

2007-08 Annual Accounts of Oxford Radcliffe Hospitals NHS Trust

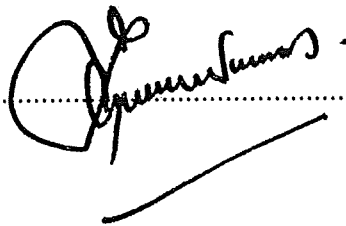
**STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE TRUST**

The Secretary of State has directed that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accountable Officers' Memorandum issued by the Department of Health.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

17 June  
2008

Date.....



..... Chief Executive

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

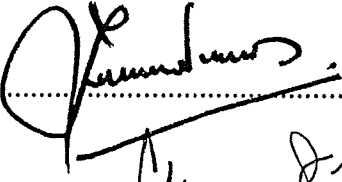
The Directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure of the trust for that period. In preparing those accounts, the directors are required to:


- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury
- make judgements and estimates which are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

By order of the Board

17 June '08 Date..........Chief Executive

17 June, 2008 Date..........Finance Director

## Statement on Internal Control for 2007/08

### Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets, for which I am personally responsible, as set out in the Accountable Officer Memorandum. As Chief Executive, I work also within a performance management framework established by the South Central Strategic Health Authority.

All Board members are aware of their responsibility to monitor the systems of internal control. Board members receive regular updating regarding these responsibilities and the need to maintain an awareness of the Nolan Principles of good governance. Staff throughout the organisation are made aware of their responsibility to maintain high standards of conduct and accountability. In support of good governance, and to ensure the safekeeping and appropriate use of public funds, the Trust also maintains a proactive programme of counter-fraud and a "whistle-blowing" policy.

Close working relationships exist within Oxfordshire, with local Trusts and Oxfordshire PCT and with the Social and Community Services Directorate of Oxfordshire County Council and the Oxfordshire Joint Health Overview and Scrutiny Committee (HOSC). Within the wider health economy, effective working relationships exist with other key commissioners, including the Buckinghamshire, Berkshire, Gloucestershire, Wiltshire, and Northamptonshire PCTs, and with the acute Trusts in these counties.

In addition, partnerships exist with both Oxford's Universities. The partnership with the University of Oxford has this year been formalised through a Strategic Partnership Board, which I chair. The establishment of the Biomedical Research Centre during 2007 has supported and strengthened the drive towards increasing congruence of strategy, and discussions also continue on how governance arrangements might be developed during the Foundation Trust (FT) application process and how the Trust and University of Oxford can work together to create an Academic Health Sciences Centre.

Close working relationships have also been fostered with patients and the public, including meetings held throughout the year with the ORH Patient and Public Involvement Forum (disbanded from 31 March 2008) and the ORH Patient Panel.

I have delegated responsibility for the establishment and maintenance of a risk management system and Board Assurance Framework to the Director of Nursing and Clinical Leadership, in support of the system of internal control.

## **The purpose of the system of internal control**

7

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

7.1

Identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives,

7.2

evaluate the likelihood of those risks being realised and the impact should they be realised,

7.3

monitor these risks throughout the year, and

7.4

manage them efficiently, effectively and economically.

8

The system of internal control has been in place in the Trust for the whole year ended 31 March 2008 and up to the date of approval of the annual accounts.

## **Capacity to handle risk**

9

The Board of the Oxford Radcliffe Hospitals NHS Trust reviewed and agreed the Governance, Quality and Risk Framework in January 2008, and has in place both a health and safety strategy and policy, and an incident reporting policy and procedure. The risk management and health and safety policies lay down clear responsibilities for named officers and for all staff across the Trust. Risk assessment procedures have been approved, and risk registers, covering risks for corporate directorates and the three clinical divisions, are in place and have been reviewed regularly by the Governance Committee. These individual risk registers are also reviewed by the relevant Divisional Board or corporate Directorate meetings in line with Trust policy.

10

The Trust-wide risk register was updated in November 2007 by the Executive Board and presented to the Trust Board for review after consideration by the Audit and Governance Committees. A further review is planned for July 2008.

