

Data entered below will be used throughout the workbook:

Trust name:	South East Coast Ambulance Service NHS Foundation Trust
This year	2010-11
Last year	
This year ended	31 March 2011
Last year ended	
This year commencing:	1 March 2011

## **Accounts 31 March 2011**

### **STATEMENT OF CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF SOUTH EAST COAST AMBULANCE SERVICE NHS FOUNDATION TRUST**

The National Health Service Act 2006 states that the Chief Executive is the accounting officer of the NHS Foundation Trust. The relevant responsibilities of Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the accounting officers' Memorandum issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

Service NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts direction. The accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of South East Coast Ambulance Service NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the NHS Foundation Trust Annual Reporting Manual and in particular to:

- observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;

Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and

- prepare the financial statements on a going concern basis.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's NHS Foundation Trust Accounting Officer Memorandum.

2nd June 2011  
Paul Sutton, Chief Executive

**FOREWORD TO THE ACCOUNTS OF  
SOUTH EAST COAST AMBULANCE SERVICE NHS FOUNDATION TRUST**

The accounts have been prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.

2nd June 2011  
Paul Sutton, Chief Executive

**Independent auditor's report to the Council of Governors of  
South East Coast Ambulance Service NHS Foundation Trust**

I have audited the financial statements of South East Coast Ambulance Service NHS Foundation Trust for the period ended 31 March 2011 under the National Health Service Act 2006. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cashflows and the related notes. these financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

I have also audited the information in the Remuneration Report that is subject to audit being:

- the table of salaries and allowances of senior managers [and related narrative notes] on page 24 and
- the table of pension benefits of senior managers [and related narrative notes] on page 25.

**Independent auditor's report to the Council of Governors of  
South East Coast Ambulance Service NHS Foundation Trust**

Continued

This report is made solely to the Council of Governors of South East Coast Ambulance Service NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. My audit work has been undertaken so that I might state to the Council of Governors those matters that I am required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume any responsibility to anyone other than the Foundation Trust as a body, for my audit work, for this report or for the opinions I have formed.

**Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

My responsibility is to audit the financial statements in accordance with applicable law, the Audit Code for NHS Foundation Trusts and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. I read all the information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

**Independent auditor's report to the Council of Governors of  
South East Coast Ambulance Service NHS Foundation Trust**

**Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view of the state of affairs of South East Coast Ambulance Service NHS Foundation Trust's affairs as at 31 March 2011 and of its income and expenditure for the period then ended; and
- have been properly prepared in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts.

**Opinion on other matters**

In my opinion:

- the part of the Remuneration Report subject to audit has been properly prepared in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts; and
- the information given in the Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

I have nothing to report in respect of the Annual Governance Statement on which I report to you if, in my opinion the Annual Governance Statement does not reflect compliance with Monitor requirements.

**Certificate**

I certify that I have completed the audit of the accounts of South East Coast Ambulance Service NHS Foundation Trust in accordance with the requirements of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

Paul Grady  
Officer of the Audit Commission

Bridge House  
1 Walnut Tree Close  
Guildford  
GU1 4UA

2nd June 2011

**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED  
31 MARCH 2011**

	NOTE	One month period ended 31 March 2011 £000
<b>Revenue</b>		
Revenue from patient care activities	5	13,070
Other operating revenue	5.1	1,446
Operating expenses	8	<u>(13,923)</u>
<b>Operating surplus/(deficit)</b>		<b>593</b>
<b>Finance costs:</b>		
Investment revenue	13	6
Other gains and losses		0
Finance costs	14	<u>(40)</u>
<b>Surplus/(deficit) for the financial period</b>		<b>559</b>
Public dividend capital dividends payable		<u>(181)</u>
<b>Retained surplus/(deficit) for the period</b>		<b><u>378</u></b>
<b>Other comprehensive income</b>		
Impairments and reversals		0
Gains on revaluations		0
Receipt of donated/government granted assets		0
Net gain/(loss) on other reserves (e.g. defined benefit pension scheme)		0
Net gains/(losses) on available for sale financial assets		0
Reclassification adjustments:		
- Transfers from donated and government grant reserves		0
- On disposal of available for sale financial assets		0
<b>Total comprehensive income for the period</b>		<b><u>378</u></b>

The notes on pages 9 to 37 form part of these accounts.

