

Data entered below will be used throughout the workbook:

Trust name:	South East Coast Ambulance Service NHS Trust
This year	2008/09
Last year	2007/08
This year ended	31 March 2009
Last year ended	31 March 2008
This year beginning	1 April 2008

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 March 2009

	NOTE	2008/09 £000	2007/08 £000
Income from activities	3	144,519	132,574
Other operating income	4	4,422	2,300
Operating expenses	5-7	<u>(146,322)</u>	<u>(132,776)</u>
OPERATING SURPLUS/(DEFICIT)		2,619	2,098
Cost of fundamental reorganisation/reconstruction		0	0
Profit/(loss) on disposal of fixed assets	8	<u>(93)</u>	<u>(41)</u>
SURPLUS/(DEFICIT) BEFORE INTEREST		2,526	2,057
Interest receivable	9	785	1,162
Interest payable	9	0	(1)
Other finance costs - unwinding of discount		<u>(105)</u>	<u>(106)</u>
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR		3,206	3,112
Public dividend capital dividends payable		<u>(2,548)</u>	<u>(2,471)</u>
RETAINED SURPLUS/(DEFICIT) FOR THE YEAR		<u><u>658</u></u>	<u><u>641</u></u>

The notes on pages 5 to 40 form part of these accounts.
All income and expenditure is derived from continuing operations.

**BALANCE SHEET AS AT
31 March 2009**

	NOTE	31 March 2009 £000	31 March 2008 £000
FIXED ASSETS			
Intangible assets	10	174	247
Tangible assets	11	<u>68,816</u>	<u>70,383</u>
TOTAL FIXED ASSETS		68,990	70,630
CURRENT ASSETS			
Stocks and work in progress	12	667	1,120
Debtors	13	9,412	20,367
Cash at bank and in hand	19.2	<u>12,151</u>	<u>6,374</u>
TOTAL CURRENT ASSETS		22,230	27,861
CREDITORS: Amounts falling due within one year	15.1	<u>(6,282)</u>	<u>(8,904)</u>
NET CURRENT ASSETS/(LIABILITIES)		15,948	18,957
TOTAL ASSETS LESS CURRENT LIABILITIES		84,938	89,587
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>(17,218)</u>	<u>(14,125)</u>
TOTAL ASSETS EMPLOYED		<u>67,720</u>	<u>75,462</u>
FINANCED BY:			
TAXPAYERS' EQUITY			
Public dividend capital	23	67,015	66,722
Revaluation reserve	18	(5,056)	3,551
Donated asset reserve	18	1,047	1,232
Income and expenditure reserve	18	4,714	3,957
TOTAL TAXPAYERS' EQUITY		<u>67,720</u>	<u>75,462</u>

The financial statements and notes on pages 1 to 40 were approved by the Board on 9th June 2009 and signed on its behalf by:

Signed:(Chief Executive)

Date:

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED
31 March 2009**

	2008/09	2007/08
	£000	£000
Surplus/(deficit) for the financial year before dividend payments	3,206	3,112
Fixed asset impairment losses	0	(35)
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	<u>(8,647)</u>	<u>3,946</u>
Total recognised gains and losses for the financial year	(5,441)	7,023
Prior period adjustment	0	0
Total gains and losses recognised in the financial year	<u><u>(5,441)</u></u>	<u><u>7,023</u></u>

CASH FLOW STATEMENT FOR THE YEAR ENDED
31 March 2009

	NOTE	2008/09 £000	2007/08 £000
OPERATING ACTIVITIES			
Net cash inflow/(outflow) from operating activities	19.1	19,849	13,953
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		785	1,162
Interest paid		0	(1)
Interest element of finance leases		0	0
Net cash inflow/(outflow) from returns on investments and servicing of finance		785	1,161
CAPITAL EXPENDITURE			
(Payments) to acquire tangible fixed assets		(12,896)	(3,540)
Receipts from sale of tangible fixed assets		298	38
(Payments) to acquire intangible assets		(4)	(63)
Receipts from sale of intangible assets		0	0
(Payments to acquire)/receipts from sale of fixed asset investments		-	0
(Payments to acquire)/receipts from sale of financial instruments		0	-
Net cash inflow/(outflow) from capital expenditure		(12,602)	(3,565)
DIVIDENDS PAID		(2,548)	(2,471)
Net cash inflow/(outflow) before management of liquid resources and financing		5,484	9,078
MANAGEMENT OF LIQUID RESOURCES			
(Purchase) of financial assets with the Department of Health		0	0
(Purchase) of other current financial assets		0	0
Sale of financial assets with the Department of Health		0	0
Sale of other current financial assets		0	0
Net cash inflow/(outflow) from management of liquid resources		0	0
Net cash inflow/(outflow) before financing		5,484	9,078
FINANCING			
Public dividend capital received		293	0
Public dividend capital repaid		0	(3,052)
Loans received from the Department of Health		0	0
Other loans received		0	0
Loans repaid to the Department of Health		0	0
Other loans repaid		0	0
Other capital receipts		0	0
Capital element of finance lease rental payments		0	0
Cash transferred (to)/from other NHS bodies		0	0
Net cash inflow/(outflow) from financing		293	(3,052)
Increase/(decrease) in cash		5,777	6,026

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

The Secretary of State for Health has directed that the financial statements of NHS Trusts shall meet the accounting requirements of the NHS Trust Manual for Accounts which shall be agreed with HM Treasury. The accounting policies contained in that manual follow UK generally accepted accounting practice and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to the NHS. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs. NHS Trusts are not required to provide a reconciliation between current cost and historical cost surpluses and deficits.