11

The Director of Nursing and Clinical Leadership has delegated responsibility for risk and the risk management systems across the Trust. The Assistant Director of Quality and Risk and the Assistant Director of Governance meet bi-weekly with the Director of Nursing and Clinical Leadership and the Medical Director to review all aspects of risk and governance. In addition, the Medical Director has a specific responsibility as the Director of Infection Prevention and Control and, with the infection control team, has paid particular attention to ensuring that the Board and the Executive have been kept fully up to date with all issues associated with the management of healthcare associated infections.

12

The Governance Committee met throughout the year and the minutes are presented to the Trust Board in its public meetings. Appropriate areas of governance, including quality and risk, corporate and clinical governance, research governance and information governance, are covered as standing items on the agenda. The secretary to the Committee, the Assistant Director of Governance, has continued as

secretary to the Audit Committee, to ensure the integration of these aspects of general and financial governance. Cross-membership exists between these two Committees, in order to strengthen their integration. Further work on integration will draw on the work described below.

13  
Consideration has been given to the governance of the organisation as part of the developing FT application process. Work is being completed on a review of Trust Board sub-committees and the appointment of an FT Board Secretary is in hand. The development of the governance arrangements will continue as part of the FT process and take account of the compliance requirements set by Monitor.

14  
Work has continued throughout the year on quality and risk reports from both the clinical divisions. The increased availability of information and data from Dr Foster databases has provided additional means to analyse performance and to benchmark against peer organisations. Increasingly, the focus has been on the assurances to be drawn from reports on all areas of the Trust's activities and how best these can be presented.

15  
The Executive Board has maintained its responsibility for the review of risks and quality issues, drawing on the work within the divisions and corporate directorates. A key element in the revised framework (see 7 above) has been the embedding of governance within the divisions, directorates and services, and the continued development of the risk assessment process.

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

16  
The Trust Board has delegated the responsibility for the review and monitoring of the Board Assurance Framework (BAF) to the Governance Committee. The BAF has been reviewed throughout the year, ensuring that it has become a dynamic document, fully reflecting updates in the risk register and the achievement of assurances. The BAF was considered in detail by the Trust Board in January 2008, following a final review and updating through the Governance Committee. In addition the Audit Committee has also reviewed the BAF during the year. The Trust's HR and Commercial Committees have been involved in the review of relevant objectives, strategies and risks, particular in order to provide assurances in relation to compliance with core standards.

17  
I have delegated responsibility for the BAF to the Director of Nursing and Clinical Leadership, and it is prepared, updated and maintained by the Assistant Director of Governance. All of the expected components, as defined by the Department of Health, have been incorporated within the BAF, including assurances and gaps in controls and assurances. Actions plans have been in place throughout the year to meet these gaps.

18  
The strategic goals and strategic objectives contained within the BAF were identified by the Trust's Executive team and approved by the Trust Board as part of the Business Plan. The core standards have been cross-referenced to the strategic objectives and the risks are consistent with the strategic objectives. Each risk identified is the responsibility of a nominated lead, and review and updating of the BAF during the year has provided the opportunity for the risks (or changes to the

risks) to be identified, evaluated and controlled, ensuring that the BAF is a dynamic document.  
19

In addition, the BAF and the Trust Risk register have been brought together and cross-referenced to show linkages throughout. The actions plans included within the BAF have also been 'traffic-lighted' to ensure that the Board and the Governance Committee have been kept up-to-date with changes and the completion of action plans throughout the year.

20

The Trust's Declaration to the Healthcare Commission (HCC) on compliance with the core standards and the Hygiene Code has been supported by information, and has reviewed the state of compliance during the year through regular reports to the Executive and Trust Boards. In addition, directors have reviewed individual elements and core standards contributing to the Declaration. The corporate directorates and clinical divisions have continued to support the collection and collation of evidence in support of the Declaration and the BAF. The Declaration has been supported by cross-reference to, for example, the outputs from the HCC's annual patient and staff surveys, the HCC spot checks on dignity in the care of the older person, and the benchmark indicators made available for the first time in March 2008.