**Reported NHS financial performance position [Adjusted retained surplus]**

<b>Retained surplus for the year</b>	<b>378</b>
IFRIC 12 adjustment	0
Impairments	<u>0</u>
<b>Reported NHS financial performance position [Adjusted retained surplus]</b>	<b><u>378</u></b>

**STATEMENT OF FINANCIAL POSITION AS AT  
31 MARCH 2011**

	NOTE	31 March 2011 £000	1 March 2011 £000
<b>Non-current assets</b>			
Property, plant and equipment	15	79,686	76,257
Intangible assets	16	506	513
Trade and other receivables	20	783	1,320
<b>Total non-current assets</b>		<b>80,975</b>	<b>78,090</b>
<b>Current assets</b>			
Inventories	19	898	870
Trade and other receivables	20	12,674	7,709
Cash and cash equivalents	21	14,248	24,455
		<b>27,820</b>	<b>33,034</b>
Non-current assets held for sale		0	0
<b>Total current assets</b>		<b>27,820</b>	<b>33,034</b>
<b>Total assets</b>		<b>108,795</b>	<b>111,124</b>
<b>Current liabilities</b>			
Trade and other payables	22	(15,737)	(16,546)
Other liabilities	22	0	0
Borrowings	23	(1,479)	(1,557)
Other financial liabilities		(522)	(1,532)
Provisions	26	(5,823)	(6,383)
<b>Net current assets/(liabilities)</b>		<b>4,259</b>	<b>7,016</b>
<b>Total assets less current liabilities</b>		<b>85,234</b>	<b>85,106</b>
<b>Non-current liabilities</b>			
Borrowings	23	(3,243)	(3,243)
Trade and other payables		0	0
Other financial liabilities		0	0
Provisions	26	(4,284)	(4,532)
Other liabilities		0	0
<b>Total assets employed</b>		<b>77,707</b>	<b>77,331</b>
<b>Financed by taxpayers' equity:</b>			
Public dividend capital		72,661	72,661
Retained earnings		529	137
Revaluation reserve		3,439	3,453
Donated asset reserve		1,078	1,080
Other reserves		0	0
<b>Total taxpayers' equity</b>		<b>77,707</b>	<b>77,331</b>

The financial statements on pages 5 to 37 were approved by the Board on 2nd June 2011 and signed on its behalf by:

Signed: .....(Chief Executive)

Date: .....

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2011**

	Public dividend capital (PDC) £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Other reserves £000	Total £000
<b>Changes in taxpayers' equity for 2010-11</b>						
<b>Balance at 1 March 2011</b>	72,661	137	3,453	1,080	0	77,331
Surplus/(deficit) for the year	0	378	0	0	0	378
Impairments	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0
Receipt of donated assets	0	0	0	0	0	0
Asset disposals	0	0	0	0	0	0
Share of comprehensive income from associates and joint ventures	0	0	0	0	0	0
Movements arising from classifying non current assets as Assets Held Fair Value gains/(losses) on Available-for-sale financial investments	0	0	0	0	0	0
Recycling gains/(losses) on Available-for-sale financial investments	0	0	0	0	0	0
Other recognised gains and losses	0	0	0	0	0	0
Actuarial gains/(losses) on defined benefit pension schemes	0	0	0	0	0	0
Public Dividend Capital received	0	0	0	0	0	0
Public Dividend Capital repaid	0	0	0	0	0	0
Public Dividend Capital written off	0	0	0	0	0	0
Other reserve movements	0	14	(14)	(2)	0	(2)
<b>Balance at 31 March 2011</b>	<b>72,661</b>	<b>529</b>	<b>3,439</b>	<b>1,078</b>	<b>0</b>	<b>77,707</b>



**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED  
31 MARCH 2011**

**One month  
period ended  
31 March 2011**

	NOTE	£000
<b>Cash flows from operating activities</b>		
Operating surplus/(deficit)	SOCl	593
Depreciation and amortisation	8	868
Impairments and reversals		0
Transfer from donated asset reserve	SOCITE	(2)
Interest paid		0
Dividends paid		(1,066)
(Increase)/decrease in inventories	19.2	(28)
(Increase)/decrease in trade and other receivables	20.1	(4,113)
(Increase)/decrease in other current assets		0
Increase/(decrease) in trade and other payables	22	(2,087)
Increase/(decrease) in other current liabilities		0
Increase/(decrease) in provisions	26	(794)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(6,629)</b>
<b>Cash flows from investing activities</b>		
Interest received	13	6
(Payments) for property, plant and equipment		(3,589)
Proceeds from disposal of plant, property and equipment		5
(Payments) for intangible assets		0
Proceeds from disposal of intangible assets		0
(Payments) for investments with DH		0
(Payments) for other investments		0
Proceeds from disposal of other financial assets		0
Revenue rental income		0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(3,578)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>(10,207)</b>
<b>Cash flows from financing activities</b>		
Public dividend capital received		0
Public dividend capital repaid		0
Other loans received		0
Other loans repaid		0
Other capital receipts		0
Capital element of finance leases		0
<b>Net cash inflow/(outflow) from financing</b>		<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(10,207)</b>
<b>Cash (and) cash equivalents (and bank overdrafts) at the beginning of the financial period</b>		<b>24,455</b>
Effect of exchange rate changes on the balance of cash held in foreign currencies		0
<b>Cash (and) cash equivalents (and bank overdrafts) at the end of the financial period</b>	21	<b>14,248</b>

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies

Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the NHS Foundation Trust Annual Reporting Manual which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2010/11 NHS Foundation Trust Annual Reporting Manual issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Accounting Standards issued but not yet adopted: IFRIC 19 "Extinguishing financial liabilities with equity instruments" is effective from 1 July 2010. The Treasury Financial Reporting Manual does not require this standard to be applied in 2010-11. The application of the IFRIC would have no effect on the Trust accounts.