1.2 Acquisitions and discontinued operations

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

1.3 Income Recognition

Income is accounted for applying the accruals convention. The main source of income for the Trust is from commissioners in respect of healthcare services provided under local agreements. Income is recognised in the period in which services are provided. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

1.4 Intangible fixed assets

Intangible 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.

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. 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
- collectively 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
- 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 FRS15 every five years and in the intervening years by the use of indices.

In 2008/09 indices have been applied to land and buildings using HM Treasury 'Public Expenditure System 2009 (02), Updated Forecast Indices for Assets'

Due to the current economic climate and the negative pressure on prices, the use of relevant indices has resulted in a price impairment. As per the Financial Reporting Manual (FRM), adaptation of FRS 11, for the public sector, price impairments in excess of any balances held in the revaluation reserve for those assets have been taken to the statement of recognised gains and losses. The Trust now legitimately holds a negative revaluation reserves as at 31st March 2009 in respect of assets subject to price impairment. There has been no substantial fall in usage or decline in the condition of the assets.

HM Treasury indices for other classes have generally remained constant for the 2008/09 financial year and consequently, nil indexation has been applied on valuation of Plant and Machinery, Transport assets and IT equipment. In addition FREM 5.2.7 (h) allows the use of depreciated cost as a proxy for current values and the Trust is taking this approach on non property assets which are deemed to have a short economic life and are low value.

Professional valuations are carried out by the District Valuers of the Revenue and Customs Government Department. 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 and HM Treasury. In accordance with the requirements of the Department of Health, the last asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005 and were applied on the 31 March 2005.

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

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

All adjustments arising from revaluations are taken to the Revaluation Reserve.

Assets in the course of construction are valued at current cost.

Residual interests in off-balance sheet Private Finance Initiative properties are included in tangible fixed assets as 'assets under construction and payments on account' where the PFI contract specifies the amount, or 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 Trust's 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 Valuer. Leaseholds are depreciated over the primary lease term.

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

Impairment losses resulting from short-term changes in price that are considered to be recoverable in the longer term are taken in full to the revaluation reserve. These include impairments resulting from the revaluation of fixed assets from their cost to their value in existing use when they become operational.

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 Private Finance Initiative (PFI) transactions

The NHS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides practical guidance for the application of the Application Note F to FRS 5 and the guidance 'Land and Buildings in PFI schemes Version 2'.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI obligations are recorded as an operating expense. Where the trust has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Income and Expenditure Account. Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.

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

1.8 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.

1.9 Research and development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project;
- the related expenditure is separately identifiable;

- the outcome of the project has been assessed with reasonable certainty as to:
 - its technical feasibility;
 - its resulting in a product or service which will eventually be brought into use;
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. The amortisation charge is calculated on the same basis as used for depreciation i.e. on a quarterly basis. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. NHS Trusts are unable to disclose the total amount of research and development expenditure charged in the income and expenditure account because some research and development activity cannot be separated from patient care activity.

Fixed assets acquired for use in research and development are amortised over the life of the associated project.

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 material, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms.

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. 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 17.

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.

1.11 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

The Scheme is subject to a full actuarial valuation every four years (until 2004, based on a five year valuation cycle), and a FRS17 accounting valuation every year. An outline of these follows:

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. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the Scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

b) FRS17 Accounting valuation

In accordance with FRS17, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date 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 2009, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2009 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.

Scheme Provisions as at 31 March 2009

The scheme is a 'final salary' scheme. 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 income and expenditure account at the time the Trust commits itself to the retirement, regardless of the method of payment.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made. From 1 April 2008 a voluntary additional pension facility becomes available, under which members may purchase up to £5,000 per annum of additional pension at a cost determined by the actuary from time-to-time.

Early payment of a pension 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, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die after retirement, is payable.

Existing members at 1 April 2008

Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. From 1 April 2008 there is the opportunity of giving up some of the pension to increase the retirement lump sum. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse or eligible unmarried partner.

New entrants from 1 April 2008

Annual pensions for new entrants from 1 April 2008 will be based on 1/60th of the best three-year average of pensionable earnings in the ten years before retirement. Members wishing to obtain a retirement lump sum may give up some of this pension to obtain a retirement lump of up to 25% of the total value of their retirement benefits. Survivor pensions will be available to married and unmarried partners and will be equal to 37.5% of the member's pension.

1.12 Liquid resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement. The Trust does not hold any investments with maturity dates exceeding one year from the date of purchase.

1.13 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.

1.14 Foreign Exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the Income and Expenditure Account.

1.15 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.

1.16 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Income and Expenditure Account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Income and Expenditure Account on a straight-line basis over the term of the lease.

1.17 Public Dividend Capital (PDC) and PDC Dividend

Public Dividend Capital represents the outstanding public debt of an NHS Trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the NHS Trust.

A charge, reflecting the forecast cost of capital utilised by the NHS Trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the forecast average carrying amount of all assets less liabilities, except for donated assets and cash 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. A note to the accounts discloses the rate that the dividend represents as a percentage of the actual average carrying amount of assets less liabilities in the year.

1.18 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 each individual case is handled.

