

BELFAST HEALTH & SOCIAL CARE TRUST

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

FOREWORD

These accounts for the year ended 31 March 2008 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.

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

STATEMENT OF BELFAST HEALTH & SOCIAL CARE 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 Belfast Health & Social Care Trust is required to prepare financial statements for each financial year in the form and on the basis determined by the Department of Health, Social Services and Public Safety. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the Trust, of its income and expenditure and cash flows for the financial year.

In preparing the financial statements the Trust is required to:

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

The Permanent Secretary of the Department of Health, Social Services and Public Safety as Accounting Officer for health and personal social services resources in Northern Ireland has designated Mr William McKee of the Belfast Health & Social Care 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 Accounting 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.

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

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 12 to 53) which I am required to prepare on behalf of the Belfast Health & Social Care 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.

Wendy Galbraith

Director of Finance

29th May 2008

Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 12 to 53) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.

Pat McCartan

Chairman

29th May 2008

Date

William McKee

Chief Executive

29th May 2008

Date

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

The Trust Board of the Belfast HSC Trust was accountable for internal control within the Trust during 2007/08. As Accounting Officer, the Chief Executive of the Belfast HSC Trust had responsibility for maintaining a sound system of internal control to support the achievement of the policies, aims and objectives of the organisation, whilst safeguarding the public funds and assets for which he was responsible in accordance with the responsibilities assigned by the Department of Health, Social Services and Public Safety.

The Trust has the following key relationships:-

- with commissioners, through service level agreements to deliver health and social service to agreed specifications;
- with local communities, through holding an annual meeting, and publishing an annual report and accounts;
- with patients, through the management of standards of patient care;
- accountability to the DHSS&PS for the performance of functions and for meeting statutory financial duties.

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 Belfast HSC Trust for the year ended 31 March 2008, and up to the date of approval of the annual report and accounts, and accords with Department of Finance and Personnel guidance.

2007/08 has been a transitional year for the Belfast HSC Trust. During this year the historical systems for internal control were renewed and where possible integrated and standardised. This process will continue during 2008/09 and will be assisted by the co-location of staff.

The Board of Belfast HSC Trust exercised strategic control over the operation of the organisation through a system of corporate governance which included:-

- a schedule of matters reserved for Board decisions;

- a scheme of delegation, which delegates decision making authority within set parameters to the Chief Executive and other officers;
- standing orders and standing financial instructions;
- the establishment of an Audit Committee;
- the establishment of an Assurance Committee;
- the establishment of a Remuneration Committee;
- a Complaints Review Committee.

The system of internal financial control was 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 included:-

- 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, clinical and other performance;
- clearly defined capital investment control guidelines;
- as appropriate, formal budget management disciplines.

During 2007/08 the Trust dealt with six incidents of theft with a total value of £4,496.71. All cases were thoroughly investigated with the assistance of PSNI, Internal Audit or Counter Fraud Policy Unit where appropriate. The results of investigations have led to dismissal of staff, improved/new controls, disciplinary action and in one case continued pursuit of legal action.

The Belfast HSC Trust had an internal audit function which operated to defined standards and whose work was informed by an analysis of risk to which the body was exposed and annual audit plans were based on this analysis. In 2007/08 Internal Audit reviewed the following systems:-

- Key Financial Controls
- Payments to Creditors
- Bank and Cash
- Charitable Funds
- Budgetary Control
- Financial Ledgers
- Payroll
- Financial Assessments
- Contracts with Voluntary Organisations
- Social Services Facilities
- Management of Client Monies in Community
- Ordering and Receipt of Goods
- Agency and Locum
- Asset Management
- Income
- Information Technology
- Complaints and Claims Management
- Shannon Centre Lodgement Processes

The Chief Internal Auditor reported that the Trust's system of internal control was adequate and effective for the year ended 31 March 2008. Certain weaknesses and issues were identified by audit and recommendations to address these control weaknesses have been or are being implemented.

All Internal Audit reports received an overall satisfactory level of assurance, however in two audits limited assurance was given in two specific areas namely, procurement of agency services and cash management in one children's home. The Finance Department's Compliance Team has been working on an audit process that will ensure that all Corporate and Service Groups are aware of their responsibilities for effective internal controls. The Compliance Team will issue Action Plans and monitor the implementation of all audit recommendations, in line with the agreed timetable.

With regard to the wider control environment, the Belfast HSC Trust had in place a range of organisational controls, commensurate with the assessment of risk, designed to ensure the efficient and effective discharge of its business in accordance with the law and Departmental direction. Every effort was made to ensure that the objectives of the Belfast HSC Trust were pursued in accordance with the recognised and accepted standards of public administration.

By way of example, the Belfast HSC Trust had in place a range of human resource policies, procedures, protocols and practices governing activities across the various service groups including:-

- the application of an objective and systematic recruitment and selection process and compliance with a comprehensive range of safeguards including qualifications/registration checks, relevant references, health checks, appropriate vetting, recruitment checklists etc;
- a learning and development strategy to develop and train all staff to ensure they are competent to undertake their roles and in order that they can achieve maximum individual and organisational potential;
- effective workforce controls to ensure adherence to strict processes which include controls over the creation of all new posts, reprofiling of existing posts and replacement of vacant posts;
- promotion of a culture of equality, diversity and fair treatment;
and
- robust arrangements for conducting good employee relations.

These were regularly reviewed and updated to ensure that they continued to reflect best practice and the principle of equality of opportunity, were in line with the Trust's aims and values, complied with legal and statutory requirements and provided effective control mechanisms.

Capacity to handle risk

The Belfast HSC Trust is committed to providing high quality patient and client services in an environment that is both safe and secure. The Trust Board has approved an Assurance Framework and a Risk Management Strategy and has established an Assurance Committee whose membership includes all Non Executive Directors. This Committee reports directly to the Trust Board. The Assurance Framework outlines the Chief Executive's overall responsibility and accountability for risk management. The Framework also sets out a system of delegation of responsibility at Trust Board, Executive Team and Service Group levels. While ensuring local ownership in managing and controlling all elements of risk to which the Trust may have been exposed, there is a clear line of accountability through to Trust Board.

Risk management is at the core of the Belfast HSC Trust's performance and assurance arrangements and the Assurance Committee, chaired by the Trust's Chairman, provides Board level oversight in this key area. This Committee, along with the Audit Committee, has scrutinised the effectiveness of the Risk Management Policy.

Risk management is integral to the training for all staff as relevant to their grade and situation, both at induction and in service. To support staff through the risk management process, expert guidance and facilitation has been available along with access to policies and procedures, outlining responsibilities and the means by which risks are identified and controlled. Actions taken to reduce risk have been regularly monitored and reported with trends being analysed at Service Group, Corporate and Board levels. Dissemination of good practice has been facilitated by a range of mechanisms including clinical supervision and reflective practice, performance management, continuing professional development, management of adverse events and complaints, clinical audit and the application of evidence based practice.

The risk and control framework

The Assurance Framework was developed by Trust Board and Executive Team in 2007/08. It was recognised that the Trust Board would require full reporting of significant and principle risks, supported through a robust Corporate Risk Register. The Assurance Framework allowed an integrated approach to performance, targets and standards which include controls assurance standards and quality standards for health and social care. The Assurance Framework describes the relationship between organisational objectives, identified potential risks to their achievement and the key controls through which these risks will be managed, as well as the sources of assurance surrounding the effectiveness of these controls. The Assurance Framework incorporated the Risk Management Policy and established the context in which the Belfast Trust Management Plan was developed, as well as determining the mechanism through which assurances were provided to the Trust Board.

In addition to the establishment of the Assurance Committee, and the Audit Committee, the Belfast HSC Trust introduced an Assurance Group as a sub-committee of Executive Team to consolidate the arrangements for integrated governance. The primary function of this group is to ensure an integrated approach to risk and performance management at an operational level. Each Service Group has developed and implemented a system to identify risk, assess impact and likelihood of harm occurring, and to maintain control. These risks were summarised into Service Group risk registers which are updated on an ongoing basis and which feed into the Belfast Trust's Corporate Risk Register. In year the Risk and Governance Department worked with Service Groups to integrate legacy Trust risk registers and re-profile these to reflect the Trust's new management arrangements in accordance with the Risk Management Strategy. The principle of integrating between Risk registers, business planning, performance indicators and service improvement plans has been established.

The Trust is also informed by the reports and inspections carried out by a range of independent bodies, including RQIA, the Mental Health Commission, Social Services Inspectorate, etc. The Trust engages proactively with all such reviews and the Board is assured that appropriate actions are taken by the Assurance Committee.