21

Performance on other elements contributing to the quality element of the Annual Health Check has been monitored by the Executive Board and the Trust Board. Increased use has been made of benchmarking information so that the effectiveness of internal systems can be developed.

22

The BAF has been used by the Trust Board to provide it with reasonable assurance on compliance with the core standards, and a statement to this effect has been included in the ORH's Declaration of Compliance with core standards to the HCC.

23

The Trust Board papers, including the BAF, the SIC and the minutes of Board Sub Committees, are public documents. Governance Committee papers are also available to the public on request.

24

The Information Governance Group, reporting to the Governance Committee, oversees information governance activity, including the management of risk, across the Trust and during the year has carried out the agreed information governance work programme; this included the review and updating of key information governance policies on confidentiality and information protection. The group also reviews FOI requests, relevant incidents and oversees the annual information governance toolkit self-assessment . The Director of Planning and Information was the Board lead for information governance.

25

As an employer with staff entitled to membership of the NHS Pension scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

26

Meetings have been held throughout the year with the ORH Patient and Public Involvement Forum and the ORH Patient Panel. Joint work has continued on the control of infection, privacy and dignity, public and patient involvement, equality and diversity and standards of cleanliness. Patients and patient representatives have continued their contribution to the preparation of good quality information on services and procedures, including a number of new clinical information leaflets.

27

ORH Directors and managers have continued to brief HOSC, particularly in relation to the control of infection; members of the control of infection team attended HOSC meetings on two occasions during 2007/08.

### **Review of effectiveness**

28

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the assurance framework, and on the controls reviewed as part of the internal audit work. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control also provide me with assurance. The BAF itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. The completion of action plans detailed within the BAF provides me with evidence that gaps in controls and/or assurances have been filled.

29

2007/08 was the third year of the Auditor's Local Evaluation (ALE) system, and we have targeted an improvement in our performance against the ALE standards from the results achieved in the previous year. The ORH again established a project team to deliver this work, with named leads for each of the Key Lines of Enquiry (KLOEs) within the five domains and project management support. Progress has been monitored by the Board and the Audit Committee. The ALE assessment has provided valuable feedback across all of the domains, and highlighted both areas of particular strength and those for further development. The ALE framework has a specific domain for internal control, and the work done to assess our performance against the KLOEs and specific standards has provided me with assurance on the system of internal control.

30

The inspection process for five core standards carried out by the Healthcare Commission in June 2007 resulted in no qualification to our declaration and hence provided assurances to me and the Board that our processes for the collation of evidence and the provision of assurances are sound.

31

The ORH provided assurances to the SCSHA on the security of our bulk data transfers and the mapping of data flows processes. In addition, further work will be done in response to SCSHA. Advantage has been taken of the central procurement arrangements for encryption software which is currently being deployed in line with the agreed programme.

32

The outcome of the Information Governance Toolkit self-assessment showed an improvement to 81%, reflecting the increased focus on this important area. Further work will be done with CEAC to ensure continued improvements and robustness.

33

The Trust's Standing Orders and Standing Financial Instructions (and associated documents) were reviewed during the year, and the outcome was considered by the Audit and Governance Committees prior to approval by the Trust Board in November 2007.

34

The Board and the Governance Committee have monitored delivery of action plans associated with an external review at the Horton General Hospital (now completed and signed off by the SHA), and the Healthcare Commission's report on cardiothoracic surgical services. The ORH has worked with the SHA on the HCC report and the majority of the recommendations have now been met; work will continue with the aim of achieving completion and sign off from both the SHA and the HCC during 2008. The outcome of the IRP and the Secretary of State's decision was received on 20 March and the ORH is now working closely with Oxfordshire PCT as it leads the next stage of the work.

35

My review is also informed by the work of the Audit Commission (the Trust's external auditors), including their Opinion on the Trust's financial statements, their annual governance letter, final accounts memorandum and annual audit letter.

