
	<b>572</b>	<b>745</b>	<b>629</b>
<b>Other</b>			
Not later than 1 year	422	496	521
Later than 1 year and not later than 5 years	831	964	1,390
Later than 5 years	0	0	0
	<b>1,253</b>	<b>1,460</b>	<b>1,911</b>

#### 19.2 Finance Leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods.

	2010 £ £000s	2009 £ £000s	2008 £ £000s
<b>Obligations under finance leases comprise</b>			
<b>Buildings</b>			
Not later than 1 year	0	0	0
Later than 1 year and not later than 5 years	0	0	0
Later than 5 years	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>
Less interest element	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other</b>			
Not later than 1 year	0	0	0
Later than 1 year and not later than 5 years	0	0	0
Later than 5 years	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>
Less interest element	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>

## **SOUTH EASTERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

#### **NOTE 19 COMMITMENTS UNDER LEASES**

##### **19.3 Operating Leases - Lessor**

Total future minimum lease payments receivable under operating leases are given in the table below for each of the following periods.

	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Future Receivables under operating leases comprise</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Land &amp; Buildings</b>			
Not later than 1 year	39	79	79
Later than 1 year and not later than 5 years	114	126	178
Later than 5 years	109	135	162
	<b>262</b>	<b>340</b>	<b>419</b>

## **SOUTH EASTERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

#### **NOTE 20 COMMITMENTS UNDER PFI CONTRACTS**

The South Eastern HSC Trust does not have any PFI contracts.

## **SOUTH EASTERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

#### **NOTE 21 OTHER FINANCIAL COMMITMENTS**

The South Eastern HSC Trust has not entered into any non cancellable contracts (which are not leases or PFI contracts)

## **SOUTH EASTERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

#### **NOTE 22 FINANCIAL INSTRUMENTS**

##### **22.1 Financial Guarantees, Indemnities and Letters of Comfort**

Because of the relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more limited role within Trusts in creating risk than would apply to a non public sector body of a similar size, therefore Trusts are not exposed to the degree of financial risk faced by business entities. Trusts have 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 Trusts in undertaking activities. Therefore the HSC is exposed to little credit, liquidity or market risk.

The Trust has not entered into any quantifiable guarantees, indemnities or provided Letters of Comfort. None of these is a contingent liability under the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. They therefore fall to be measured following the requirements of IAS 39. Managing Public Money requires that the full potential costs of such contracts be reported.

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 23 CONTINGENT LIABILITIES

##### Clinical Negligence

The South Eastern Trust has contingent liabilities of £1,432K for clinical negligence incidents. The Trust's financial liability, if any, cannot be determined until the related claims are resolved. An estimate of the amount involved, inclusive of legal costs, is:

	<b>2010</b> <b>£000s</b>	<b>2009</b> <b>£000s</b>
Total estimate of contingent clinical negligence liabilities	1,432	1,304
Amount recoverable from the Clinical Negligence Central Fund	(1,432)	(1,304)
Net Contingent Liability	<u><u>0</u></u>	<u><u>0</u></u>

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

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

Contingencies not relating to clinical negligence are as follows:

	<b>2010</b> <b>£000s</b>	<b>2009</b> <b>£000s</b>
Public Liability	0	0
Employers' Liability	5	5
Accrued Leave	0	0
Injury Benefit	0	0
Other	0	0
Total	<u><u>5</u></u>	<u><u>5</u></u>

Following assimilation to the new AFC pay scales a number of Trust staff asked to have their outcome reviewed as they disputed the banding of their post. This review process is being taken forward in partnership with Trade Union side. A clustering anomaly has arisen where staff in particular posts have been made aware of the outcome of their review, which may have increased their banding and therefore pay. Other staff in similar posts did not take the opportunity to ask for a review and are therefore outside the process and remain on their original banding and pay. TUS have asked that all staff within a cluster are treated according to the review outcome. Management have agreed to discuss this further with unions and staff to consider whether any further negotiations are possible, given that the stipulated deadlines for requesting reviews has passed. However at this stage the South Eastern HSC Trust considers that it can't establish the extent to which claims could be made, nor can it make a reliable estimate of any potential claims under employment legislation that may arise from Industrial Tribunal Hearings. The Trust therefore recognises this as a contingent liability under IAS 37.