Losses and Special Payments are charged to the relevant functional headings in the Income and Expenditure Account 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 SEGMENTAL ANALYSIS

The following information segments the results of the NHS Trust by:

- Healthcare activities, and
- Other activities, being all the other activities of the NHS Trust

	Healthcare		Other Activity		Total	
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
	£000	£000	£000	£000	£000	£000
INCOME	144,519	132,574	4,422	2,300	148,941	134,874
SURPLUS/(DEFICIT)						
Segment surplus/(deficit)	2,451	2,022	75	35	2,526	2,057
Common costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Surplus/(deficit) before interest	<u>2,451</u>	<u>2,022</u>	<u>75</u>	<u>35</u>	<u>2,526</u>	<u>2,057</u>
NET ASSETS:						
Segment net assets	<u>65,709</u>	<u>68,574</u>	<u>2,011</u>	<u>1,190</u>	<u>67,720</u>	<u>69,764</u>

3. Income from Activities

	2008/09 £000	2007/08 £000
Strategic Health Authorities	0	0
NHS Trusts	7,781	8,768
Primary Care Trusts	134,542	121,987
Foundation Trusts	1,106	769
Local Authorities	8	117
Department of Health	0	234
NHS Other	0	0
Non NHS:		
- Private patients	695	588
- Overseas patients (non-reciprocal)	0	0
- Injury cost recovery	333	53
- Other	54	58
	144,519	132,574

4. Other Operating Income

	2008/09 £000	2007/08 £000
Patient transport services	0	0
Education, training and research	2,363	896
Charitable and other contributions to expenditure	0	0
Transfers from Donated Asset Reserve	46	181
Transfers from Government Grant Reserve	0	0
Non-patient care services to other bodies	0	1
Rental income from finance leases	0	0
Rental income from operating leases	0	0
Income generation	1,093	724
Other income	920	498
	4,422	2,300

5. Operating Expenses

5.1 Operating expenses comprise:

	2008/09 £000	2007/08 £000
Services from other NHS Trusts	0	18
Services from PCTs	0	0
Services from other NHS bodies	0	70
Services from Foundation Trusts	0	0
Purchase of healthcare from non NHS bodies	2,811	958
Directors' costs	1,003	1,079
Staff costs	104,089	94,445
Supplies and services - clinical	4,322	4,802
Supplies and services - general	1,457	947
Consultancy and project services	650	601
Establishment	5,609	5,257
Transport	12,692	10,636
Premises	4,434	5,949
Impairment of debtors	(37)	0
Depreciation	5,204	5,925
Amortisation	77	225
Tangible fixed asset impairments and reversals	0	265
Intangible fixed asset impairments and reversals	0	0
Impairments and reversals of financial assets	0	0
Change in the fair value of financial instruments	0	0
Audit fees	117	171
Other auditor's remuneration	116	139
Clinical negligence	0	12
Redundancy costs	0	290
Education and training	2,347	0
Other	1,431	987
	146,322	132,776

5.2 Operating leases

5.2/1 Operating expenses include:

	2008/09	2007/08
	£000	£000
Hire of plant and machinery	0	15
Other operating lease rentals	2,904	2,953
	<u>2,904</u>	<u>2,968</u>

5.2/2 Annual commitments under non - cancellable operating leases are:

	Land and buildings		Other leases	
	2008/09	2007/08	2008/09	2007/08
	£000	£000	£000	£000
Operating leases which expire:				
Within 1 year	42	40	637	1,618
Between 1 and 5 years	34	5	6	1,370
After 5 years	463	538	0	0
	<u>539</u>	<u>583</u>	<u>643</u>	<u>2,988</u>

6. Staff costs and numbers**6.1 Staff costs**

	Total	2008/09 Permanently Employed	Other	2007/08
	£000	£000	£000	£000
Salaries and wages	88,952	87,439	1,513	82,706
Social Security Costs	6,264	6,158	106	5,159
Employer contributions to NHS BSA - Pensions Division	9,846	9,846	0	7,660
Other pension costs	0	0	0	0
	<u>105,062</u>	<u>103,443</u>	<u>1,619</u>	<u>95,525</u>

6.2 Average number of persons employed

	Total	2008/09 Permanently Employed	Other	2007/08
	Number	Number	Number	Number
Medical and dental	0	0	0	0
Ambulance staff	2,139	2,139	0	2,068 *
Administration and estates	728	633	95	661 *
Healthcare assistants and other support staff	2	2	0	4
Nursing, midwifery and health visiting staff	0	0	0	0
Nursing, midwifery and health visiting learners	0	0	0	0
Scientific, therapeutic and technical staff	0	0	0	0
Social care staff	0	0	0	0
Other	43	43	0	43
Total	<u>2,912</u>	<u>2,817</u>	<u>95</u>	<u>2,776</u>

In allocating employees to these categories, the employee definitions are those in DataSet Change Notices (DSCN) 18/2001 giving new occupation codes. DSCN's can be downloaded from www.connectingforhealth.nhs.uk/dscn/dscn2001. These occupation codes are mapped to staff categories in accordance with the Department of Health Workforce Information Management Systems (WIMS) guidance.

The average number of employees is calculated as the whole time equivalent number of employees under contract of services in each month in the financial year, divided by the number of months in the financial year. The contracted hours method of calculating whole time equivalent numbers has been used. i.e. By taking the contracted hours of each employee and dividing by the standard working hours to obtain the whole time equivalent.

* During 2008/09 the trust undertook a reinvestigation of the figures identified in 2007/08 and it was identified that there had been a mis-classification of the average wte shown in note 6.2 in the 2007/08 accounts. Analysis would suggest that the total average ambulance wte has been overstated by 119 (was 2187 less 119 = 2068) with administration understated by the same number. (was 542 plus 119 = 661) Numbers for 2007/08 now corrected.

6.3 Employee benefits

	2008/09 £000	2007/08 £000
The trust pays no employee benefits.	0	0
	<u>0</u>	<u>0</u>

6.4 Management costs

	2008/09 £000	2007/08 £000
Management costs	9,884	8,318
Income	148,941	134,874

6.5 Retirements due to ill-health

During 2008/09 there was 1 (2007/08, 6) early retirement from the NHS Trust agreed on the grounds of ill-health. The estimated additional pension liability of this ill-health retirement will be £91k (2007/08: £235k). The cost of this ill-health retirement will be borne by the NHS Business Services Authority - Pensions Division.