36

In addition, the work of CEAC, the Trust's internal auditors, has informed this review of internal control; their reports have covered the following topics and have been referenced in the BAF:

36.1

Divisional and corporate directorate reviews, covering, inter alia, the accurate recording of vascular surgery patient activity; pre-operative waiting times for emergency surgery patients; patient coding in PICU and gynaecology; admission processes in the Children's Hospital; and privacy and dignity.

36.2

Physical security and commissioning.

36.3

Research Governance.

36.4

Information management audits and audit of safe haven procedures.

36.5

Specific aspects of human resources management, including the impact of restructuring.

36.6

Specific aspects of financial management and services, including income, procurement and creditor payments.

36.7

Standards for Better Health.

36.8

Integrated governance, and the required review of the BAF.

37

Counter-fraud work has also continued, with regular reports being made to the Audit Committee throughout the year.

38

A corporate risk register is also in use, based on the top ten risks identified by each clinical division and corporate directorate. The risk assessment procedure has been agreed, and the governance, quality and risk framework updated and agreed.

39

The SHA has reviewed both the BAF and the SIC at the year end.

40

The Governance and Audit Committees have each reviewed the systems of internal control, and assured me, as Accountable Officer, of their effectiveness. A process to address weaknesses and ensure continuous improvement of the systems, based on both ALE and governance and risk processes being developed through the FT application process, will be monitored by both Committees on behalf of the Trust Board.

41

The following activities have also supported my review of the effectiveness of the systems of internal control:

41.1

The work of our 'expert' committees, including health & safety, clinical risk management, incidents, comments and complaints, human tissue governance (established in response to the Human Tissue Act), hospital infection control, medicines management, blood transfusion, and radiation protection.

41.2

Achievement of NHSLA level 1 in 2007.

41.3

The Audit Committee in its review and scrutiny of the financial standards and processes and ALE throughout the year.

41.4

The Governance Committee in its review of the key areas of clinical governance (including quality, research governance and information governance [through its sub-committee the Information Governance Group]) and corporate governance (the BAF and risk management and assessment).

41.5

The Governance Committee and the Trust Board in their monitoring of compliance with the elements that make up the Annual Health Check, and in their monitoring of the external report on the Horton General Hospital and HCC investigation report.

41.6

The HR and Commercial Committees, both sub-committees of the Trust Board, have an assurance role and have played their part in the system of internal control. The Finance and Performance Committee has reviewed financial and operational performance issues throughout the year.

41.7

The Trust Board, which reviewed and approved the BAF and the Trust Risk Register at its meeting in January 2008.

42

The Head of Internal Audit (HoIA) Opinion has provided me with an overall opinion ..... "that significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular

objectives at risk”<sup>1</sup>. The opinion provided significant assurance on the effectiveness of the management of those principal risks identified within the organisation’s Assurance Framework.  
43

Internal Audit have also provided me with the following opinion on the BAF<sup>2</sup>:

43.1

“The Board Assurance Framework (BAF) is a valuable tool for any organisation in managing its principal risks, Oxford Radcliffe Hospitals NHS Trust (ORH) is no exception. The Assurance Framework is fully embedded in the Trust and effectively managed. Whilst the Board assume overall responsibility for the document the framework is managed by the Governance Committee.

43.2

The Board have been involved in developing and maintaining the BAF, with further improvements from that audited the previous year. It has been noted that further updates have taken place.

43.3

Recorded objectives are sufficiently strategic, well-balanced and well-referenced to the Standards for Better Health throughout. The risks linked to the objectives are high level, consistent with the objectives and are mapped through to the controls, and sources of assurance. However, not all red risks had been included in the BAF at the time of the audit, although this has been addressed since the audit was undertaken.

43.4

Gaps in control and assurance were identified, with action plans in place with appropriate timescales and officers identified.

43.5

The overall opinion was of significant assurance”.

44

Internal Audit have provided me with the following opinion on their audit of Standards for Better Health “we offer the Trust significant assurance .....that the HCC core standards have been addressed and work is well in hand to rectify weaknesses previously identified.”