## **SOUTH EASTERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

#### **NOTE 24 Related Party Transactions**

The South Eastern HSC Trust is an arm's length body of the Department of Health, Social Services and Public Safety and as such the Department is a related Party with which the South Eastern HSC Trust has had various material transactions during the year. The Trust has received income during the year of £501million.

During the year, none of the board members (except for those listed below), members of the key management staff or other related parties has undertaken any material transactions with the South Eastern HSC Trust.

#### **Mr Neil Guckian, Director of Finance and Estates**

Mr Guckian is the brother of the Chairman of the Western Health and Social Care Trust. Mr Guckian was appointed as Director of Finance and Estates with effect from 21st September 2009. From this date until the end of the financial year the Trust received income from the Western HSC Trust of £394,000 for the provision of goods and services. The Trust made payments to the Western HSC Trust of £110,000 for goods and services received.

#### **Mr John Trethowan, Non Executive Director**

Mr Trethowan is the Director of Business in the Community Ireland. Payments amounting to £15,900 were paid to Business in the Community for services provided during the year.

## **SOUTH EASTERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

#### **NOTE 25 Third party assets**

The trust held £1,888,183 Cash at bank and in hand at 31/3/10 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 EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 26 Financial Performance Targets

##### 26.1 Revenue Resource Limit

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

The Revenue Resource Limit for the South Eastern Trust is calculated as follows:

	<b>2010</b>	<b>2009</b>
	<b>Total</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>
HSC Board	435,486	419,782
SUMDE & NIMDTA	6,975	6,467
DHSSPS ( excl non cash)	407	236
Other Gov Department	0	0
Non cash RRL (from dept)	59,466	23,604
Prior Year Adjustment for Grant and Aid	0	3,500
<b>Revenue Resource Limit</b>	<u>502,334</u>	<u>453,589</u>

Supplement for Undergraduate Medical and Dental Education (SUMDE) and Northern Ireland Medical and Dental Training Agency (NIMDTA). This funding has been received for the training of dental and medical staff.

The Revenue Resource Limit (RRL) is a resource budget set by the DHSSPS annually to cover ongoing operations and HSC organisation will be required to contain their net expenditure within this limit. This is a combination of agreed funding by commissioners, DHSSPS and other Departments.

##### 26.2 Capital Resource Limit

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

	<b>2010</b>	<b>2009</b>
	<b>£000s</b>	<b>£000s</b>
Gross Capital Expenditure	41,023	57,038
(Receipts from sales of fixed assets)	(642)	(3)
Net capital expenditure	<u>40,381</u>	<u>57,035</u>
Capital Resource Limit	<u>40,580</u>	<u>57,084</u>
Overspend/(Underspend) against CRL	<u>(199)</u>	<u>(49)</u>

The Capital Resource Limit (CRL) is an allocation given to the HSC organisation for which it is not permitted to over spend.

## **SOUTH EASTERN HSC TRUST**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

#### **NOTE 26 Financial Performance Targets**

The Trust is required to ensure that it breaks even on an annual basis by  
Containing its net expenditure with 0.25 % of RRL limits

	<b>2009/10</b>	<b>2008/09</b>
	<b>£000s</b>	<b>£000s</b>
Net Expenditure	(502,306)	(453,539)
RRL	502,334	453,589
Surplus /(Deficit) against RRL	28	50
Break Even cumulative position(opening)	50	
Break Even Cumulative position (closing)	<u>78</u>	<u>50</u>

#### **Materiality Test:**

	<b>2009/10</b>	<b>2008/09</b>
	<b>%</b>	<b>%</b>
Break Even in year position as % of RRL	0.01%	0.01%
Break Even cumulative position as % of RRL	0.02%	