7. Better Payment Practice Code

7.1 Better Payment Practice Code - measure of compliance

	2008/09	
	Number	£000
Total Non-NHS trade invoices paid in the year	39,443	50,120
Total Non NHS trade invoices paid within target	34,291	44,770
Percentage of Non-NHS trade invoices paid within target	87%	89%
Total NHS trade invoices paid in the year	725	2,664
Total NHS trade invoices paid within target	456	1,934
Percentage of NHS trade invoices paid within target	63%	73%

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.

7.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2008/09 £000	2007/08 £000
Amounts included within Interest Payable (Note 9) arising from claims made under this legislation	0	1
Compensation paid to cover debt recovery costs under this legislation	0	0
TOTAL	<u>0</u>	<u>1</u>

8. Other gains and losses

	2008/09 £000	2007/08 £000
Gain on disposal of fixed asset investments	0	0
(Loss) on disposal of fixed asset investments	0	0
Gain on disposal of intangible fixed assets	0	0
(Loss) on disposal of intangible fixed assets	0	0
Gain on disposal of land and buildings	0	0
(Loss) on disposal of land and buildings	(45)	0
Gains on disposal of plant and equipment	0	2
(Loss) on disposal of plant and equipment	(48)	(43)
Gain/(loss) on foreign exchange	0	0
Change in fair value of financial assets carried at fair value through profit and loss	0	0
Change in fair value of financial liabilities carried at fair value through profit and loss	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
	<u>(93)</u>	<u>(41)</u>

9. Finance costs & interest receivable

	2008/09 £000	2007/08 £000
Finance costs		
Finance leases	0	0
Late payment of commercial debt	0	1
Loans	0	0
Bank loans and overdrafts	0	0
Other interest and finance costs	0	0
TOTAL	<u>0</u>	<u>1</u>
Interest receivable		
Bank accounts	785	1,162
Impaired financial assets	0	0
Other financial assets	0	0
TOTAL	<u>785</u>	<u>1,162</u>

10. Intangible Fixed Assets

	Software licences	Licenses and trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000
Gross cost at 1 April 2008	1,051	0	0	0	1,051
Indexation	0	0	0	0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Revaluation	0	0	0	0	0
Additions purchased	4	0	0	0	4
Additions donated	0	0	0	0	0
Additions government granted	0	0	0	0	0
Disposals	0	0	0	0	0
Gross cost at 31 March 2009	1,055	0	0	0	1,055
Amortisation at 1 April 2008	804	0	0	0	804
Indexation	0	0	0	0	0
Impairments	0	0	0	0	0
Reversal of impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Revaluation	0	0	0	0	0
Charged during the year	77	0	0	0	77
Disposals	0	0	0	0	0
Amortisation at 31 March 2009	881	0	0	0	881
Net book value					
- Purchased at 1 April 2008	247	0	0	0	247
- Donated at 1 April 2008	0	0	0	0	0
- Government granted at 1 April 2008	0	0	0	0	0
- Total at 1 April 2008	247	0	0	0	247
- Purchased at 31 March 2009	174	0	0	0	174
- Donated at 31 March 2009	0	0	0	0	0
- Government granted at 31 March 2009	0	0	0	0	0
- Total at 31 March 2009	174	0	0	0	174

11. Tangible Fixed Assets

11.1 Tangible fixed assets at the balance sheet date comprise the following elements:

	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
Cost or valuation at 1 April 2008	25,611	27,732	0	3,729	9,313	23,547	6,492	439	96,863
Additions purchased	0	4	0	12,378	293	0	0	0	12,675
Additions donated	0	0	0	0	0	0	0	0	0
Additions government granted	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	278	0	(6,100)	982	4,828	12	0	0
Indexation	0	0	0	0	0	0	0	0	0
Revaluation*	(7,370)	(1,277)	0	0	0	0	0	0	(8,647)
Disposals	(189)	(124)	0	0	0	(923)	0	0	(1,236)
Cost or Valuation at 31 March 2009	18,052	26,613	0	10,007	10,588	27,452	6,504	439	99,655
Depreciation at 1 April 2008	0	0	0	0	8,270	12,867	5,069	274	26,480
Charged during the year	0	1,304	0	0	355	2,900	620	25	5,204
Impairments	0	0	0	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Disposals	0	(14)	0	0	0	(831)	0	0	(845)
Depreciation at 31 March 2009	0	1,290	0	0	8,625	14,936	5,689	299	30,839
Net book value									
- Purchased at 1 April 2008	25,287	26,883	0	3,729	1,026	10,644	1,417	165	69,151
- Donated at 1 April 2008	324	849	0	0	17	36	6	0	1,232
- Government granted at 1 April 2008	0	0	0	0	0	0	0	0	0
- Total at 1 April 2008	25,611	27,732	0	3,729	1,043	10,680	1,423	165	70,383
- Purchased at 31 March 2009	17,822	24,534	0	10,007	1,963	12,492	811	140	67,769
- Donated at 31 March 2009	230	789	0	0	0	24	4	0	1,047
- Government granted at 31 March 2009	0	0	0	0	0	0	0	0	0
- Total at 31 March 2009	18,052	25,323	0	10,007	1,963	12,516	815	140	68,816

*The revaluation in the year relates to negative indexation applied to reflect the current market conditions

The economic lives of fixed assets range from:

	Min Life (years)	Max Life (years)
Software Licences	5	5
Buildings exc dwellings	50	50
Plant & Machinery	5	7
Transport Equipment	5	7
Information Technology	5	5
Furniture and Fittings	10	10