The Belfast HSC Trust assessed its compliance with the 22 Controls Assurance Standards.

The Belfast HSC Trust achieved the following levels of compliance for 2007/08.

Standard	DHSS&PS Expected Level of Compliance	Trust Level of Compliance	Reviewed by
Building, Land, Plant and Non-Medical Equipment	70% - 99% (Substantive)	Moderate	Self Assessment
Decontamination of Medical Devices	70% - 99% (Substantive)	Substantive	Internal Audit
Emergency Planning	70% - 99% (Substantive)	Moderate	Self Assessment
Environmental Cleanliness	70% - 99% (Substantive)	Substantive	Internal Audit
Environmental Management	70% - 99% (Substantive)	Substantive	Internal Audit
Financial Management (core standard)	70% - 99% (Substantive)	Substantive	Internal Audit
Fire Safety	70% - 99% (Substantive)	Substantive	Internal Audit
Fleet and Transport Management	70% - 99% (Substantive)	Substantive	Internal Audit
Food Hygiene	70% - 99% (Substantive)	Substantive	Internal Audit
Governance (core standard)	70% - 99% (Substantive)	Substantive	Internal Audit
Health & Safety	70% - 99% (Substantive)	Substantive	Internal Audit
Human Resources	70% - 99% (Substantive)	Substantive	Internal Audit
Infection Control	70% - 99% (Substantive)	Substantive	Internal Audit
Information Communication Technology	70% - 99% (Substantive)	Substantive	Self Assessment
Management of Purchasing and Supply	70% - 99% (Substantive)	Substantive	Self Assessment
Medical Devices and Equipment Management	70% - 99% (Substantive)	Moderate	Internal Audit
Medicines Management	70% - 99% (Substantive)	Substantive	Self Assessment
Records Management	70% - 99% (Substantive)	Moderate	Self Assessment
Research Governance	30% - 69% (Moderate)	Moderate	Self Assessment
Risk Management (core standard)	70% - 99% (Substantive)	Substantive	Internal Audit
Security Management	70% - 99% (Substantive)	Moderate	Self Assessment
Waste Management	70% - 99% (Substantive)	Substantive	Internal Audit

Extensive work has been carried out by Controls Assurance leads to achieve these results. The Trust has worked closely with Internal Audit on this process, completing baseline assessments and producing action plans to address areas of weakness. Five standards reached moderate compliance rather than the required substantive compliance. The key actions to be undertaken in each are given below and progress will be monitored through the Assurance Committee.

Medical Devices & Equipment management

A Trust wide committee structure has been established and a policy consultation process completed. Procedure development is underway and commencement of training programs will deliver substantive compliance.

Buildings land and plant

Harmonisation of operational procedures and introduction of Trust wide risk assessment process will increase compliance but issues remain regarding availability of capital.

Emergency planning

A Trust wide emergency plan is being developed with continuity plans also being progressed in year.

Records management

This represents an 11% increase in compliance from the average legacy return for 2006/07. A corporate managers group has been established and has developed and introduced a Trust policy together with a records retention/disposal schedule.

Security Management

This represents a 10% improvement from the average position across legacy organisations in 2006/07. A Security Strategy Document has been developed and is currently completing the consultation process. Review of a number of functions is underway to ensure standardisation, including delivery of training.

Review of Effectiveness

As Accounting Officer, I have responsibility for the review of effectiveness of the system of internal control within the Belfast HSC Trust. My review has been informed by assurances provided by the Audit Committee of the Belfast HSC Trust, the Annual Report of the Chief Internal Auditor and by the external auditors. I have also taken account of the work of the Assurance Committee. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of the Belfast HSC Trust. A plan to address weaknesses and ensure continuous improvement to the system is in place. Follow up audits are carried out and the Trust has its own compliance regime in place for 2007/08.

William McKee

Mr William McKee
Accounting Officer

29th May 2008

Date

BELFAST 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 Belfast Health and Social Care Trust for the year ended 31 March 2008 under the Health and Personal Social Services (Northern Ireland) Order 1972 as amended. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses 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 Trust, Chief Executive and Auditor

The Trust and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and Department of Health, Social Services and Public Safety directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Trust's Responsibilities and Chief Executive's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have 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 made thereunder. I report to you whether, in my opinion, the information, which comprises the Directors' Report included in the Annual Report is consistent with the financial statements. I also report whether 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.

In addition, I report to you if the Belfast Health and Social Care Trust has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Department of Health, Social Services and Public Safety regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Belfast Health and Social Care Trust's compliance with the Department of Health, Social Services and Public Safety guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Belfast Health and Social Care Trust's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the unaudited part of the Remuneration Report, the Chairman's Foreword, Chief Executive's Report and the Safety, Modernisation, Partnerships, Our People and Resources sections. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued

by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Trust and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Belfast Health and Social Care Trust's circumstances, consistently applied and adequately disclosed.

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

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972 as amended and directions made thereunder by Department of Health, Social Services and Public Safety of the state of the Belfast Health and Social Care Trust's affairs as at 31 March 2008 and of its deficit, cash flows and recognised gains and losses for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have 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 made thereunder; and
- information, which comprises the Directors' Report included within the Annual Report, is consistent with the financial statements.

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.

Report

I have no observations to make on these financial statements.



JM Dowdall CB
Comptroller and Auditor General
20th June 2008

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

BELFAST HEALTH & SOCIAL CARE TRUST

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	NOTE	2008 £000	2007 £000 As Merged
Income from Activities	2	906,605	929,123
Other Operating Income	3	<u>99,397</u>	<u>102,668</u>
		1,006,002	1,031,791
Operating Expenses	4, 5	<u>(1,083,266)</u>	<u>(1,005,156)</u>
SURPLUS (DEFICIT) BEFORE INTEREST		(77,264)	26,635
Interest Receivable		2,860	2,837
Interest Payable	7	<u>0</u>	<u>(5,850)</u>
SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR		(74,404)	23,622
Public Dividend Capital Dividends Payable	14.5	<u>0</u>	<u>(23,775)</u>
OPERATIONAL SURPLUS (DEFICIT) BEFORE PROVISIONS		(74,404)	(153)
Provisions for Future Obligations	8.1	<u>(876)</u>	<u>274</u>
RETAINED SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR		<u>(75,280)</u>	<u>121</u>
Adjustment for Capital Charges and Other Non Cash Costs	4.3	<u>74,123</u>	<u>0</u>
BREAK EVEN POSITION	19	<u>(281)</u>	<u>(153)</u>

The notes on pages 16 to 53 form part of these accounts
All Income and Expenditure is derived from continuing activities.

BELFAST HEALTH & SOCIAL CARE TRUST

BALANCE SHEET AS AT 31 MARCH 2008

	NOTE	2008		2007	
		£000	£000	£000	£000
	1.16			As Merged	
FIXED ASSETS					
Intangible assets	9		0		117
Tangible assets	10,10.2		<u>972,956</u>		<u>933,314</u>
			972,956		933,431
CURRENT ASSETS					
Stocks and work in progress	11	10,333		10,311	
Debtors: Amounts falling due					
Within one year	12	64,729		62,773	
After one year	12	27,428		19,703	
Short term investments	13	29,206		27,932	
Cash at bank and in hand		<u>1,973</u>		<u>1,475</u>	
TOTAL CURRENT ASSETS			133,669		122,194
CREDITORS: Amounts falling due					
within one year	14		<u>(152,294)</u>		<u>(145,217)</u>
NET CURRENT ASSETS (LIABILITIES)			<u>(18,625)</u>		<u>(23,023)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			954,331		910,408
Creditors: Amounts Falling Due					
After more than one year	14		0		0
Provisions for Liabilities and					
Charges	8		<u>(53,618)</u>		<u>(41,387)</u>
TOTAL ASSETS EMPLOYED			<u>900,713</u>		<u>869,021</u>
FINANCED BY:					
CAPITAL AND RESERVES					
Public dividend capital	16		867,849		827,849
Revaluation reserve	17		37,349		0
Donation reserve	17		41,082		41,172
Realised donation reserve	17		0		0
Other reserves	17		0		0
Income and expenditure reserve	17		<u>(45,567)</u>		<u>0</u>
			<u>900,713</u>		<u>869,021</u>