45

An action plan has been drawn up to take account of points raised in the HOIA Opinion. In addition, further assurances were identified during the latter half of the year to support compliance at the year end with C11b (participation in mandatory training).

46

Plans are also in place to ensure continued improvement against the ALE standards. These will be implemented throughout the year, and progress will be monitored by the Governance and Audit Committees. This work will inform the application process for Foundation Trust status, and the development of the BAF for 2008/09, which is now in progress.

<sup>1</sup> Head of Internal Audit Opinion, May 2008

<sup>2</sup> CEAC Report on BAF April 2008 08/ORH/01 **Oxford Radcliffe Hospitals 080618\_SIC\_FINAL (2).DOC 080618\_SIC\_FINAL (2).DOC 9**

## **Significant control issue**

47

The Trust's Declaration of Compliance with HCC Core Standards and the Hygiene Code, made on 30 April 2008, shows full year compliance with 41 of the 43 standards. Attention was paid throughout the year to actions needed to achieve compliance with C20b (environment, effective care, confidentiality and privacy) by the year end, paying particular attention to the importance of privacy and dignity for patients. The Board has been assured of compliance by a number of means, including audit by external bodies and the 2007 Patient Survey, which reported improved scores on privacy and dignity. Regular observation and monitoring of practice in the wards and departments was also a source of assurance to me. The Board will continue to seek improvements in all aspects of services contributing to the quality of care, and it recognises the importance of affording all patients appropriate privacy and dignity at all times.

48

In respect of C11b, the Board sought further assurances in relation to the recording of mandatory training being delivered to staff; actions were put in place to give it assurance that the necessary systems are in place for the provision and recording of mandatory training. A particular source of assurance was the Electronic Staff Record (introduced in October 2007), which now includes details of training for individual staff members and hence allows close monitoring and follow-up on attendance.

49

The ORH's Declaration of Compliance, which includes the detailed actions taken during the year to ensure compliance in these two standards, is available at <http://www.oxfordradcliffe.nhs.uk/news/performance.aspx>

**Trevor Campbell Davis**  
**Chief Executive**  
June 2008

The John Radcliffe  
Headley Way  
Headington  
Oxford  
OX3 9DU

17 June 2008

Tel: 01865 221000  
Fax: 01865 220863

Ms Maria Grindley  
Engagement Lead  
Audit Commission  
ISIS Business Centre  
Horspath Road  
Oxford  
OX4 2RD

Dear Maria

### **Audit for the year ended 31 March 2008 – Letter of representations**

We make the following representations to you in support of the Trust's financial statements for the year ended 31 March 2008. These representations are accurate to the best of our knowledge and belief and are made by us having made appropriate enquiries of other directors and officers of Oxford Radcliffe Hospitals NHS Trust. These representations cover the accounts included within the financial statements and the directors' remuneration report in the Annual Report.

#### Compliance with the statutory authorities

We acknowledge our responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the NHS Manual for Accounts, for the financial position, for the financial performance of the Trust, and for making accurate representations to you.

#### Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Trust have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Board meetings, have been made available to you.

#### Going concern

We are satisfied that it has been appropriate to prepare the financial statements on a *going concern* basis and confirm that the financial statements include such disclosures as necessary relating to this.

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From the Chief Executive's Office  
Oxford Radcliffe Hospitals

### Irregularities

We acknowledge our responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

We confirm that there have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with or deficiencies on financial reporting practices which could have a material effect on the financial statements.

We also confirm that we have disclosed any:

- fraud, or suspected fraud, involving either management, employees who have significant roles in internal control, or others where fraud could have a material effect on the financial statements; and any
- allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

### Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Trust.

The Trust has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

### Fair values

We confirm the reasonableness of the significant assumptions within the financial statements.

### Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments
- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

### Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

### Contingent liabilities

We confirm that there are no contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than that already disclosed in the financial statements
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

### Related party transactions

We confirm the completeness of the information disclosed regarding the identification of *related parties*. The identity of, and balances and transactions with, related parties have been properly recorded and, where appropriate, adequately disclosed in the financial statements.