11 Tangible Fixed Assets (contd)

11.2 Asset Financing

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value 31 March 2009									
Owned	17,429	23,597	0	10,007	1,963	12,516	815	140	66,467
Finance Leased	623	1,726	0	0	0	0	0	0	2,349
On balance sheet PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
Total 31 March 2009	18,052	25,323	0	10,007	1,963	12,516	815	140	68,816
Net book value 1 April 2008									
Owned	24,733	25,871	0	3,729	1,043	10,680	1,423	165	67,644
Finance Leased	878	1,861	0	0	0	0	0	0	2,739
On balance sheet PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
Total 1 April 2008	25,611	27,732	0	3,729	1,043	10,680	1,423	165	70,383

11.3 The total amount of depreciation charged to the income and expenditure in respect of assets held under finance leases and hire purchase contracts:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Depreciation 31 March 2009	0	48	0	0	0	0	0	0	48
Depreciation 31 March 2008	0	48	0	0	0	0	0	0	48

11.4 The net book value of land, buildings and dwellings at 31 March 2009 comprises:

	2008/09 £000	2007/08 £000
Freehold	37,382	46,519
Long Leasehold	5,993	6,824
Short Leasehold	0	0
TOTAL	43,375	53,343

12. Stocks and Work in Progress

	31 March 2009 £000	31 March 2008 £000
Raw materials and consumables	667	1,120
Work-in-progress	0	0
Finished goods	0	0
TOTAL	667	1,120

13. Debtors

13.1 Debtors at the balance sheet date are made up of:

	31 March 2009 £000	31 March 2008 £000
Amounts falling due within one year:		
NHS debtors	2,626	12,733
Non NHS trade debtors	347	0
Provision for impairment of debtors	(53)	(90)
Other prepayments and accrued income	3,371	3,482
Current part of PFI payment	0	0
Other debtors	572	1,612
Sub Total: falling due within one year	6,863	17,737

Amounts falling due after more than one year:

NHS debtors	2,549	2,630
Non NHS trade debtors	0	0
Provision for impairment of debtors	0	0
Other prepayments and accrued income	0	0
Other debtors	0	0
Sub Total: falling due after more than one year	2,549	2,630
TOTAL	9,412	20,367

	31 March 2009 £000
13.2 Provision for impairment of debtors	
Balance at 1 April	90
Amount written off during the year	0
Amount recovered during the year	(90)
Increase/(decrease) in debtors impaired	53
Balance at 31 March	53

13.3 Debtors past due date but not impaired:	31 March 2009 £000
By up to 3 months	1,771
By 3 to 6 months	204
By more than 6 months	2,950
TOTAL	4,925

14 Other Financial Assets

	Current financial assets 31 March 2009 £000	Fixed financial assets 31 March 2009 £000
Financial assets carried at fair value through profit and loss	0	0
Held to maturity investments at amortised cost	0	0
Available for sale financial assets carried at fair value	0	0
Loans carried at amortised cost	0	0
TOTAL	0	0

15. Creditors

15.1 Creditors at the balance sheet date are made up of:

	31 March 2009 £000	31 March 2008 £000
Amounts falling due within one year:		
Bank overdrafts	0	0
Current instalments due on loans	0	0
Interest payable	0	0
Payments received on account	0	0
NHS creditors	37	419
Non - NHS trade creditors - revenue	926	2,421
Non - NHS trade creditors - capital	295	516
Tax	0	0
VAT	0	0
Social security costs	0	0
Obligations under finance leases and hire purchase contracts	0	0
Other creditors	47	250
Accruals and deferred income	4,977	5,298
Current part of finance leases element of on balance sheet PFI contracts	0	0
Sub Total: amounts falling due within one year	6,282	8,904
Amounts falling due after more than one year:		
Long - term loans	0	0
Obligations under finance leases and hire purchase contracts	0	0
NHS creditors	0	0
Imputed finance leases element of on balance sheet PFI contracts	0	0
Other	0	0
Sub Total: amounts falling due in more than one year	0	0
TOTAL	6,282	8,904

15.2 Loans [and other long-term financial liabilities]

	Department of Health £000	Other £000	31 March 2009 £000	31 March 2008 £000
Amounts falling due:				
In one year or less	0	0	0	0
Between one and two years	0	0	0	0
Between two and five years	0	0	0	0
Over 5 years	0	0	0	0
TOTAL	0	0	0	0

	Department of Health £000	Other £000	31 March 2009 £000	31 March 2008 £000
Wholly repayable within five years	0	0	0	0
Wholly repayable after five years, not by instalments	0	0	0	0
Wholly or partially repayable after five years, by instalments	0	0	0	0
TOTAL	0	0	0	0
Total repayable after five years by instalments	0	0	0	0

Loans [and long-term financial liabilities] wholly or partially repayable after five years:

	Interest rate %	31 March 2009 Value outstanding £000	31 March 2008 Value outstanding £000
Terms of payment			

15.3 Finance lease obligations

	31 March 2009 £000	31 March 2008 £000
Payable:		
In one year or on demand	0	0
In more than 1 year but no longer than 2	0	0
In more than 2 years but no longer than 5	0	0
In more than 5 years	0	0
Less finance charges allocated to future periods	0	0
	0	0

15.4 Finance Lease Commitments

There are no finance lease commitments.