The notes on pages 16 to 53 form part of these accounts

Signed William McKee (Chief Executive) Date: 29/05/2008

Signed Pat McCartan (Chairman) Date: 29/05/2008

BELFAST HEALTH & SOCIAL CARE TRUST

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2008

	NOTE	2008		2007	
	1.16	£000	£000	£000	£000
				As Merged	
Surplus (Deficit) for the financial year			(74,404)		23,622
Provisions for future obligations			<u>(876)</u>		<u>274</u>
			(75,280)		23,896
Fixed Asset Impairment Losses			(72)		(82)
Non donated Fixed Assets					
Indexation of fixed assets		33,429		36,404	
Revaluation of fixed assets		<u>4,052</u>		<u>(1,520)</u>	
			37,481		34,884
Donated Assets					
Additions to donated assets		593		3,221	
Indexation		1,325		1,506	
Revaluation		345		0	
Disposals (except transfers to realised donation reserve)		<u>(14)</u>		<u>(714)</u>	
			<u>2,249</u>		<u>4,013</u>
Total recognised gains and losses relating to the year			(35,622)		62,711
Additions to Capital Assets Reserve			<u>67,314</u>		<u>1,096</u>
TOTAL GAINS/(LOSSES) RECOGNISED IN THE FINANCIAL YEAR			<u><u>31,692</u></u>		<u><u>63,807</u></u>

BELFAST HEALTH & SOCIAL CARE TRUST

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	2008		2007	
	£000	£000	£000	£000
Net Cash Inflow (Outflow) from Operating Activities (Note 26.1)		27,380		72,741
Returns on Investments and Servicing of Finance				
Interest received	2,776		2,783	
Interest paid	(243)		(5,871)	
Interest element of finance lease rental payments	<u>0</u>		<u>0</u>	
Net Cash Inflow (Outflow) from returns on Investments and Servicing of Finance		2,533		(3,088)
Capital Expenditure				
Payments to acquire intangible fixed assets	(7)		(48)	
Receipts from sales of intangible fixed assets	0		0	
Payments to acquire tangible fixed assets	(44,228)		(55,254)	
Receipts from sales of tangible fixed assets	<u>675</u>		<u>3,376</u>	
Net Cash Inflow (Outflow) from Capital Expenditure		(43,560)		(51,926)
Dividends Paid		(23,775)		(20,810)
Management of Liquid Resources				
Purchase of current asset investments	(1,274)		(12,274)	
Sale of current asset investments	<u>0</u>		<u>5,274</u>	
Net Cash Inflow (Outflow) from Management of Liquid Resources		<u>(1,274)</u>		<u>(7,000)</u>
Net Cash Inflow (Outflow) before Financing		(38,696)		(10,083)
Financing				
New money capital reserve	0		0	
Additional public dividend capital advances in year	40,000		18,500	
Repayment of public dividend capital to DHSSPS	0		(127)	
Repayment of loans - Interest Bearing Debt	0		(5,639)	
Repayment of prior year impairment	<u>(806)</u>		<u>(1,031)</u>	
Net Cash Inflow (Outflow) from Financing		<u>39,194</u>		<u>11,703</u>
INCREASE/(DECREASE) IN CASH		<u><u>498</u></u>		<u><u>1,620</u></u>
(Notes 26.2 and 26.3)				

The notes on pages 51 and 52 form part of this statement.

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

1 STATEMENT OF ACCOUNTING POLICIES

1.1 Authority

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

1.2 Accounting Convention

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

1.3 Basis of Preparation of Accounts

The accounts have been prepared in accordance with the 2007/2008 HSC Trust Manual of Accounts issued by the Department of Health and Social Services and Public Safety.

The accounting policies contained in that Manual follow UK generally accepted accounting practice (UK GAPP) to the extent that it is meaningful and appropriate to HSS Trusts. The accounting policies are selected in accordance with the principles set out in FRS18 "Accounting Policies" as the most appropriate for giving a true and fair view. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

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

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

Financial Reporting Standard 15 "Tangible Fixed Assets" requires impairment losses on revalued fixed assets to be recognised in the Statement of Total Recognised Gains and Losses until the carrying value of the asset falls below depreciated historic cost, at which stage any further impairments are recognised in the Income and Expenditure Account. There are occasions, particularly in relation to new build where losses or downward revaluations arising from a general fall in prices are charged to the revaluation reserve and may lead to a temporary negative revaluation reserve in respect of certain assets.

1.4 Intangible Fixed Assets

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

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

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

1.5 Tangible Fixed Assets

Capitalisation

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

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

Valuation

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

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

Professional valuations are carried out by the District Valuers of the Valuations and Land Agency. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health, Social Services and Public Safety. In accordance with the requirements of the Department, asset valuations were undertaken in 2004/05 as at the valuation date of 31 March 2005.

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

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

All increases in value arising from indexation and five-yearly revaluations are taken to the Revaluation Reserve. All decreases in value resulting from price changes are charged to the Statement of Total Recognised Gains and Losses to the extent that a revaluation reserve covers these price impairments and if there is insufficient cover in the revaluation reserve, the remainder is charged to the I&E account.

Assets in the course of construction are valued at cost and are not indexed. These assets include any existing land or buildings under the control of a contractor.

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

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

Depreciation, amortisation and impairments

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

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

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

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

Impairment losses resulting from short-term changes in price that are considered to be recoverable in the longer term are taken in full to the revaluation reserve, where one exists with any remaining balance charged to the I&E account. Impairment losses caused by economic events are taken in full to the I&E account with a transfer being made from the revaluation reserve to the I&E reserve up to the amount of the economic impairment.

1.6 Donated Fixed Assets

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

1.7 Research and development

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

1.8 Private Finance Initiative (PFI) transactions

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

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

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

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

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

1.9 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks.

Work in progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work in progress.

1.10 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are adjusted using the Treasury's discount rate of 2.2% in real terms. This is a change from 3.5% applied in 2004-05 and earlier. The effect of the change is to increase the carrying value of the provision and this is shown in the Income and Expenditure Account at Note 8.

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

1.11 Clinical negligence central fund

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

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

1.12 Pensions

The Trust participates in a HSS Superannuation Scheme. Under this multi-employer defined 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 HSS Superannuation scheme can be found in the HSS Superannuation Scheme Statement in the Department Resource Account for the Department of Health, Social Services and Public Safety.

The costs of early retirement contributions are met by the Trust and are charged to the income and expenditure account at the time the Trust commits itself to the retirement.

As per the requirements of FRS17, 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, in this case the 2003 valuation, and updates it to reflect current conditions.

A full valuation took place with affect from 31 March 2004 and this is the valuation being used for 2007/2008 accounting purposes.

1.13 Third Party Assets

Assets belonging to third parties (such as money held on behalf of Patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in note 28 to the accounts.

1.14 Leases

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

1.15 Losses

This note (Note 25) is a memorandum statement unlike most notes to the accounts which provide further detail of figures in the primary accounting statements. Most of the contents will be included in operating expenses.

1.16 FRS6 Merger Accounting

On 1 April 2007, the predecessor Trusts, namely, the Belfast City Hospital HSS Trust, the Green Park Healthcare HSS Trust, the Mater Infirmorum Hospital HSS Trust, the North and West Belfast HSS Trust, the Royal Group of Hospitals and Dental Hospital HSS Trust and the South and East Belfast HSS Trust, were dissolved by order of the Permanent Secretary for Health, Social Services and Public Safety, in exercise of the powers conferred by paragraph 23(1) of Schedule 3 to the HPSS (NI) Order 1991, and the Belfast HSC Trust was established. All assets and liabilities from the predecessor Trusts were transferred intact to the new Belfast HSC Trust. This was accounted for using merger accounting principles as set out in FRS 6. Accordingly the financial information for the current period has been presented, and that for the prior year restated, as if Belfast HSC Trust had been in existence throughout the comparative accounting period.

Article 14 of the HPSS (NI) Order 1991 as amended by section 45 of the HPSS Act (NI) 2001 requires each Trust to have originating capital (public dividend capital (PDC)) equivalent to the net assets transferred to it. The predecessor Trusts were originally established with originating capital comprising 50% interest bearing debt (IBD) and 50% public dividend capital. As part of the merger accounting adjustments and to conform with the legislation, the IBD balances of the predecessor Trusts at 31 March 2007 have been repaid by way of PDC advances resulting in an increase to the net assets of £66,506k. The comparative figures for 2006/07 have been restated.

The restated Balance Sheet position as at 1st April 2007 is summarised on page 23. In addition the merged Income and Expenditure Account and Statement of Total Recognised Gains and Losses for the year ended 31st March 2007 for the predecessor Trusts are summarised on pages 23 and 24.