#### 1.1 Income recognition

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Foundation Trust is contracts with commissioners in respect of healthcare services.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

#### 1.2 Expenditure on Employee Benefits

Short term employee benefits salaries, wages and employment-related payments are recognised in the period in which the service is received from the employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

**Notes to the Accounts - 1. Accounting Policies (Continued)**

**1.3 Pension Costs**

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS foundation trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employers pension cost contributions are charged to operating expenses as and when they become due. Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

**a) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004.

In order to defray the costs of benefits, employers pay contributions at 14% of pensionable pay and most employees had up to April 2008 paid 6%, with manual staff paying 5%.

Following the full actuarial review by the Government Actuary undertaken as at 31 March 2004, and after consideration of changes to the NHS Pension Scheme taking effect from 1 April 2008, his Valuation report recommended that employer contributions could continue at the existing rate of 14% of pensionable pay, from 1 April 2008, following the introduction of employee contributions on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities.

**Notes to the Accounts - 1. Accounting Policies (Continued)**

**1.3 Pension Costs**

**b) Accounting valuation**

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the scheme actuary. At this point the assumptions regarding the composition of the scheme membership are updated to allow the scheme liability to be valued.

The valuation of the scheme liability as at 31 March 2011, is based on detailed membership data as at 31 March 2008 (the latest midpoint) updated to 31 March 2011 with summary global member and accounting data.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

**c) Scheme provisions**

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year.

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the Statement of Comprehensive Income at the time the Trust commits itself to the retirement, regardless of the method of payment.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

## Notes to the Accounts - 1. Accounting Policies (Continued)

### 1.4 Expenditure on Other Goods and Services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

### 1.5 Property, plant and equipment

#### Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

#### Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

Professional valuations are carried out by a Chartered Surveyor. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual in so far as these terms are consistent with the agreed requirements of the Department of Health, the last asset values were recorded at 31st March 2010. Since the valuation date a further impairment review was performed at the 28th February 2011, whereby relevant indices were applied to the land and building valuations.

#### Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income. Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses. Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

## Notes to the Accounts - 1. Accounting Policies (Continued)

### 1.6 Intangible assets

#### Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

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

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

#### Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

### 1.7 Donated Assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to the donated asset reserve. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to offset the expenditure. On sale of donated assets, the net book value is transferred from the donated asset reserve to retained earnings.

### 1.8 Depreciation, amortisation and impairments

Freehold land, properties under construction, and assets held for sale are not depreciated.

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

At each reporting period end, the Trust checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

Impairments that are due to a loss of economic benefits or service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment. Other impairments are treated as revaluation losses. Reversals of other impairments are treated as revaluation gains.

## Notes to the Accounts - 1. Accounting Policies (Continued)

### 1.9 Leases

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

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the Trust's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases. This is a change in accounting policy from previous years where leased land was always treated as an operating lease.

### 1.10 Inventory

Inventories are valued at the lower of cost and net realisable value.

### 1.11 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.9% in real terms.

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

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

**Notes to the Accounts - 1. Accounting Policies (Continued)**

**1.12 Clinical negligence costs**

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note 26.

**1.13 Non-clinical risk pooling**

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

**1.14 Contingencies**

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

**1.15 Value added tax**

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

**1.16 Corporation tax**

The Trust has no corporation tax liability.

**1.17 Foreign Currency**

The functional and presentational currency of the trust is sterling. The Trust has no material transactions or assets and liabilities denominated in a foreign currency.

**1.18 Cash and cash equivalents**

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



## Notes to the Accounts - 1. Accounting Policies (Continued)

### 1.19 Financial assets

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

Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the Trust's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset.

#### Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

#### Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to surplus/deficit on de-recognition.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, the Trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced through a provision for impairment of receivables.

**Notes to the Accounts - 1. Accounting Policies (Continued)**

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**1.20 Financial liabilities**

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

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

**Financial guarantee contract liabilities**

Financial guarantee contract liabilities are subsequently measured at the higher of:

The premium received (or imputed) for entering into the guarantee less cumulative amortisation.

The amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

**Financial liabilities at fair value through profit and loss**

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Trust's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

**Other financial liabilities**

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

## Notes to the Accounts - 1. Accounting Policies (Continued)

### 1.21 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital (PDC) represents taxpayers' equity in the Trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as PDC dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for donated assets and cash balances with the Office of the Paymaster General. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets. The dividend payable is based on the actual average relevant net assets for the year instead of forecast amounts.