### Post balance sheet events

Since the date of approval of the financial statements by the Board, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements. In addition, the Trust has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

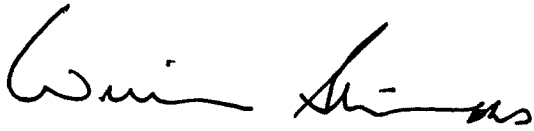
### Specific representations

We make the following specific representations:

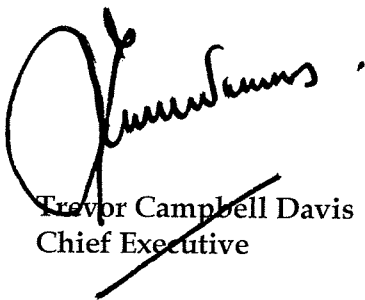
- We have provided you with, in writing, the relevant assurances from University Hospitals Birmingham Foundation Trust that its payroll controls have operated as required and expected.
- All obligations under finance leases or hire purchase contracts have been disclosed in the accounts.
- Registers of interest are complete and up-to-date in respect of directors and key managers.
- The Oxfordshire PCT income included in the 2007/08 accounts is consistent with the expenditure included within the PCT's 2007/08 accounts. The final adjusted income figure to be agreed following the completion of the Quarter 4 *challenge* process, which is ongoing, is not expected to differ materially from the figure included within the 2007/08 accounts and any adjustment will be accounted for in 2008/09.
- The Section 11 Trustees will pass all of the remaining proceeds from fundraising for the Oxford Children's Hospital to the Trust following collection. Donations received by the Trust and donations committed, but not yet due for payment, currently stand at £14m.
- Guidance has been issued by the Board to make directors and key managers aware of the requirement to declare all interests relevant to the Trust, including interests of families, partners and entities controlled by them.

We confirm that this letter has been discussed and agreed by the Board on 12 June 2008.

Signed on behalf of Oxford Radcliffe Hospitals NHS Trust



Sir William Stubbs  
Chairman



Trevor Campbell Davis  
Chief Executive



Chris Hurst  
Director of Finance and Procurement

## **Independent auditor's report to the Board of Directors of Oxford Radcliffe Hospitals NHS Trust**

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

I have audited the financial statements of Oxford Radcliffe Hospitals NHS Trust for the year ended 31 March 2008 under the Audit Commission Act 1998. The financial statements comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service set out within them. I have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Board of Directors of Oxford Radcliffe Hospitals NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

### **Respective responsibilities of Directors and auditor**

The directors' responsibilities for preparing the financial statements in accordance with directions made by the Secretary of State are set out in the Statement of Directors' Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England. I report whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England. I also report to you whether, in my opinion, the information which comprises the commentary on the financial performance included within the Operating and Financial Review, included in the Annual Report, is consistent with the financial statements.

I review whether the directors' Statement on Internal Control reflects compliance with the Department of Health's requirements, set out in 'The Statement on Internal Control 2003/04' issued on 15 September 2003 and the further guidance relating to that Statement issued on 7 April 2006, 2 April 2007 and 7 April 2008 and 20 May 2008. I report if it does not meet the requirements specified by the Department of Health or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the directors' Statement on Internal Control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

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

### **Basis of audit opinion**

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error; and
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared.

In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England, of the state of the Trust's affairs as at 31 March 2008 and of its income and expenditure for the year then ended;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England; and
- information which comprises the commentary on the financial performance included within Operating and Financial Review, included within the Annual Report, is consistent with the financial statements.