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

1.16 FRS6 Merger Accounting (Cont.)

ANALYSIS OF PRE-MERGER BALANCE SHEET AS AT 31 MARCH 2007

	<u>Predecessor Trust</u>						IBD	Balance Sheet as at 1st April 2007	Adjustment for Intra-Trust Balances	Re-Stated Balance Sheet as at 1st April 2007	
	Belfast City	Green Park	Mater	North & West	Royal Hospitals	South & East	Total	Adjustment as per Note 16.2	£000	£000	£000
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fixed Assets	251,498	116,100	44,601	88,632	271,610	160,990	933,431		933,431		933,431
Current Assets	21,745	14,760	12,680	8,332	51,063	14,541	123,121		123,121	(927)	122,194
Creditors: Amounts falling due within one year	(30,876)	(17,020)	(8,354)	(20,678)	(54,083)	(20,772)	(151,783)	5,639	(146,144)	927	(145,217)
Net Current Assets/(Liabilities)	(9,131)	(2,260)	4,326	(12,346)	(3,020)	(6,231)	(28,662)	5,639	(23,023)	0	(23,023)
Creditors : Amounts falling due after one year	(20,247)	(3,500)	(2,784)	(5,536)	(17,915)	(10,885)	(60,867)	60,867	0		0
Provisions for Liabilities and Charges	(6,359)	(1,600)	(6,602)	(2,773)	(19,757)	(4,296)	(41,387)		(41,387)		(41,387)
Total Assets Employed	215,761	108,740	39,541	67,977	230,918	139,578	802,515	66,506	869,021	0	869,021
Financed by:											
Total Capital and Reserves	215,761	108,740	39,541	67,977	230,918	139,578	802,515	66,506	869,021	0	869,021

1.16 FRS6 Merger Accounting (Cont.)

ANALYSIS OF PRE-MERGER INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

	Predecessor Trust						Total £000
	Belfast City £000	Green Park £000	Mater £000	North & West £000	Royal Hospitals £000	South & East £000	
Income	217,403	89,039	54,320	168,086	328,703	174,240	1,031,791
Expenditure	(208,935)	(85,658)	(53,731)	(166,244)	(320,710)	(169,878)	(1,005,156)
SURPLUS BEFORE INTEREST	8,468	3,381	589	1,842	7,993	4,362	26,635
Interest Receivable	537	330	213	309	934	514	2,837
Interest Payable	(1,972)	(341)	(260)	(516)	(1,745)	(1,016)	(5,850)
SURPLUS FOR THE FINANCIAL YEAR	7,033	3,370	542	1,635	7,182	3,860	23,622
Public Dividend Capital Dividends Payable	(6,986)	(3,347)	(499)	(1,570)	(7,129)	(4,244)	(23,775)
OPERATIONAL SURPLUS BEFORE PROVISIONS	47	23	43	65	53	(384)	(153)
Provisions for Future Obligations	26	180	242	(359)	150	35	274
RETAINED (DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR	73	203	285	(294)	203	(349)	121
BREAK EVEN POSITION	47	23	43	65	53	(384)	(153)

ANALYSIS OF PRE-MERGER STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2007

	Predecessor Trust						Total £000
	Belfast City £000	Green Park £000	Mater £000	North & West £000	Royal Hospitals £000	South & East £000	
Surplus for the financial year	7,033	3,370	542	1,635	7,182	3,860	23,622
Provisions for future obligations	26	180	242	(359)	150	35	274
Fixed Asset Impairment Losses	7,059	3,550	784 (21)	1,276	7,332	3,895 (61)	23,896 (82)
Non Donated Fixed Assets							
Indexation & Revaluation	8,779	5,176	1,028	2,455	8,921	8,525	34,884
Donated Assets							
Additions, Indexation, Revaluation & Disposal	1,687	291	2,138	78	(199)	18	4,013
Total recognised gains relating to year	17,525	9,017	3,929	3,809	16,054	12,377	62,711
Additions to Capital Assets Reserve		1,096					1,096
TOTAL GAINS RECOGNISED IN THE FINANCIAL YEAR	17,525	10,113	3,929	3,809	16,054	12,377	63,807

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

2. Income from Activities

	2008	2007
	£000	£000
NI Health and Social Services Boards	866,500	877,108
GB/Republic of Ireland Health Authorities	590	321
HSS/HSC Trusts	4,732	20,832
Non-HSS:		
- private patients	4,458	3,714
- other	6,881	6,918
Clients contributions	23,444	20,230
Total	<u>906,605</u>	<u>929,123</u>

3. Other Operating Income

	2008	2007
	£000	£000
Other income from non-patient services	7,657	27,324
NIMDTA/NICPMDE	16,631	15,591
SUMDE	30,493	44,743
Charitable and other contributions to Expenditure	12,536	5,420
Donated asset reserve transfer for Impairment	0	11
Donated asset reserve transfer for Depreciation	2,351	2,373
Income in respect of fixed asset impairments	0	806
Profit on disposal of land	0	0
Clinical Negligence Central Fund	9,735	4,138
RPA Central Fund	2,725	0
Reversal of fixed asset impairments	0	0
Other Income	17,269	2,262
Total	<u>99,397</u>	<u>102,668</u>

In 2007/08 the Department of Health, Social Services and Public Safety was required to change the funding arrangements for Trusts' capital charges (that is, depreciation and cost of capital) and impairments, with Trusts no longer receiving income for these charges.

In line with guidance issued by the Department of Finance and Personnel and the Department of Health, Social Services and Public Safety, the comparative 2006/07 figures have not been restated to reflect the impact of these changes and therefore the 2006/07 income and expenditure includes £70,828k for Trust capital charges.

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

4. Operating Expenses

4.1 Operating Expenses are as follows:-

	2008	2007
	£000	£000
Salaries & Wages (excl. Board members remuneration)	608,481	581,577
Executive Board members remuneration	1,490	3,343
Non-executive Board members remuneration	91	304
RPA Provisions Utilised	2,725	0
Supplies and services - clinical	142,926	135,731
Supplies and services - general	13,652	16,334
Establishment	14,212	13,401
Transport	1,570	1,700
Premises	59,095	46,352
Bad debts	1,342	318
Depreciation and amortisation	43,703	41,532
Cost of Capital	29,531	0
(Profit)/loss on disposal of fixed assets (excl. profit on land)	325	226
Fixed Asset Impairments	2,804	806
Donated Asset Impairments	0	11
Purchase of care from non-HPSS bodies and grants to voluntary organisations	123,071	95,485
Personal social services	10,211	9,157
Recharges from other HSS organisations	9,835	29,920
Clinical Negligence Payments:		
-Provisions Utilised	9,747	4,111
-Other	0	0
Audit fees	122	205
Other auditors remuneration	0	48
Miscellaneous	8,333	24,595
Total	<u>1,083,266</u>	<u>1,005,156</u>

4.2 Operating Leases

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

	2008	2007
	£000	£000
Hire of plant and machinery	0	499
Other operating leases	1,408	1,266
	<u>1,408</u>	<u>1,765</u>

Commitments under non-cancellable operating leases are:

	Land and buildings		Other leases	
	2008	2007	2008	2007
	£000	£000	£000	£000
Operating leases which expire:				
Within 1 year	0	28	294	301
Between 1 and 5 years	35	23	788	1,194
After 5 years	154	247	0	0
	<u>189</u>	<u>298</u>	<u>1,082</u>	<u>1,495</u>

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

NOTE 4 (Contd)

4.3 Capital Charges and Other Non Cash Costs (Memorandum Note for 2007/08 financial year only)

The following amounts have been included in Note 4.1

	2008
	£000
Capital Charges	
- Depreciation	41,375
- Cost of Capital	29,531
Audit Fee	122
Other auditors remuneration	0
Impairments	2,804
Loss on Sale/Disposal of Land & Buildings	<u>291</u>
Total	<u><u>74,123</u></u>

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

5. Salaries & Wages

5.1 Staff Costs	Directly Employed £000	Other £000	2008 £000	2007 £000
Salaries and Wages (including Board Members remuneration and Non executive members)	515,113	24,580	539,693	521,350
Social security costs	41,167	456	41,623	38,395
Pensions costs for early retirements reflecting single lump sum to buy over full liability	2,589	0	2,589	0
Other pension costs	27,062	415	27,477	25,999
Early departure costs	1,891	0	1,891	1,039
Sub-total	587,822	25,451	613,273	586,783
Less recoveries in respect of outward secondments			(486)	(1,394)
Total net costs			612,787	585,389