PDC is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32 Financial Instruments.

### 1.22 Losses and Special Payments

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

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

**2. Pooled budget**

The Trust has no pooled budget arrangements.

**3. Operating segments**

The segments identified and reported are Patient Services and Commercial Activities.  
During the period the Trust received £12.3m from Primary Care Trusts.

	Patient Services <b>2010-11</b> <b>£000</b>	Commercial Activities <b>2010-11</b> <b>£000</b>	Total <b>2010-11</b> <b>£000</b>
Income	<u>14,463</u>	<u>53</u>	<u>14,516</u>
Surplus/(deficit) before interest	<u>386</u>	<u>(8)</u>	<u>378</u>

#### 4. Income generation activities

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. The following provides details of income generation activities whose full cost exceeded £1m or was otherwise material.

	2010-11 £000
Income	53
Full cost	61
Deficit	<u>(8)</u>

#### 5. Revenue from patient care activities

	2010-11 £000
NHS Trusts	683
Primary Care Trusts	12,251
Foundation Trusts	38
Non-NHS:	
Private patients	39
Injury costs recovery	54
Other	5
	<u>13,070</u>

#### 5.1 Other operating revenue

	2010-11 £000
Patient transport services	180
Education, training and research	510
Transfers from donated asset reserve	2
Non-patient care services to other bodies	701
Income generation	53
	<u>1,446</u>

#### 6.0 Revenue by classification

	2010-11 £000
A & E income	12,390
Other NHS clinical income	850
Block Contract income	744
Private patient income	42
Other non-protected clinical income	55
Other operating income	435
	<u>14,516</u>

Of total revenue from patient care activities, £12,390k is mandatory.

Private patient income of £42k represents 0.3% of total revenue in the period. The annual private patient cap is £1.65m or 0.1% of annual turnover

**7. Revenue**

Revenue is almost totally from the supply of services. Revenue from the sale of goods is immaterial.

**8. Operating expenses**

**2010-11  
£000**

Executive Directors	62
Employee Expenses - Non-executive Directors	7
Employee Expenses - Staff	9,106
Drug costs	41
Supplies and services - clinical (excluding drug costs)	375
Supplies and services - general	95
Establishment	316
Research and development	19
Transport	1,459
Premises	1,002
Depreciation on property, plant and equipment	861
Amortisation on intangible assets	7
Audit services- statutory audit	49
Audit services -regulatory reporting	8
Other services	8
Clinical negligence	37
Loss on disposal of other property, plant and equipment	28
Legal fees	66
Consultancy costs	288
Training, courses and conferences	75
Redundancy	14
<b>TOTAL</b>	<b>13,923</b>

**9. Operating leases**

**9.1 As lessee**

Operating leases relate to the leasing of land and buildings, vehicles and other immaterial operating items. There are no contingent rents, terms of renewal or purchase options and escalation clauses and there are no specific restrictions imposed by the lease arrangements.

<b>Payments recognised as an expense</b>	<b>2010-11 £000</b>
Minimum lease payments	<u>202</u>
	<b>202</b>
	<b>2010-11</b>
<b>Total future minimum lease payments</b>	<b>Total</b>
	<b>£000</b>
Payable:	
Not later than one year	2,528
Between one and five years	5,399
After 5 years	2,368
Total	<u>10,295</u>

Total future sublease payments expected to be received: £nil

**10. Employee costs and numbers**

**10.1 Employee costs**

	2010-11		
	Total	Permanently employed	Other
	£000	£000	£000
Salaries and wages	7,492	7,460	32
Social security costs	569	569	0
Employer contributions to NHS Pension scheme	900	900	0
Termination benefits	14	14	0
Agency staff	207	0	207
<b>Employee benefits expense</b>	<b>9,182</b>	<b>8,943</b>	<b>239</b>

**10.2 Average number of people employed**

	2010-11		
	Total	Permanently employed	Other
	Number	Number	Number
Ambulance staff	1,991	1,991	0
Administration and estates	732	732	0
Healthcare assistants and other support staff	270	270	0
<b>Total</b>	<b>2,993</b>	<b>2,993</b>	<b>0</b>

**Of the above:**

Number of whole time equivalent staff engaged on capital projects	<u>1</u>
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**10.3 Staff sickness absence**

	2010-11
	Number
<b>Total days lost</b>	<b>38,027</b>
<b>Total staff years</b>	<b>2,855</b>
Average working days lost	13
Total staff employed in period (headcount)	3,202

Data provided by SHA for 12 months period Jan-10 to Dec-10

**10.4 Retirements due to ill-health**

During March 2011 there were no early retirements from the NHS Foundation Trust agreed on the grounds of ill-health.