Maria Grindley  
Engagement Lead, Audit Commission

Audit Commission, ISIS Business Centre, Horspath Road, OXFORD OX4  
2RD

20 June 2008

## **Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Directors' Responsibilities**

The directors are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

### **Auditor's Responsibilities**

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Trust for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to the criteria for NHS bodies specified by the Audit Commission. I report if significant matters have come to my attention which prevent me from concluding that the Trust has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for NHS bodies specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, Oxford Radcliffe Hospitals NHS Trust made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

### **Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



Maria Grindley  
Engagement Lead, Audit Commission

Audit Commission, ISIS Business Centre, Horspath Road, OXFORD OX4  
2RD

20 June 2008

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED  
31 March 2008**

	NOTE	2007/08 £000	2006/07 £000
<b>Income from activities</b>	3	<b>455,553</b>	394,796
<b>Other operating income</b>	4	<b>97,545</b>	89,763
<b>Operating expenses</b>	5	<b><u>(536,305)</u></b>	<b><u>(482,957)</u></b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>16,793</b>	1,602
Cost of fundamental reorganisation/restructuring*		<b>0</b>	0
Profit/(loss) on disposal of fixed assets	8	<b><u>(851)</u></b>	<b><u>(428)</u></b>
<b>SURPLUS/(DEFICIT) BEFORE INTEREST</b>		<b>15,942</b>	1,174
Interest receivable		<b>1,218</b>	1,026
Interest payable	9	<b><u>(1,034)</u></b>	<b><u>(45)</u></b>
Other finance costs - unwinding of discount	16	<b><u>(21)</u></b>	<b><u>(21)</u></b>
<b>SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR</b>		<b>16,105</b>	2,134
Public Dividend Capital dividends payable		<b><u>(11,794)</u></b>	<b><u>(10,783)</u></b>
<b>RETAINED SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b><u><u>4,311</u></u></b>	<b><u><u>(8,649)</u></u></b>

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

**NOTE TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED  
31 March 2008**

	<b>31 March 2008 £000</b>	31 March 2007 £000
Retained surplus/(deficit) for the year	<b>4,311</b>	<b>(8,649)</b>
Repayment/(Receipt) of financial support included in retained surplus/(deficit) for the year	<b>0</b>	<b>7,000</b>
Non-recurrent income adjustment to support Oxon County-Wide recovery plan	<b>0</b>	<b>9,500</b>
Normalised surplus/(deficit) for the year excluding financial support arrangements	<b>4,311</b>	<b>7,851</b>

The Trust generated a retained surplus of £4,311K in the year to 31st March 2008. This 2007/8 retained surplus was unaffected by non recurrent adjustments or financial support. The normalised surplus in 2007/8, being the position after adjusting for any significant non recurring items was therefore also a surplus of £4,311K. In the previous year ending 31st March 2007 the Trust generated a normalised surplus, after adjusting for the two non recurrent items shown in the above table, of £7,851K, as previously reported these items were part of the plan agreed with the SHA for 2006/7 and the retained deficit of £8,649K was £351K better than the approved planned deficit of £9 million.

**BALANCE SHEET AS AT  
31 March 2008**

	NOTE	31 March 2008 £000	31 March 2007 £000
<b>FIXED ASSETS</b>			
Intangible assets	10	4,315	4,419
Tangible assets	11	448,666	411,668
Investments	14.1	<u>0</u>	<u>0</u>
		<b>452,981</b>	<b>416,087</b>
<b>CURRENT ASSETS</b>			
Stocks and work in progress	12	8,498	7,466
Debtors	13	57,853	52,467
Investments	14.2	0	6
Cash at bank and in hand	18.3	<u>12,498</u>	<u>734</u>
		<b>78,849</b>	<b>60,673</b>
<b>CREDITORS:</b> Amounts falling due within one year	15	<u>(61,974)</u>	<u>(50,398)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>16,875</b>	<b>10,275</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>469,856</b></u>	<u>426,362</u>
<b>CREDITORS:</b> Amounts falling due after more than one year	15	<b>(32,415)</b>	<b>(31,759)</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	<b>(4,748)</b>	<b>(3,989)</b>
<b>TOTAL ASSETS EMPLOYED</b>		<u><u><b>432,693</b></u></u>	<u><u>390,614</u></u>
<b>FINANCED BY:</b>			
<b>TAXPAYERS' EQUITY</b>			
Public dividend capital	22	169,547	157,632
Revaluation reserve	17	182,317	164,190
Donated asset reserve	17	67,374	64,269
Government grant reserve	17	0	3
Other reserves	17	1,743	1,743
Income and expenditure reserve	17	11,712	2,777
<b>TOTAL TAXPAYERS' EQUITY</b>		<u><u><b>432,693</b></u></u>	<u><u>390,614</u></u>

The financial statements on pages [a to b] were approved by the Board on [date] and signed on its behalf by:

Signed: .....(Chief Executive)

Date: .....