Of the total, an amount of £168,012 has been charged to capital in the year

5.2 Average Number of Persons Employed

	Directly Employed No	Other No	2008 No	2007 No
Medical and dental	1,451	27	1,478	1,542
Nursing and Midwifery	6,344	367	6,711	6,611
Professions Allied to medicine	1,067	31	1,098	1,136
Ancillaries	1,761	56	1,817	1,904
Administrative and clerical	3,261	308	3,569	3,586
Ambulance staff	0	0	0	0
Works	214	0	214	251
Other Professional and technical	1,122	0	1,122	1,052
Social Services	1,633	9	1,642	1,498
Other	356	0	356	665
	17,209	798	18,007	18,245

Figures refer to wholetime equivalents (WTEs) rather than individuals

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

5.3 Senior Employees Remuneration

The Pensions of the most senior members of the Trust were as follows (Audited)

Name	2007-08				2007-08			Employer contribution to partnership account (nearest £100)
	Salary, including Performance Pay £'000	Benefits in Kind (rounded to nearest £100)	Real increase in pension and related lump sum at age 60 £'000	Total accrued pension at age 60 and related lump sum £'000	CETV at 31/03/07 £'000	CETV at 31/03/08 £'000	Real increase in CETV £'000	
Non Executive Members								
P McCartan	30-35	0	N/A	N/A	N/A	N/A	N/A	N/A
E Evason	5-10	0	N/A	N/A	N/A	N/A	N/A	N/A
L Drew	5-10	0	N/A	N/A	N/A	N/A	N/A	N/A
C Jenkins	5-10	0	N/A	N/A	N/A	N/A	N/A	N/A
V Fiddis	5-10	0	N/A	N/A	N/A	N/A	N/A	N/A
T Hartley	5-10	0	N/A	N/A	N/A	N/A	N/A	N/A
J O'Kane	5-10	0	N/A	N/A	N/A	N/A	N/A	N/A
MJ Allen	5-10	0	N/A	N/A	N/A	N/A	N/A	N/A
Senior Executives								
W McKee	125-130	0-2.5	10-12.5	205-210	815-820	910-915	50-55	N/A
H McCaughey	90-95	0-2.5	0-2.5	100-105	310-315	330-335	0-5	N/A
A Stevens	140-145	0	0-2.5	150-155	565-570	610-615	5-10	N/A
W Galbraith	85-90	0	2.5-5.0	45-50	125-130	145-150	10-15	N/A
M Mallon	80-85	0-2.5	0	140-145	520-525	550-555	0	N/A
P Donnelly	85-90	0	5.0-7.5	135-140	530-535	580-585	20-25	N/A
D Stockman	65-70	0	2.5-5.0	35-40	90-95	115-120	15-20	N/A
V Jackson	65-70	0	5.0-7.5	75-80	195-200	230-235	20-25	N/A
B Mullen	65-70	0	10-12.5	140-145	500-505	580-585	40-45	N/A
J Welsh	50-55	0-2.5	2.5-5.0	30-35	75-80	95-100	10-15	N/A
P O'Callaghan	55-60	0	2.5-5.0	45-50	160-165	190-195	15-20	N/A
A Brown	65-70	0	0-2.5	110-115	460-465	485-490	0-2.5	N/A
B McNally	55-60	0	0-2.5	65-70	220-225	245-250	5-10	N/A
EP Gordon (left Trust on 05/01/08)	70-75	0	2.5-5.0	155-160	565-570	620-625	10-15	N/A

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

NOTE 5 (Contd)

5.3 Senior Employees Remuneration

The above figures do not include an estimate of the remuneration due to certain executives in respect of the annual pay uplift for the cost of living and performance for the financial year 2007/08. An estimate of the total expected liability has been accrued in the annual accounts consistent with DHSSPS guidance.

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 a member leaves a scheme or chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the HSS pension scheme. They also include any additional pension benefits 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 and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employees (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.

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

NOTE 5 (Contd)

5.4 Staff Benefits

	2008 £000	2007 £000
Staff Benefits	0	0
	<u>0</u>	<u>0</u>

5.5 Trust Management Costs

	2008 £000	2007 £000
Trust Management Costs	37,533	<i>Restated</i> 38,141
Total Income	<u>1,006,002</u>	<u>960,963</u>
% of total income	<u>3.73%</u>	<u>3.97%</u>

The above information is based on the Audit Commission's definition "M2" Trust management costs, as detailed in HSS (THR) 2/99. The 2007 income has been restated, for comparison, to exclude the capital charges payable in that year and discontinued in 2008.

5.6 Retirements due to ill-health

During 2007/08 there were 48 early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £33k.

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

6.1 Public Sector Payment Policy - Measure of Compliance

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

	2008	2007
	Number	Number
Total bills paid 2007/2008	358,369	393,525
Total bills paid within 30 day target	<u>322,149</u>	<u>348,126</u>
% of bills paid within 30 day target	<u>90%</u>	<u>88%</u>

6.2 The Late Payment of Commercial Debts Regulations 2002

The amounts included within Interest Payable (Note 7) arising from claims made by small businesses under this legislation are as follows :

	£000
Total	<u><u>0</u></u>

7. Interest Payable

	2008	2007
	£000	£000
Originating interest bearing debt	0	5,850
Further borrowing (government)	0	0
Further borrowing (other)	0	0
Finance leases	0	0
Other Interest	0	0
Total	<u><u>0</u></u>	<u><u>5,850</u></u>

An amount of £846k is included within Note 8 for the unwinding of discount on provisions.

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

8. Provisions for Liabilities and Charges

	Pensions relating to former directors £000	Pensions relating to other staff £000	Clinical negligence £000	Restruct- uring £000	Other £000	Total 2008 £000	2007 £000
At 31 March 2007	0	6,076	26,537	775	7,998	41,386	37,949
Arising during the year	0	421	9,942	18,773	2,886	32,022	13,127
Utilised during the year	0	(420)	(9,702)	(2,789)	(1,345)	(14,256)	(6,150)
Reversed unused	0	(3)	(5,288)	0	(1,089)	(6,380)	(4,477)
Unwinding of discount	0	167	473	14	192	846	938
At 31 March 2008	0	6,241	21,962	16,773	8,642	53,618	41,387

8.1 Income & Expenditure Account Charges

	2008 £000
Arising during the year	32,022
Utilised during the year	(14,256)
Reversed Unused	(6,380)
Unwinding of Discount	846
Movement in Year	12,232
Reimbursements Receivable	
Clinical Negligence Central Fund	4,575
Other (RPA)	(15,931)
Total Reimbursements Receivable	(11,356)
Total Increase/Decrease (to I&E)	876

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

Note 8 (Cont'd)

Expected Timing of Cash Flow

	Pensions relating to former directors £000	Pensions relating to other staff £000	Clinical negligence £000	Restruct- uring £000	Other £000	Total 2008 £000	2007 £000
Within 1 year	0	420	14,494	3,037	3,862	21,813	19,037
1 - 5 years	0	1,681	7,377	13,386	1,126	23,570	14,983
Over 5 years	0	4,140	91	350	3,654	8,235	7,367

The provision for pensions is determined on the basis of information on current annual pension rates payable over average life expectancy derived from government actuarial tables and on payments made to HSC Superannuation Branch. The provisions for Clinical Negligence, Employers and Public Liability have been determined by assigning probabilities to expected settlement values. The restructuring provision includes £15.9m in respect of an RPA provision and £15.9m has been included in debtors to reflect the expected cash drawdown from DHSSPS.

	£000
Included in "Other" provisions are:	
Employers Liability	2,455
Public Liability	770
Employment Law	588
Injury Benefit Liability	4,828
	<u>8,641</u>

Expected reimbursements from the Department of Health, Social Services and Public Safety included in debtors are :-

	£000
Clinical Negligence Central Fund	21,962
RPA Central Fund	15,931

The clinical negligence provision includes £0 for incidents against which claims have not, as yet been received. The related reimbursements, included in debtors, amount to £0.