16 Other Financial Liabilities

	Due within one year 31 March 2009 £000	Due after more than one year 31 March 2009 £000
Financial liabilities carried at fair value through profit and loss	<u>0</u>	<u>0</u>

17 Provisions for liabilities and charges

	Pensions relating to former directors £000	Pensions relating to other staff £000	Legal claims £000	Restructurings £000	Other £000	Total £000
At 1 April 2008	0	4,249	457	0	9,419	14,125
Arising during the year	0	374	364	0	0	738
Utilised during the year	0	(312)	(365)	0	0	(677)
Reversed unused	0	(162)	0	0	0	(162)
Unwinding of discount	0	87	0	0	0	87
At 31 March 2009	<u>0</u>	<u>4,236</u>	<u>456</u>	<u>0</u>	<u>9,419</u>	<u>14,111</u>

Expected timing of cash flows:

Within one year	0	302	456	0	0	758
Between one and five years	0	3,933	0	0	0	3,933
After five years	0	1	0	0	9,419	9,420

The Pension provision of £4,236K represents the organisation's pension liability for pre 1995 reorganisations (31 March 2008 £4,249k).

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

A further £2,113k is included in the provisions of the NHS Litigation Authority at 31 March 2009 (not in these accounts) in respect of clinical negligence liabilities of the NHS Trust (31 March 2008 £1,096k).

Other provisions include £11,227k in respect of potential Agenda for Change pay costs of which £10,225k represents 50% of the total back pay liability for a specific staff group, which is pending the outcome of a national pay review. The 50% that is not provided in these accounts is shown in note 22 as a contingent liability. Other provisions include £491k as a provision for unused staff holiday pay in the financial year, and £545k relating to banked leave.

18 Movements on Reserves

Movements on reserves in the year comprised the following:

	Revaluation Reserve £000	Donated Asset Reserve £000	Government Grant Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000	Total £000
At 1 April 2008 as previously stated	3,551	1,232	0	0	3,957	8,740
At 1 April 2008 as restated	3,551	1,232	0	0	3,957	8,740
Transfer from the income and expenditure account	0	0	0	0	658	658
Fixed asset impairments	0	0	0	0	0	0
Surplus/(deficit) on other revaluations/indexation of fixed/current assets*	(8,513)	(134)	0	0	0	(8,647)
Transfer of realised profits/(losses) to the income and expenditure reserve	(94)	(5)	0	0	99	0
Receipt of donated/government granted assets	0	0	0	0	0	0
Transfers to the income and expenditure account for depreciation, impairment, and disposal of donated/government granted assets	0	(46)	0	0	0	(46)
Other transfers between reserves	0	0	0	0	0	0
Other movements on reserves	0	0	0	0	0	0
Reserves eliminated on dissolution	0	0	0	0	0	0
At 31 March 2009	<u>(5,056)</u>	<u>1,047</u>	<u>0</u>	<u>0</u>	<u>4,714</u>	<u>705</u>

*The revaluation in the year relates to negative indexation applied to reflect the current market conditions

19 Notes to the cash flow Statement

19.1 Reconciliation of operating surplus to net cash flow from operating activities:

	2008/09 £000	2007/08 £000
Total operating surplus/(deficit)	2,619	2,098
Depreciation and amortisation charge	5,281	6,150
Asset impairments and reversals, and movement in financial instruments	(37)	265
Transfer from Donated Asset Reserve	(46)	(181)
Transfer from the Government Grant Reserve	0	0
(Increase)/decrease in stocks	453	(236)
(Increase)/decrease in debtors	10,992	(776)
Increase/(decrease) in creditors	(2,401)	4,302
Increase/(decrease) in provisions	2,988	2,331
Net cash inflow/(outflow) from operating activities before restructuring costs	19,849	13,953
Payments in respect of fundamental reorganisation/restructuring	0	0
Net cash inflow from operating activities	19,849	13,953

19.2 Reconciliation of net cash flow to movement in net debt

	2008/09 £000	2007/08 £000
Increase/(decrease) in cash in the period	5,777	6,026
Cash (inflow) from new debt	0	0
Cash outflow from debt repaid and finance lease capital payments	0	0
Cash (inflow)/outflow from (decrease)/increase in liquid resources	0	0
Change in net debt resulting from cash flows	5,777	6,026
Non - cash changes in debt	0	0
Net debt at 1 April 2008	6,374	348
Net debt at 31 March 2009	12,151	6,374

19.3 Analysis of changes in net debt

	At 1 April 2008	Cash Transferred (to)/from other NHS bodies	Other cash changes in year	Non-cash changes in year	At 31 March 2009
	£000	£000	£000	£000	£000
OPG cash at bank	6,343	0	5,767	0	12,110
Commercial cash at bank and in hand	31	0	10	0	41
Bank overdraft	0	0	0	0	0
Loan from the Department of Health due within one year	0	0	0	0	0
Other debt due within one year	0	0	0	0	0
Loan from the Department of Health due after one year	0	0	0	0	0
Other debt due after one year	0	0	0	0	0
Finance leases	0	0	0	0	0
Current asset investments	0	0	0	0	0
Current financial assets	0	0	0	0	0
	6,374	0	5,777	0	12,151

20 Capital Commitments

Commitments under capital expenditure contracts at 31 March 2009 were £534k (31 March 2008 £3,614k)

21 Post Balance Sheet Events

There are no post balance sheet events

22 Contingencies

	2008/09 £000	2007/08 £000
Contingent liabilities	(10,525)	(7,586)
Amounts recoverable against contingent liabilities	0	0
Net value of contingent liabilities	(10,525)	(7,586)
 Contingent assets	 0	 0

The Trust faces a contingent liability of £10,225,000 (2007/08 £7,471,000) in respect of the costs of a change to the assimilation of a specific staff group on Agenda for Change terms and conditions. At the balance sheet date, the outcome had not been determined and this represents 50% of the potential back pay liability not provided (see note 17). The remaining £300,000 (2007/08 £115,000) is for legal liabilities.