**11. Salary and Pension Entitlements of Senior Managers**

**11.1 Remuneration**

Name	Title	Term of Office	1 month period ended 31 March 2011		
			Salary (bands of £5,000) £'000	Benefits in Kind Rounded to the nearest £100	Employer Pension Contribution Rounded to the nearest £100
<b><u>Chairman</u></b>					
Mike Harris	Chairman		0-5	-	0
<b><u>Non Executive Directors</u></b>					
Christine Barwell	Non-Executive Director		0-5	-	0
Isobel Simpson	Non-Executive Director		0-5	-	0
John Jackson	Non-Executive Director		0-5	-	0
Nigel Penny	Non-Executive Director		0-5	-	0
Trevor Willington	Non-Executive Director		0-5	-	0
Tim Howe	Non-Executive Director	(Appointed 01/03/11)	0-5	-	0
<b><u>Chief Executive</u></b>					
Paul Sutton	Chief Executive		10-15	400	20
<b><u>Executive Directors</u></b>					
Andy Newton	Director of Clinical Operations		5-10	100	12
Colin Perry	Director of Finance		30-35	1,800*	0
Geraint Davies	Director of Commercial Services		5-10	400	11
Kath Start	Director of Workforce Development		5-10	500	13
Sue Harris	Director of Strategy, Planning and Partnerships		5-10	300	11
Jane Pateman	Medical Director		5-10	200	0

**Benefits in Kind**

\* These figures relate to the provision of accommodation and subsistence to named individual.

**Salary**

Salary is the actual figure in the period excluding employers national insurance and superannuation contributions

**Employer pension contribution**

Employer pension contribution is the actual amount paid by the Trust towards director's pension

11.2 Pension Entitlements

1 month period ended 31 March 2011

Name	Title	Real increase in Pension at age 60  (bands of £2,500) £'000	Real increase in Pension lump sum at age 60  (bands of £2,500) £'000	Total Accrued pension at age 60  (bands of £5,000) £'000	Lump sum at age 60  (bands of £5,000) £'000	Cash equivalent Transfer 31 March 2010  (bands of £5,000) £'000	Cash equivalent Transfer 31 March 2011	Real increase in cash equivalent transfer value
<b><u>Chief Executive</u></b>								
Paul Sutton	Chief Executive	0-2.5	0-2.5	27.5-30	85-90	418.44	375.86	(63.51)
<b><u>Executive Directors</u></b>								
Andy Newton	Director of Clinical Operations	(0-2.5)	(0-2.5)	32.5-35	100-105	716.52	684.89	(67.46)
Geraint Davies	Director of Commercial Services	(0-2.5)	(0-2.5)	25-27.5	75-80	414.78	376.66	(58.86)
Kath Start	Director of Workforce Development	0-2.5	0-2.5	0-2.5	0-5	0.00	29.73	29.73
Sue Harris	Director of Strategy, Planning and Partnerships	0-2.5	0-2.5	7.5-10	20-25	107.80	108.74	(4.45)

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. Government Actuary Department assumed that benefits are indexed in line with CPI which is expected to be lower than RPI which was used previously and hence will tend to produce lower transfer values.

Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from other pensions).

**12. Better Payment Practice Code**

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

	2010-11	
	Number	£000
Total Non-NHS trade invoices paid in the month	3,086	7,571
Total Non NHS trade invoices paid within target	2,946	7,162
Percentage of Non-NHS trade invoices paid within target	<u>95%</u>	<u>95%</u>
Total NHS trade invoices paid in the month	61	3,110
Total NHS trade invoices paid within target	52	3,101
Percentage of NHS trade invoices paid within target	<u>85%</u>	<u>100%</u>

The Better Payment Practice Code requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

**12.2 The Late Payment of Commercial Debts (Interest) Act 1998**

There were no payments made as a result of late payment of Commercial Debts.

**13. Investment revenue**

	2010-11
	£000
Interest revenue:	
Bank accounts	<u>6</u>
<b>Total</b>	<u>6</u>

**14. Finance costs**

	2010-11
	£000
Interest on obligations under finance leases	26
Unwinding of discount	<u>14</u>
<b>Total interest expense</b>	<u>40</u>