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

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

9. Intangible Fixed Assets

	Purchased Software licences £000	Donated Software licences £000	Total £000
Cost or Valuation			
At 1 April 2007	118	18	136
Indexation	0	0	0
Additions	7	5	12
Reclassifications (see Note 10)	(125)	(23)	(148)
Transfers	0	0	0
Other Revaluation	0	0	0
Impairments	0	0	0
Disposals	0	0	0
	<hr/>	<hr/>	<hr/>
At 31 March 2008	0	0	0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Amortisation			
At 1 April 2007	16	3	19
Indexation	0	0	0
Reclassifications (see Note 10)	(40)	(7)	(47)
Transfers	0	0	0
Revaluation	0	0	0
Impairments	0	0	0
Disposals	0	0	0
Provided during the year	24	4	28
	<hr/>	<hr/>	<hr/>
At 31 March 2008	0	0	0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net Book Value			
Total At 31 March 2008	0	0	0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total At 31 March 2007	102	15	117
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Note

A total of £148k has been reclassified as tangible fixed assets to reflect consistent treatment across the Belfast HSC Trust

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

10.1 Tangible fixed assets comprise the following elements:

Purchased Assets	Land £000	Buildings (excluding dwellings) £000	Dwellings £000	Assets under Construction £000	Plant & Machinery (Equipment) £000	Transport Equipment £000	Information Technology £000	Furniture and fittings £000	Total £000
Cost or Valuation									
At 1 April 2007	202,353	609,619	30,191	69,719	82,631	5,899	23,503	2,607	1,026,522
Indexation	12,647	21,088	1,051	0	2,118	60	(2,144)	20	34,840
Additions	0	8,649	214	31,040	3,538	167	3,091	654	47,353
Reclassifications (see Note 9)	0	0	0	0	0	0	125	0	125
Transfers	0	44,200	1,290	(45,886)	(1,872)	225	1,544	263	(236)
Revaluation	530	2,480	0	0	28	0	0	0	3,038
Impairments	0	(1,928)	(322)	0	0	0	0	0	(2,250)
Disposals	(465)	(2,248)	0	0	(2,057)	(364)	(194)	(6)	(5,334)
At 31 March 2008	215,065	681,860	32,424	54,873	84,386	5,987	25,925	3,538	1,104,058
Depreciation									
At 1 April 2007	0	57,588	5,084	0	51,349	3,333	15,025	1,864	134,243
Indexation	0	1,990	176	0	1,342	33	(1,408)	13	2,146
Reclassifications (see Note 9)	0	0	0	0	0	0	40	0	40
Transfers	0	0	0	0	(1,132)	(22)	920	0	(234)
Revaluation	0	(1,014)	0	0	0	0	0	0	(1,014)
Impairments	0	(96)	(16)	0	0	0	0	0	(112)
Disposals	0	(1,957)	0	0	(1,834)	(363)	(193)	(1)	(4,348)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Provided during the year	0	28,008	2,955	0	6,569	631	3,038	150	41,351
At 31 March 2008	0	84,519	8,199	0	56,294	3,612	17,422	2,026	172,072
Net Book Value									
At 31 March 2008	215,065	597,341	24,225	54,873	28,092	2,375	8,503	1,512	931,986
At 31 March 2007	202,353	552,031	25,107	69,719	31,282	2,566	8,478	743	892,279

Of the total net book value at 31 March 2008 £0 related to buildings, installation and fittings calculated at open market value for alternative use.

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

10.2 Donated Assets

	Land £000	Buildings (excluding dwellings) £000	Dwellings £000	Assets under Construction £000	Plant & Machinery (Equipment) £000	Transport Equipment £000	Information Technology £000	Furniture & fittings £000	Total £000
Cost or Valuation									
At 1 April 2007	222	37,737	194	1,456	10,487	56	1,329	0	51,481
Indexation	14	1,307	6	0	282	1	(120)	0	1,490
Additions	0	47	0	84	413	6	38	0	588
Reclassifications (see Note 9)	0	0	0	0	0	0	23	0	23
Transfers	0	242	0	(1,540)	1,222	0	76	0	0
Revaluation	345	0	0	0	0	0	0	0	345
Impairments	0	(22)	0	0	0	0	0	0	(22)
Disposals	0	0	0	0	(73)	0	(2)	0	(75)
At 31 March 2008	581	39,311	200	0	12,331	63	1,344	0	53,830
Depreciation									
At 1 April 2007	0	2,511	7	0	6,745	49	1,134	0	10,446
Indexation	0	87	0	0	181	0	(104)	0	164
Reclassifications (see Note 9)	0	0	0	0	0	0	7	0	7
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Impairments	0	(20)	0	0	0	0	0	0	(20)
Disposals	0	0	0	0	(60)	0	(1)	0	(61)
Provided during the year	0	1,331	6	0	887	3	97	0	2,324
At 31 March 2008	0	3,909	13	0	7,753	52	1,133	0	12,860
Net Book Value									
At 31 March 2008	581	35,402	187	0	4,578	11	211	0	40,970
At 31 March 2007	222	35,226	187	1,456	3,742	7	195	0	41,035

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

10.3 Total Tangible Fixed Assets:

	Purchased £000	Donated £000	Total £000	2007 £000
Net book value:				
Land	215,065	581	215,646	202,575
Buildings (excluding dwellings)	597,341	35,402	632,743	587,257
Dwellings	24,225	187	24,412	25,294
Assets under construction	54,873	0	54,873	71,175
Plant & Machinery (Equipment)	28,092	4,578	32,670	35,024
Transport Equipment	2,375	11	2,386	2,573
Information Technology	8,503	211	8,714	8,673
Furniture & Fittings	1,512	0	1,512	743
Total Tangible Fixed Assets	931,986	40,970	972,956	933,314
Total Intangible Fixed Assets	0	0	0	117
Total Assets	931,986	40,970	972,956	933,431

10.4 The net book value of land, buildings and dwellings comprises:

	2008 £000	2007 £000
Freehold	421,752	412,177
Long leasehold	451,049	402,947
Short leasehold	0	0
	872,801	815,124

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

	2008 £000	2007 £000
Land	0	0
Buildings (excluding dwellings)	0	0
Dwellings	0	0
Assets under construction	0	0
Plant & Machinery (Equipment)	0	0
Transport Equipment	0	0
Information Technology	0	0
Furniture & Fittings	0	0
	0	0

The total amount of depreciation charged in the income and expenditure account in respect of assets held under finance leases and hire purchase contracts is £0 (2007 £0).

BELFAST HEALTH & SOCIAL CARE TRUST
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

11. Stocks and Work in Progress

	2008	2007
	£000	£000
Raw Materials and consumables	10,333	10,311
Work in progress	0	0
Finished goods	0	0
	<u>0</u>	<u>0</u>
Total	<u>10,333</u>	<u>10,311</u>

12.1 Debtors: Amounts falling due within one year

	2008	2007
	£000	£000
HSS/HSC or NHS debtors	16,974	11,674
Impairment Debtor	0	806
Clinical negligence - Central Fund	14,494	14,584
Other debtors	24,654	33,020
RPA Debtors	5,523	300
Pension Prepayments		
in respect of former directors	0	0
in respect of other staff	0	0
Interest Receivable	163	79
Other prepayments and accrued income	2,921	2,310
	<u>2,921</u>	<u>2,310</u>
Sub Total	<u>64,729</u>	<u>62,773</u>

The balances are net of a provision
for bad debts of £2,998k (2007 £1,455k)

12.2 Debtors: Amounts falling due after more than one year:

HSS/HSC or NHS debtors	0	0
Clinical negligence - Central Fund	7,468	12,135
Other debtors	0	6,349
RPA Debtors	13,132	0
Pension Prepayments		
in respect of former directors	0	0
in respect of other staff	0	0
Other prepayments and accrued income	6,828	1,219
	<u>6,828</u>	<u>1,219</u>
Sub Total	<u>27,428</u>	<u>19,703</u>
Total	<u>92,157</u>	<u>82,476</u>

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

12.3 Intra-government balances (Debtors)

	Debtors		Debtors	
	Amounts falling due within 1 year 2008 £000	Amounts falling due within 1 year 2007 £000	Amounts falling due after more than 1 year 2008 £000	Amounts falling due after more than 1 year 2007 £000
Department of Health, Social Services and Public Safety	18,975	10,513	20,614	234
HSS Boards	1,505	2,925	0	0
Health Estates Executive Agency	0	2	0	0
NI Central Services Agency	13,835	17,713	0	12,135
Other Central Government Bodies	10,662	5,788	0	0
Local Authorities	0	15	0	0
HSS/HSC/NHS Trusts	2,920	2,950	0	0
Non-Departmental Public Bodies	49	30	0	0
Public Corporations and Trading Funds	5	5	0	0
Intra-Government Balances	47,951	39,941	20,614	12,369
Balances with bodies external to government	16,778	22,832	6,814	7,334
Total Debtors At 31 March 2008	64,729	62,773	27,428	19,703