## SOUTH EASTERN HSC TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010

#### NOTE 27 LOSSES & SPECIAL PAYMENTS

TYPE OF LOSS		NO. OF CASES	VALUE £000s
1	Cash Losses - Theft, fraud etc	1	0
2	Cash Losses - Overpayments of salaries, wages and allowances	6	6
3	Cash Losses - Other causes (including unvouched and incompletely vouched payments)	7	0
4	Nugatory and fruitless payments - Abandoned Capital Schemes	3	0
5	Other nugatory and fruitless payments	0	0
6	Bad debts and claims abandoned	86	85
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)	1	3
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	1	0
	i. Bedding and linen	0	0
	ii. Other equipment and property	0	0
12	Compensation payments (legal obligation)		
	i. Clinical Negligence	203	2,308
	ii. Public Liability	40	61
	iii. Employers Liability	115	190
13	Ex-gratia payments - Compensation payments (including payments to patients and staff)	31	9
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.	8	6
	b. Damage to vehicles	5	3
<b>TOTAL</b>		<b>507</b>	<b>2,671</b>

Three medical negligence cases settled for in excess of £250,000 (including costs) in 2009/10. These cases settled for £585,000, £486,000, and £253,000 respectively. The Trust's Preliminary Advisory Group on clinical negligence has reviewed the outcome of these cases and any lessons to be learnt have been considered and addressed.

#### 27.1 Special Payments

There were no special payments during the year.

**SOUTH EASTERN HSC TRUST**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2010**

**NOTE 28 POST BALANCE SHEET EVENTS**

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

**SOUTH EASTERN HSC TRUST**

**PATIENTS' / RESIDENTS MONIES ACCOUNTS**

**FOR YEAR ENDED 31 MARCH 2010**

## **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.

## South Eastern Health and Social Care Trust

### THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the account for the year ended 31 March 2010 which the South Eastern Health and Social Care Trust is required by the Health and Personal Social Services (Northern Ireland) Order 1972, as amended, to prepare and submit in such a form as the Department of Health, Social Services and Public Safety may direct.

#### Respective responsibilities of the Trust, Chief Executive and auditor

As explained more fully in the Statement of Trust and Chief Executive Responsibilities, the Chief Executive is responsible for the preparation of the account 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. My responsibility is to audit the account in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the financial transactions conform to the authorities which govern them.

#### Opinion on Regularity

**In my opinion, in all material respects the financial transactions conform to the authorities which govern them.**

#### Opinion on financial statements

In my opinion:

- the account properly presents the receipts and payments of the monies held on behalf of patients/residents of the South Eastern Health and Social Care Trust's for the year ended 31 March 2010 and balances held at that date; and
- the account has been 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 issued thereunder.

#### Matters for which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the account is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with the Department of Finance and Personnel's guidance.

#### Report

I have no observations to make on this account.



*KJ Donnelly*  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU  
18 June 2010

**SOUTH EASTERN HSC TRUST**

**YEAR ENDED 31 MARCH 2010**


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

<b>Previous Year</b>	<b><u>RECEIPTS</u></b>		
<b>£</b>	Balance at 1 April 2009		<b>£</b>
862,036	1.	Investments (at cost)	896,373
547,135	2.	Cash at Bank	852,981
2,064	3.	Cash in Hand	<u>1,500</u>
			1,750,854
2,115,909	Amounts Received in the Year		2,209,059
57,197	Interest Received		
<b><u>3,584,341</u></b>	<b>TOTAL</b>		<b><u>3,959,913</u></b>

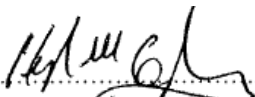
<b><u>PAYMENTS</u></b>			
1,833,487	Amounts paid to or on Behalf of Patients/Residents		2,071,730
	Balance at 31 March 2010		
896,373	1.	Investments (at Cost)	896,373
852,981	2.	Cash in Bank	990,310
1,500	3.	Cash in Hand	<u>1,500</u>
			1,888,183
<b><u>3,584,341</u></b>	<b>TOTAL</b>		<b><u>3,959,913</u></b>

<b><u>Cost Price</u></b>	<b>Schedule of investments held at 31 March 2010</b>	<b><u>Nominal Value</u></b>	<b><u>Cost Price</u></b>
<b>£</b>		<b>£</b>	<b>£</b>
896,373	Investment First Trust Bank	896,373	

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  
 ..... 21/6/10 ..... Date

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

.....  ..... Chief Executive  
 ..... 21/6/10 ..... Date

ISBN NO