23 Movement in Public Dividend Capital

	2008/09 £000	2007/08 £000
Public Dividend Capital as at 1 April 2008	66,722	69,774
New Public Dividend Capital received (including transfers from dissolved NHS Trusts)	293	0
Public Dividend Capital repaid in year	0	(3,052)
Public Dividend Capital written off	0	0
Other movements in Public Dividend Capital in year	0	0
Public Dividend Capital as at 31 March 2009	67,015	66,722

24 Financial Performance Targets

24.1 Breakeven Performance

The trust's breakeven performance for 2008/09 is as follows:

	b/f 1997 - 2003	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
	£000	£000	£000	£000	£000	£000	£000
Turnover		90,852	104,231	128,002	127,647	134,874	148,941
Retained surplus/(deficit) for the year		(223)	334	832	3,050	641	658
Adjustment for:							
- Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]		0	0	0	0	0	0
- 2004/05 Prior Period Adjustment (relating to 1997/98 to 2003/04)		0	0	0	0	0	0
- 2005/06 Prior Period Adjustment (relating to 1997/98 to 2004/05)		0	0	0	0	0	0
- 2006/07 Prior Period Adjustment (relating to 1997/98 to 2005/06)		0	0	0	0	0	0
- 2007/08 Prior Period Adjustment (relating to 1997/98 to 2006/07)		0	0	0	0	0	0
- 2008/09 Prior Period Adjustment (relating to 1997/98 to 2007/08)		0	0	0	0	0	0
- Adjustments for Impairments		0	0	0	0	0	0
- Other agreed adjustments		0	0	0	0	0	0
Break-even in-year position		(223)	334	832	3,050	641	658
Break-even cumulative position	94	(129)	205	1,037	4,087	4,728	5,386
Materiality test (I.e. is it equal to or less than 0.5%):							
- Break-even in-year position as a percentage of turnover		-0.25%	0.32%	0.65%	2.39%	0.48%	0.44%
- Break-even cumulative position as a percentage of turnover	0.11%	(0.14%)	0.20%	0.81%	3.20%	3.51%	3.62%

24.2 Capital cost absorption rate

The Trust is required to absorb the cost of capital at a rate of 3.5% of average relevant net assets. The rate is calculated as the percentage that dividends paid on public dividend capital, totalling £2,548k bears to the average relevant net assets of £65,549k that is 3.9%. The variance from 3.5% is within the Department of Health's materiality range of 3.0% to 4.0%.

24.3 External financing

The Trust is given an external financing limit which it is permitted to undershoot.

	2008/09	2007/08
£000	£000	£000
External financing limit	6,085	(3,052)
Cash flow financing	(5,484)	(9,078)
Finance leases taken out in the year	0	0
Other capital receipts	0	0
External financing requirement	(5,484)	(9,078)
Undershoot/(overshoot)	11,569	6,026

24.4 Capital Resource Limit

The Trust is given a capital resource limit which it is not permitted to overspend

	2008/09	2007/08
	£000	£000
Gross capital expenditure	12,679	3,854
Less: book value of assets disposed of	(391)	0
Plus: loss on disposal of donated assets	0	45
Less: capital grants	0	0
Less: donations towards the acquisition of fixed assets	0	0
Charge against the capital resource limit	12,288	3,899
Capital resource limit	12,593	10,035
(Over)/Underspend against the capital resource limit	305	6,136

25 Related Party Transactions

South East Coast Ambulance Service NHS Trust is a body corporate established by order of the Secretary of State for Health

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with South East Coast Ambulance Service NHS Trust.

The Department of Health is regarded as a related party. During the year South East Coast Ambulance Service NHS 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 listed below:

BRIGHTON AND HOVE CITY PCT
BRIGHTON AND SUSSEX UNIVERSITY HOSPITALS NHS TRUST
EAST SUSSEX DOWNS AND WEALD PCT
EAST SUSSEX HOSPITALS NHS TRUST
EASTERN AND COASTAL KENT PCT
HASTINGS AND ROTHER PCT
KENT AND MEDWAY NHS AND SOCIAL CARE PARTNERSHIP TRUST
LONDON AMBULANCE SERVICE NHS TRUST
MAIDSTONE AND TUNBRIDGE WELLS NHS TRUST
MEDWAY NHS FOUNDATION TRUST
MEDWAY PCT
PORTSMOUTH HOSPITALS NHS TRUST
ROYAL WEST SUSSEX NHS TRUST
SOUTH DOWNS HEALTH NHS TRUST
SOUTH EAST COAST STRATEGIC HEALTH AUTHORITY
SURREY PCT
SUSSEX PARTNERSHIP NHS FOUNDATION TRUST (From 1/8/2008)
THE QUEEN VICTORIA HOSPITAL NHS FOUNDATION TRUST
WEST KENT PCT
WEST SUSSEX PCT
WORTHING AND SOUTHLANDS HOSPITALS NHS TRUST

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 payments from the South East Coast Ambulance Charitable Fund, the Trustee for which is the South East Coast Ambulance Service NHS Trust.