13. Short-term Investments

	2008 £000	2007 £000
Government Securities	0	0
Other Approved Public Sector Organisations	0	0
Banking Deposits	29,206	27,932
Others (specify if in excess of £50,000)	0	0
Total	29,206	27,932

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

14. Creditors

	2008	2007
	£000	£000
14.1 Creditors: Amounts falling due within one year:		
Bank overdrafts	0	0
IBD Interest payable	0	243
Public dividend capital dividend payable	0	23,775
Public dividend capital payable in respect of impairments	0	806
Payments received on account	2,379	2,631
HSS/HSC or NHS creditors and accruals	7,692	7,625
Non HSS or NHS trade revenue creditors	59,901	38,504
Non HSS or NHS trade capital creditors	19,489	16,363
Payroll creditors including taxation and social security	51,475	42,525
Net obligations under finance leases	0	0
Clinical Negligence	3,418	650
Pensions		0
- relating to former directors	0	0
- relating to other staff	76	93
Other accruals	3,515	2,418
Other creditors	4,349	9,584
Sub Total	<u>152,294</u>	<u>145,217</u>
14.2 Creditors: Amounts falling due after more than one year:		
Long Term Loans	0	0
Other	0	0
Sub Total	<u>0</u>	<u>0</u>
Total Creditors	<u><u>152,294</u></u>	<u><u>145,217</u></u>

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

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

14.3 Intra-government balances (Creditors)

	Creditors		Creditors	
	Amounts falling due within 1 year	Amounts falling due within 1 year	Amounts falling due after more than 1 year	Amounts falling due after more than 1 year
	2008 £000	2007 £000	2008 £000	2007 £000
Department of Health, Social Services and Public Safety	2,932	20,415	0	0
HSS Boards	55	3,385	0	0
Health Estates Executive Agency	0	0	0	0
NI Central Services Agency	1,994	1,972	0	0
Other Central Government Bodies	12,210	15,972	0	0
Local Authorities	6,466	95	0	0
HSS/HSC/NHS Trusts	3,271	1,597	0	0
Non-Departmental Public Bodies	17	0	0	0
Public Corporations and Trading Funds	0	0	0	0
Intra-Government Balances	26,945	43,436	0	0
Balances with bodies external to government	125,349	101,781	0	0
Total Creditors At 31 March 2008	152,294	145,217	0	0

14.4 Finance lease obligations

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

	2008 £000	2007 £000
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
	0	0

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

	2008 £000	2007 £000
Creditors: amounts due within one year	0	0
Creditors: amounts due after more than one year	0	0
	0	0

14.5 Public Dividend Capital Dividends

	2008 £000	2007 £000
The dividend is in respect of Public Dividend Capital Dividend	0	23,775
	0	23,775

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

15. Loans

The Belfast HSC Trust has no long term loans.

16. Public Dividend Capital

16.1 Movement in public Dividend Capital

	2008 £000	2007 £000
Public Dividend Capital as at 1 April 2007	827,849	0
New Public Dividend Capital received (including transfers from dissolved HSS Trusts)	40,000	0
Public Dividend Capital issued as originating capital on new establishment		827,429
Total	<u>867,849</u>	<u>827,429</u>

16.2 Reconciliation of Opening Public Dividend Capital

Public Dividend Capital as per 06/07 audited accounts	323,597
Revaluation Reserve	426,026
Realised Donation Reserve	0
Other Reserves	0
Income and Expenditure Reserve	11,720
IBD Loan	66,506
Public Dividend Capital on new establishment	<u>827,849</u>

17. Movements on Reserves

	Revaluation Reserve £000	Donation Reserve £000	Realised Donation Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000	£000
Restated At 1 April 2007 *	0	41,172	0	0	0	41,172
Retained surplus/ (deficit) for year	0	0	0	0	(75,280)	(75,280)
Revaluation and indexation of fixed assets	37,482	1,671	0	0	0	39,153
Transfer of realised profits/ (losses)	0	0	0	0	0	0
Movements in donation reserve	0	(1,761)	0	0	0	(1,761)
Fixed Asset Impairments	(72)	0	0	0	0	(72)
Non Cash Costs	0	0	0	0	29,652	29,652
Other reserve movements	(61)	0	0	0	61	0
At 31 March 2008	<u>37,349</u>	<u>41,082</u>	<u>0</u>	<u>0</u>	<u>(45,567)</u>	<u>32,864</u>

* Opening Balances for all reserves have been restated EXCEPT Donation Reserve

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

17.2 Merger Adjustments - Reserves

In order to comply with Article 14 of the HPSS (NI) Order 1991, as amended, Belfast HSC Trust was established with originating capital (public dividend capital) equivalent to the net assets transferred to it from the predecessor Trusts, with the exception of donated assets. As a result, the revaluation, income and expenditure and other reserves at 31 March 2007 were written off and replaced with PDC. The table below summarises the impact of this on the opening reserves as at 1 April 2007

Predecessor Trust	Revaluation Reserve £000	Income and Expenditure Reserve £000	Other Reserves £000	Sub Total £000	Donation Reserve £000	Total Reserves £000
Belfast City Hospital	110,259	(2,096)	0	108,163	6,280	114,443
Green Park	72,837	6,871	0	79,708	7,480	87,188
Mater Infirmorum Hospital	11,595	670	0	12,265	18,428	30,693
North & West Belfast	37,518	36	0	37,554	1,814	39,368
Royal Group of Hospitals	95,506	(316)	0	95,190	6,806	101,996
South & East Belfast	98,311	6,555	0	104,866	364	105,230
As at 31 March 2007	426,026	11,720	0	437,746	41,172	478,918
Belfast City Hospital	(110,259)	2,096	0	(108,163)		(108,163)
Green Park	(72,837)	(6,871)	0	(79,708)		(79,708)
Mater Infirmorum Hospital	(11,595)	(670)	0	(12,265)		(12,265)
North & West Belfast	(37,518)	(36)	0	(37,554)		(37,554)
Royal Group of Hospitals	(95,506)	316	0	(95,190)		(95,190)
South & East Belfast	(98,311)	(6,555)	0	(104,866)		(104,866)
Write off	(426,026)	(11,720)	0	(437,746)		(437,746)
Belfast City Hospital	0	0	0	0	6,280	6,280
Green Park	0	0	0	0	7,480	7,480
Mater Infirmorum Hospital	0	0	0	0	18,428	18,428
North & West Belfast	0	0	0	0	1,814	1,814
Royal Group of Hospitals	0	0	0	0	6,806	6,806
South & East Belfast	0	0	0	0	364	364
Re-stated as at 1 April 2007	0	0	0	0	41,172	41,172

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

18. Reconciliation of Movement in Government Funds

	2008	2007
	£000	£000
Surplus /(deficit) for the financial year	(74,404)	23,622
less provisions for future obligations	(876)	274
less public dividend capital dividends	0	(23,775)
	<u>(75,280)</u>	<u>121</u>
Gains (losses) from revaluation/indexation of		
Purchased fixed assets	37,410	34,170
Public dividend capital impairments	0	(806)
Public dividend capital repayments	0	0
Public dividend capital issued	40,000	18,500
New Government loans issued	0	0
less Government loans repayments	0	(5,639)
Additions (reductions) in other reserves	<u>0</u>	<u>61</u>
Net Movement in Government funds	2,130	46,407
Government funds at 31 March 2007	<u>827,849</u>	<u>781,442</u>
Government funds at 31 March 2008	<u>829,979</u>	<u>827,849</u>

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

19. Financial Performance Targets

19.2 Break Even Performance

The Trust is required to ensure that its income is sufficient to meet its expenditure taking one year with another.