South East Coast Ambulance Service NHS Foundation Trust

**15. Property, plant and equipment**

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>2010-11</b>									
Cost or valuation at 1 March 2011	19,525	22,223	0	7,333	14,575	41,594	8,920	439	114,609
Additions purchased	0	0	0	4,323	0	0	0	0	4,323
Disposals	0	0	0	0	0	(910)	0	0	(910)
<b>At 31 March 2011</b>	<b>19,525</b>	<b>22,223</b>	<b>0</b>	<b>11,656</b>	<b>14,575</b>	<b>40,684</b>	<b>8,920</b>	<b>439</b>	<b>118,022</b>
Depreciation at 1 March 2011	0	0	0	186	10,153	21,166	6,408	439	38,352
Provided during the month	0	89	0	0	90	621	61	0	861
Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluation surpluses	0	0	0	0	0	0	0	0	0
Transferred to disposal group as asset held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	(877)	0	0	(877)
<b>Depreciation at 31 March 2011</b>	<b>0</b>	<b>89</b>	<b>0</b>	<b>186</b>	<b>10,243</b>	<b>20,910</b>	<b>6,469</b>	<b>439</b>	<b>38,336</b>
<b>Net book value</b>									
Purchased	19,237	21,352	0	11,470	4,332	14,944	2,451	0	73,786
Donated	288	782	0	0	0	8	0	0	1,078
Finance leased	0	0	0	0	0	4,822	0	0	4,822
<b>Total at 31 March 2011</b>	<b>19,525</b>	<b>22,134</b>	<b>0</b>	<b>11,470</b>	<b>4,332</b>	<b>19,774</b>	<b>2,451</b>	<b>0</b>	<b>79,686</b>
<b>Asset financing</b>									
Owned	19,237	21,352	0	11,470	4,332	14,944	2,451	0	73,786
Finance leased	0	0	0	0	0	4,822	0	0	4,822
<b>Total 31 March 2011</b>	<b>19,237</b>	<b>21,352</b>	<b>0</b>	<b>11,470</b>	<b>4,332</b>	<b>19,766</b>	<b>2,451</b>	<b>0</b>	<b>78,608</b>
<b>Asset financing</b>									
Protected Assets	15,833	14,453	0	0	0	1,464	0	0	31,750
Unprotected Assets	3,692	7,681	0	11,470	4,332	18,310	2,451	0	47,936
<b>Total 31 March 2011</b>	<b>19,525</b>	<b>22,134</b>	<b>0</b>	<b>11,470</b>	<b>4,332</b>	<b>19,774</b>	<b>2,451</b>	<b>0</b>	<b>79,686</b>

**15. Property, plant and equipment (cont.)**

There were no assets donated in the year.

All land and buildings were valued by the Valuation Office Agency (VOA) as at 31 March 2010 to reflect their Modern Equivalent Value (MEV). The Trust has applied an indexation factor in 2011, to reflect the current market and has used the BCIS public sector TPI as a guide.

All other assets are capitalised at historic cost depreciated over the remaining useful lives.

**The economic lives of fixed assets range from:**

	Min Life Years	Max Life Years
Buildings excluding dwellings	50	50
Plant & Machinery	5	7
Transport Equipment	5	7
Information Technology	5	5
Furniture & Fittings	10	10

**16. Intangible assets**

	Computer software - purchased	Computer software - internally generated	Licences and trademarks	Patents	Development expenditure (internally generated)	Total
2010-11	£000	£000	£000	£000	£000	£000
Gross cost at 1 March 2011	1,556	0	0	0	0	1,556
<b>Gross cost at 31 March 2011</b>	<b>1,556</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,556</b>
Amortisation at 1 March 2011	1,043	0	0	0	0	1,043
Provided during the month	7	0	0	0	0	7
<b>Amortisation at 31 March 2011</b>	<b>1,050</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,050</b>
<b>Net book value</b>						
Purchased	506	0	0	0	0	506
<b>Total at 31 March 2011</b>	<b>506</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>506</b>

**16.1 Amortisation rate of intangible assets**

Software 5 years

**17. Impairments**

There are no impairments of assets in the period.

**18. Commitments**

**18.1 Capital commitments**

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	<b>31 March 2011</b>
	<b>£000</b>
Property, plant and equipment	<u>0</u>
<b>Total</b>	<b><u>0</u></b>

**19. Inventories**

**19.1 Inventories**

	<b>31 March 2011</b>	1 March 2011
	<b>£000</b>	£000
Materials	<u>898</u>	<u>870</u>
<b>Total</b>	<b><u>898</u></b>	<b><u>870</u></b>

**19.2 Inventories recognised in expenses**

	<b>31 March 2011</b>	1 March 2011
	<b>£000</b>	£000
Inventories recognised as an expense in the period	<u>28</u>	<u>114</u>
<b>Total inventories recognised in the period</b>	<b><u>28</u></b>	<b><u>114</u></b>

**20. Trade and other receivables**

**20.1 Trade and other receivables**

	<b>Current</b>	<b>Non-current</b>	Current	Non-current
	<b>31 March 2011</b>	<b>31 March 2011</b>	1 March 2011	1 March 2011
	<b>£000</b>	<b>£000</b>	£000	£000
NHS Receivables	2,229	783	3,253	1,320
Other receivables with related parties	303	0	286	0
Prepayments	6,757	0	2,651	0
Accrued income	1,167	0	0	0
Other receivables	<u>2,218</u>	<u>0</u>	<u>1,519</u>	<u>0</u>
<b>Total</b>	<b><u>12,674</u></b>	<b><u>783</u></b>	<b><u>7,709</u></b>	<b><u>1,320</u></b>

The great majority of trade is with Primary Care Trusts, as commissioners for NHS patient care services. As Primary Care Trusts are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