26 Private Finance Transactions

26.1 PFI schemes deemed to be off-balance sheet

	2008/09 £000	2007/08 £000
Amounts included within operating expenses in respect of PFI transactions deemed to be off-balance sheet - gross	412	481
Amortisation of PFI deferred asset	0	0
Net charge to operating expenses	<u>412</u>	<u>481</u>

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

PFI scheme which expires;		
Within one year*	192	119
2nd to 5th years (inclusive)*	0	0
6th to 10th years (inclusive)*	0	0
11th to 15th years (inclusive)*	0	0
16th to 20th years (inclusive)*	0	0
21st to 25th years (inclusive)*	0	0
26th to 30th years (inclusive)*	0	0
31st to 35th years (inclusive)*	0	0

	£000	£000
Estimated capital value of the PFI scheme	1,400	1,400
Contract Start date:	01/10/2008	01/10/1998
Contract End date:	30/09/2009	30/09/2008

Secamb PFI scheme is for Data and voice communication. It expires in Sept 09 and will be replaced by MDT and ARP programmes There is no commitment or guarantee arising and there is no deferred asset or residual interest

26.2 'Service' element of PFI schemes deemed to be on-balance sheet

	2008/09 £000	2007/08 £000
Amounts included within operating expenses in respect of the 'service' element of PFI schemes deemed to be on-balance sheet	0	0
Amortisation of PFI deferred asset	0	0
Net charge to operating expenses	<u>0</u>	<u>0</u>

Imputed finance lease obligations comprise;

	2008/09 £000	2007/08 £000
Rentals due within 1 year	0	0
Rentals due more than 1 year but less than 2 years	0	0
Rentals due within 2 to 5 years	0	0
Rentals due after 5 years	0	0
Sub total	<u>0</u>	<u>0</u>
Less: interest element	0	0
TOTAL	<u>0</u>	<u>0</u>

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

	2008/09 £000	2007/08 £000
PFI scheme which expires;		
Within one year*	0	0
2nd to 5th years (inclusive)*	0	0
6th to 10th years (inclusive)*	0	0
11th to 15th years (inclusive)*	0	0
16th to 20th years (inclusive)*	0	0
21st to 25th years (inclusive)*	0	0
26th to 30th years (inclusive)*	0	0
31st to 35th years (inclusive)*	0	0

27 Financial Instruments

Financial Reporting Standard 29 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 these 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

17% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. Although a material portion of the assets are exposed to interest-rate risk, the risk itself is not considered to be significant as it relates to cash deposits held with the Bank of England. The Trust is not reliant on its plans for high return on interest receivable, therefore low interest rate is not a cause for concern.

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 exposure as at 31 March 2009 are in receivables from customers, as disclosed in the debtors note.

Liquidity risk

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

27.1 Financial Assets

	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate Weighted average interest rate	Weighted average period for which fixed	Non-interest bearing Weighted average term
Currency	£000	£000	£000	£000	%	Years	Years
At 31 March 2009							
Sterling	14,700	12,151	2,549	0	2.20%	18	8
Other	0	0	0	0	0.00%	0	0
Gross financial assets	14,700	12,151	2,549	0			
At 31 March 2008							
Sterling	9,004	6,374	2,630	0	2.20%	19	8
Other	0	0	0	0	0.00%	0	0
Gross financial assets	9,004	6,374	2,630	0			

27.2 Financial Liabilities

	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate Weighted average interest rate	Weighted average period for which fixed	Non-interest bearing Weighted average term
Currency	£000	£000	£000	£000	%	Years	Years
At 31 March 2009							
Sterling	(16,611)	0	(3,966)	(12,645)	2.20%	27	6
Other	0	0	0	0	0.00%	0	0
Gross financial liabilities	(16,611)	0	(3,966)	(12,645)			
At 31 March 2008							
Sterling	(13,043)	0	(4,110)	(8,933)	2.20%	28	1
Other	0	0	0	0	0.00%	0	0
Gross financial liabilities	(13,043)	0	(4,110)	(8,933)			

27.3 Financial Assets

	At 'fair value through profit and loss £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS debtors	0	2,549	0	2,549
Non NHS debtors	0	0	0	0
Cash at bank and in hand	12,151	0	0	12,151
Other financial assets	0	0	0	0
Total at 31 March 2009	12,151	2,549	0	14,700

27.4 Financial Liabilities

	At 'fair value through profit and loss £000	Other £000	Total £000
Embedded derivatives	0	0	0
NHS creditors	0	0	0
Non NHS creditors	0	3,966	3,966
Borrowings	0	12,645	12,645
Private Finance Initiative and finance lease obligations	0	0	0
Other financial liabilities	0	0	0
Total at 31 March 2009	0	16,611	16,611

28 Third Party Assets

At 31st March 2009 and 31st March 2008 the Trust held no assets on behalf of third parties.

29 Intra-Government and Other Balances

	Debtors: amounts falling due within one year	Debtors: amounts falling due after more than one year	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year
	£000	£000	£000	£000
Balances with other Central Government Bodies	1,882	2,549	20	0
Balances with Local Authorities	6	0	71	0
Balances with NHS Trusts and Foundation Trusts	374	0	48	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Intra Government balances	2,262	2,549	139	0
Balances with bodies external to Government	4,601	0	6,143	0
At 31 March 2009	6,863	2,549	6,282	0
Balances with other Central Government Bodies	11,387	2,630	108	0
Balances with Local Authorities	0	0	26	0
Balances with NHS Trusts and Foundation Trusts	1,311	0	311	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Intra Government balances	12,698	2,630	445	0
Balances with bodies external to Government	5,039	0	8,459	0
At 31 March 2008	17,737	2,630	8,904	0

30 Losses and Special Payments

There were 999 cases of losses and special payments (2007/08: 1092 cases) totalling £732,342 (2007/08: £229,589) during 2008/09.

In 2008/09 there were a total of 608 incidents involving trust vehicles at an estimated cost of £567k, of these 557 incidents (mainly Road traffic incidents) were at a cost of £332k. (2007/08 456 cases totalling £196k). There have been 12 total losses of Trust vehicles at a cost of £206k. The remaining losses are attributable to fuel cross contamination.