	2007/2008
	£000
i. Turnover	<u>1,006,002</u>
ii. Break even in year position	<u>(281)</u>
iii. Break Even cumulative position (opening)	0
iv. Other Adjustments	0
v. Break Even Cumulative Position (closing)	<u><u>(281)</u></u>
 If a Break Even cumulative deficit - anticipated financial year of recovery	 <u>N/A</u>
 If more than 2 years - agreed period	 <u>N/A</u>
 Materiality Test:	 %
Break even in year position as % of turnover	-0.03%
Break even cumulative position as % of turnover	-0.03%

19.2 Capital Resource Limit

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

	2008	2007
	£000	£000
Gross Capital Expenditure	47,360	57,249
Receipts from sale of fixed assets where approval to use, has been granted by CIU	<u>(465)</u>	<u>(2,909)</u>
Net Capital Expenditure	46,895	54,340
Capital Resource Limit	<u>47,062</u>	<u>55,071</u>
Overspend/(Underspend) against CRL	<u><u>(167)</u></u>	<u><u>(731)</u></u>

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

20. Private Finance Transactions

20.1 PFI Schemes deemed to be off balance sheet

	2008 £000	2007 £000
Amounts included within operating expenses in respect of PFI transactions deemed to be off balance sheet	13,907	9,902

The Trust is committed to make the following payments during the next year	2008 £000	2007 £000
PFI scheme which expires within one year	0	0
2 to 5 years (inclusive)	365	215
6 to 10 years (inclusive)	1,780	1,760
11 to 15 years (inclusive)	7,523	6,954
16 to 20 years (inclusive)	0	0
21 to 25 years (inclusive)	4,460	4,350
26 to 30 years (inclusive)	0	0
31 to 35 years (inclusive)	0	0
36 to 40 years (inclusive)	0	0
41 to 45 years (inclusive)	0	0
46 to 50 years (inclusive)	0	0
51 to 55 years (inclusive)	0	0
	<u>14,128</u>	<u>13,279</u>

Estimated capital value of the PFI scheme	2008 £000	2007 £000
Carparks	3,200	3,200
Bed Management Scheme	1,870	1,870
Management Equipment Service	24,000	24,000
Renal Dialysis	2,845	2,845
Cancer Centre	36,700	36,700
	<u>68,615</u>	<u>68,615</u>

	Contract Start Date	Contract End Date	Scheme Description
Carparks	01/04/1997	30/03/2017	Provision of car parking for staff & visitors
Bed Management	01/04/2006	30/03/2017	Provision & maintenance of patient beds
Managed Equipment Service	01/10/2006	30/09/2021	Provision & maintenance of equipment for Imaging Centre
Renal Dialysis	01/11/1998	31/10/2013	Provision of building, equipment & consumables for haemodialysis
Cancer Centre	01/01/2006	31/12/2030	Provision & maintenance of equipment for Cancer Centre

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

20. Private Finance Transactions

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

	2008 £000	2007 £000
Amounts included within operating expenses in respect of the 'service' element of PFI schemes deemed to be on balance sheet	0	0

The Trust is committed to make the following payments during the next year	2008 £000	2007 £000
PFI scheme which expires within one year	0	0
2 to 5 years (inclusive)	0	0
6 to 10 years (inclusive)	0	0
11 to 15 years (inclusive)	0	0
16 to 20 years (inclusive)	0	0
21 to 25 years (inclusive)	0	0
26 to 30 years (inclusive)	0	0
31 to 35 years (inclusive)	0	0
36 to 40 years (inclusive)	0	0
41 to 45 years (inclusive)	0	0
46 to 50 years (inclusive)	0	0
51 to 55 years (inclusive)	0	0
	<u>0</u>	<u>0</u>

The estimated annual payments in future years are expected to be materially different from those which the Trust is committed to make during the next year. The likely financial effect of this is £0 (2007 £0).

21. Capital Commitments

Capital commitments at the balance sheet date were:-

	Finance Leases £000	Other £000	2008 Total £000	2007 Total £000
Contracted	0	8,693	8,693	25,411
Authorised by the Board, but not contracted	0	26,782	<u>26,782</u>	<u>13,966</u>
Total	0	35,475	<u>35,475</u>	<u>39,377</u>

22. Post Balance Sheet Events

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

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

23. Contingencies

Clinical Negligence

The Trust has contingent liabilities of £517k 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:

	2008	2007
	Total	Total
	£000	£000
Total estimate of contingent clinical negligence liabilities	517	631
Amount recoverable from the Clinical Negligence Central Fund	<u>(517)</u>	<u>(631)</u>
Net contingent liability	<u><u>0</u></u>	<u><u>0</u></u>

In addition to the above contingent liability, provisions for clinical negligence are given in Note 8.

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:

	2008	2007
	Total	Total
	£000	£000
Public Liability	0	0
Employers' Liability	0	0
Accrued Leave	0	0
Injury Benefit	0	0
Other	<u>0</u>	<u>0</u>
Total	<u><u>0</u></u>	<u><u>0</u></u>

24. Related party transactions

During the year, none of the board members, members of the key management staff or other related parties has undertaken any material transaction with the Belfast Health & Social Care Trust

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

25 Analysis of Losses and Special Payments

TYPE OF LOSS		NO. OF CASES	VALUE £
1	Cash Losses - Theft, fraud etc	6	1,682
2	Cash Losses - Overpayments of salaries, wages and allowances	0	0
3	Cash Losses - Other causes (including unvouched and incompletely vouched payments)	1	70
4	Nugatory and fruitless payments - Abandoned Capital Schemes	0	0
5	Other nugatory and fruitless payments	0	0
6	Bad debts and claims abandoned	164	53,505
7	Stores and Inventory Losses - Theft, fraud, arson (whether proved or suspected) etc		
	i. Bedding and linen	0	0
	ii. Other equipment and property	0	0
8	Stores and Inventory Losses - Incidents of the service (result of fire, flood, etc)	0	0
9	Stores and Inventory Losses - Deterioration in store	0	0
10	Stores and Inventory Losses - Stocktaking discrepancies	1	15,957
11	Stores and Inventory Losses - Other causes		
	i. Bedding and linen	0	0
	ii. Other equipment and property	6	31,613
12	Compensation payments (legal obligation)		
	i. Clinical Negligence	135	9,701,393
	ii. Public Liability	33	168,623
	iii. Employers Liability	143	868,059
13	Ex-gratia payments - Compensation payments (including payments to patients and staff)	77	40,928
14	Ex-gratia payments - Other payments	18	74,072
15	Extra statutory payments	0	0
16	a. Losses sustained as a result of damage to buildings and fixtures arising from bomb explosions or civil commotion.	0	0
	b. Damage to vehicles	4	4,815
TOTAL		588	10,960,717

25.1 Special Payments

The Belfast Health & Social Care Trust did not make any special payments or gifts during the financial year.

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

26. Notes to the Cash Flow Statement

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

	2008	2007
	£000	£000
Operating surplus (deficit)	(77,264)	26,635
Depreciation charge	43,703	41,532
(Profit)/Loss on sale of fixed assets	325	226
Provisions for future obligations (I&E Account)	(876)	274
Fixed Asset Impairments	2,804	806
Transfer from donation reserve	(2,351)	(2,371)
Non cash items	29,653	235
Increase / (decrease) in provisions (Balance Sheet)	12,230	3,438
(Increase) / decrease in stocks	(22)	3
(Increase) / decrease in debtors	(9,597)	(10,552)
Increase / (decrease) in creditors	<u>28,775</u>	<u>12,515</u>
Net cash inflow from operating activities	<u>27,380</u>	<u>72,741</u>

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

26. Notes to the Cash Flow Statement

26.2 Reconciliation of net cash flow to movement in net debt

	2008		2007	
	£000	£000	£000	£000
Increase/(decrease) in cash in the period	498		1,620	
Cash inflow from new debt	0		0	
Cash outflow from debt repaid and financial lease capital payments	0		5,640	
Cash (inflow)/outflow from decrease/increase in liquid resources	<u>1,274</u>		<u>7,000</u>	
Change in net debt resulting from cash flows		1,772		14,260
Non-cash changes in debt		<u>0</u>		<u>66,506</u>
Net debt at 1 April 2007		<u>29,407</u>		<u>(51,361)</u>
Net debt at 31 March 2008		<u><u>31,179</u></u>		<u><u>29,405</u></u>

26.3 Analysis of changes in net fund/debt

	At 1 April 2007 £000	Cash Flows £000	Non-cash changes £000	At 31 March 2008 £000
Cash at bank and in hand	1,475	498	0	1,973
Bank overdrafts	0	0	0	0
Debt due within 1 year	0	0	0	0
Debt due after 1 year	0	0	0	0
Finance leases	0	0	0	0
Current asset investments	<u>27,932</u>	<u>1,274</u>	<u>0</u>	<u>29,206</u>
	<u><u>29,407</u></u>	<u><u>1,772</u></u>	<u><u>0</u></u>	<u><u>31,179</u></u>

BELFAST HEALTH & SOCIAL CARE TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

NOTES TO THE ACCOUNTS

27. Financial Instruments

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

28. Third Party Assets

The Trust held £817,506 cash at bank and in hand and £3,398,917 short term investments at 31/03/08 which relates to monies held by the Trust on behalf of patients. This has been excluded from cash at bank and in hand and short term investment figures reported in the accounts. A separate audited account of these monies is maintained by the Trust.