## South East Coast Ambulance Service NHS Foundation Trust

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<b>20.2 Receivables past their due date but not impaired</b>	<b>31 March 2011</b>
	<b>£000</b>
By up to three months	516
By three to six months	125
By more than six months	34
<b>Total</b>	<b><u>675</u></b>

<b>21. Cash and cash equivalents</b>	<b>31 March 2011</b>
	<b>£000</b>
Balance at 1 March 2011	24,455
Net change in year	(10,207)
Balance at 31 March 2011	14,248
Made up of	
Cash with Government banking services	14,212
Commercial banks and cash in hand	36
Current investments	
Cash and cash equivalents as in statement of financial position	<u>14,248</u>
Cash and cash equivalents as in statement of cash flows	<b><u>14,248</u></b>



**22. Trade and other payables**

	Current 31 March 2011 £000	Non-current 31 March 2011 £000
Receipts in advance	0	0
NHS payables	44	0
Amounts due to other related parties	14	0
Trade payables - capital	1,555	0
Other trade payables	1,048	0
Taxes payable	0	0
Other payables	62	0
Accruals	13,014	0
<b>Total</b>	<u>15,737</u>	<u>0</u>

**23. Borrowings**

	Current 31 March 2011 £000	Non-current 31 March 2011 £000
Obligations under finance leases	1,479	3,243
<b>Total</b>	<u>1,479</u>	<u>3,243</u>

#### 24. Finance lease obligations

The Trust leases 54 A&E Ambulances on a five year commercial lease arrangement.

##### Amounts payable under finance leases:

	Minimum lease payments	Present value of minimum lease payments
Vehicles	31 March 2011 £000	31 March 2011 £000
Within one year	1,479	1,479
Between one and five years	3,243	3,243
Present value of minimum lease payments	<u>4,722</u>	<u>4,722</u>
Included in:		
Current borrowings		1,479
Non-current borrowings		<u>3,243</u>
		<u>4,722</u>

Future sublease payments expected to be received total £nil.  
Contingent rents recognised as an expense £nil.

#### 25. Prudential borrowing limit

	2010/11 £000
Total long term borrowing limit set by Monitor	25,600
Working capital facility agreed by Monitor	13,000
Total Prudential Borrowing Limit	<u>38,600</u>
Long term borrowing at start of period for new FTs	4,800
Net actual borrowing/(repayment) in year - long term	<u>(78)</u>
Long term borrowing at 31 March 2011	<u>4,722</u>

	Actual Ratios 2011	Approved PBL ratios 2011
Minimum Dividend Cover	80x	>1x
Minimum Interest Cover	558x	>3x
Minimum Debt Service Cover	140x	>2x
Maximum Debt Service to revenue	0.72%	<2.5%

The Trust is required to comply and remain within a prudential borrowing limit (PBL). This is made up of two elements:

- the maximum cumulative amount of long term borrowing, this is set by reference to the four ration tests set out in Monitor's Prudential Borrowing Code. The financial risk rating set under Monitor's Compliance Framework determines one of the ratios and therefore can impact on the long term borrowing limit; and
- the amount of any working capital facility approved by Monitor.

Further information on the Trust's Prudential Borrowing Code and Compliance Framework can be found on the website of Monitor, the Independent Regulator of Foundation Trusts.

**26. Provisions**

	Current 31 March 2011 £000	Non-current 31 March 2011 £000
Pensions relating to other staff	329	3,914
Other legal claims	845	0
Agenda for Change	611	0
Other	4,038	370
<b>Total</b>	<b>5,823</b>	<b>4,284</b>

	Pensions relating to other staff £000	Legal claims £000	Agenda for Change £000	Other £000	Total £000
At 1 March 2011	4,485	798	611	5,021	10,915
Arising during the year	0	47	0	0	47
Utilised during the year	(255)	0	0	(614)	(869)
Unwinding of discount	13	0	0	1	14
At 31 March 2011	<b>4,243</b>	<b>845</b>	<b>611</b>	<b>4,408</b>	<b>10,107</b>

**Expected timing of cash flows:**

Within one year	329	845	611	4,038	5,823
Between one and five years	1,503	0	0	65	1,568
After five years	2,411	0	0	305	2,716

Other provisions include dilapidations of leasehold premises and restructuring.

The pension provision of £4,243k represents the organisation's pension liability for pre-1995 reorganisations (1 March 2011: £4,485k).

Legal claims are the member provision for personal injury claims being handled by the NHS Litigation Authority.

A further £4,267k is included in the provisions of the NHS Litigation Authority at 31 March 2011 (not in these accounts) in respect of clinical negligence liabilities of the NHS Trust (31 March 2011: £4,267k).

**27. Contingencies**

**27.1 Contingent liabilities**

	2010-11 £000
Legal fees	391
<b>Total</b>	<b>391</b>

**27.2 Contingent assets**

The Trust has no contingent assets

## 28. Related party transactions

During the year none of the Department of Health Ministers, Trust Board members or members of the key management or

Details of related party transactions with individuals are as follows:

The Department of Health is regarded as a related party. During the year South East Coast Ambulance Service Foundation Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
£	£	£	£

The Department of Health is regarded as a related party. During the year South East Coast Ambulance Service Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

Ashford & St Peter's Hospitals NHS Foundation Trust	1	3	1	0
Brighton and Hove City PCT	0	(2)	0	105
Brighton & Sussex University Hospitals NHS Trust	0	319	1	317
Dartford & Gravesham NHS Trust	10	0	10	0
Department of Health	8	701	99	608
East Kent Hospitals University NHS Foundation Trust	6	0	1	0
East Sussex Downs & Weald PCT	0	8	0	6
East Sussex Hospitals NHS Trust	3	142	(10)	372
Eastern & Coastal Kent PCT	0	0	0	494
Eastern & Coastal Kent Community Health NHS Trust	0	82	0	2
Hastings & Rother PCT	0	14	0	1
Kent & Medway NHS & Social Care Partnership	18	(24)	2	0
Maidstone and Tunbridge Wells NHS Trust	1	18	3	19
Medway NHS Foundation Trust	41	1	14	35
Medway PCT	1	62	1	103
NHS Connecting for Health	0	0	0	126
NHS Purchasing & Supply Agency	8	0	0	56
North East Ambulance Service NHS Trust	5	0	5	5
Portsmouth Hospitals NHS Trust	0	34	0	0
Queen Victoria Hospital NHS Foundation Trust	1	30	1	26
Royal Surrey County Hospital NHS Trust	0	0	0	11
South Downs Health NHS Trust	14	26	6	0
South East Coast Strategic Health Authority	0	474	0	52
Southampton University Hospitals NHS Trust	0	0	0	1
Stockport NHS Foundation Trust	0	0	0	1
Surrey PCT	11	(4)	3	0
Sussex Partnership NHS Foundation Trust	1	0	2	14
University Hospital Birmingham NHS Foundation trust	0	0	0	1
Wandsworth Teaching PCT	0	1	0	13
West Kent PCT	0	12,146	0	143
West Midlands Ambulance Service NHS Trust	0	1	0	1
West Sussex PCT	0	53	0	728
Western Sussex Hospitals NHS Trust	56	85	100	227
Yorkshire and the Humber Strategic Health Authority	0	0	(1)	0

In addition, the Trust has had a number of transactions with other Government Departments and other central and local Government bodies.

The trust has also received revenue and capital payments from a number of charitable funds, certain of the trustees for

The Trust has also received revenue payments from the South East Coast Ambulance Charitable Fund, the Trustee for which is the South East Coast Ambulance Service NHS Foundation Trust. The Trust has charged the Charity £7k for administration and associated costs for the financial year 2010/11.

## 29. Intra Government Balances

	Current receivables	Non-current receivables	Current payables	Non- current payables
	£000	£000	£000	£000
Balances with other central government bodies	702	0	11	0
Balances with NHS trusts and foundation trusts	2,547	1,242	27	0
Intra government balances	3,249	1,242	38	0
Balances with bodies external to government	4,541	0	18,040	0
<b>At 31 March 2011</b>	<b>7,790</b>	<b>1,242</b>	<b>18,078</b>	<b>0</b>

### **30. Financial risk management**

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with Primary Care Trusts and the way those Primary Care Trusts are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS 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 NHS Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

#### **Currency risk**

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

#### **Interest rate risk**

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the Strategic Health Authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations.

#### **Credit risk**

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2011 are in receivables from customers, as disclosed in the trade and other receivables note.

#### **Liquidity risk**

The Trust's operating costs are incurred under contracts with Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

<b>30.1 Financial assets</b>	<b>Loans and receivables</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Receivables	6,700	6,700
Cash at bank and in hand	<u>14,248</u>	<u>14,248</u>
<b>Total at 31 March 2011</b>	<b><u>20,948</u></b>	<b><u>20,948</u></b>

<b>30.2 Financial liabilities</b>	<b>Other financial liabilities</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Embedded derivatives	-	-
Payables	15,675	15,675
Finance lease obligations	4,722	4,722
Other borrowings	-	-
Provisions under contract	<u>5,864</u>	<u>5,864</u>
<b>Total at 31 March 2011</b>	<b><u>26,261</u></b>	<b><u>26,261</u></b>

### 30.3 Fair Values

There is no difference between the carrying amount and the fair values of financial instruments.

### 30.4 Derivative Financial Instruments

In accordance with IAS39, the Trust has reviewed its contracts for embedded derivatives against the requirements set out in the standard. As a result of the review the Trust has deemed there are no embedded derivatives that require recognition in the financial statements.

### 31. Losses and special payments

There were 93 cases of losses and special payments totalling £93k accrued in March 2011

### 32. Events after the reporting period

There are no post balance sheet events.