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

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Surplus/(deficit) for the financial year before dividend payments	<b>16,105</b>	2,134
Fixed asset impairment losses	<b>0</b>	0
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	<b>27,556</b>	25,087
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	<b>972</b>	1,019
Defined benefit scheme actuarial gains/(losses)		
Additions/(reductions) in "other reserves"	<u><b>0</b></u>	<u>0</u>
<b>Total recognised gains and losses for the financial year</b>	<b>44,633</b>	28,240
Prior period adjustment	<b>0</b>	0
<b>Total gains and losses recognised in the financial year</b>	<u><u><b>44,633</b></u></u>	<u><u>28,240</u></u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED**  
**31 March 2008**

	NOTE	2007/08 £000	2006/07 £000
<b>OPERATING ACTIVITIES</b>			
<b>Net cash inflow/(outflow) from operating activities</b>	18.1	<b>42,346</b>	14,126
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:</b>			
Interest received		1,193	890
Interest paid		(1,022)	(8)
Interest element of finance leases		(7)	(10)
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		<b>164</b>	872
<b>CAPITAL EXPENDITURE</b>			
(Payments) to acquire tangible fixed assets		(33,210)	(30,052)
Receipts from sale of tangible fixed assets		0	20
(Payments) to acquire intangible assets		(571)	0
Receipts from sale of intangible assets		0	0
(Payments to acquire)/receipts from sale of fixed asset investments		0	0
<b>Net cash inflow/(outflow) from capital expenditure</b>		<b>(33,781)</b>	(30,032)
<b>DIVIDENDS PAID</b>			
		(11,794)	(10,783)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		<b>(3,065)</b>	(25,817)
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
(Purchase) of investments with DH		0	0
(Purchase) of other current asset investments		0	0
Sale of investments with DH		0	0
Sale of other current asset investments		0	0
<b>Net cash inflow/(outflow) from management of liquid resources</b>		<b>0</b>	0
<b>Net cash inflow/(outflow) before financing</b>		<b>(3,065)</b>	(25,817)
<b>FINANCING</b>			
Public dividend capital received		11,915	17,416
Public dividend capital repaid (not previously accrued)		0	(11,785)
Loans received from DH		6,141	19,986
Other loans received		0	0
Loans repaid to DH		(3,332)	0
Other loans repaid		0	0
Other capital receipts		151	279
Capital element of finance lease rental payments		(46)	(43)
Cash transferred (to)/from other NHS bodies		0	0
<b>Net cash inflow/(outflow) from financing</b>		<b>14,829</b>	25,853
<b>Increase/(decrease) in cash</b>		<b>11,764</b>	36

## 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 Government 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 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.

#### 1.3 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.

#### 1.4 Tangible fixed assets

- 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. The buildings index is based on the All in Tender Price Index published by the Building Cost Information Service (BCIS). The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office.

Professional valuations are carried out by the District Valuers of the 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 indexation and five-yearly revaluations are taken to the Revaluation Reserve. Falls in value when newly constructed assets are brought into use are also charged there. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

Assets in the course of construction are valued at current cost using the indexes as for land and buildings, as above. These assets include any existing land or buildings under the control of a contractor.

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 District Valuer. Leaseholds are depreciated over the primary lease term.

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

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

Where, under Financial Reporting Standard 11, a fixed asset impairment is charged to the Income and Expenditure Account, offsetting income may be paid by the Trust's main commissioner using funding provided by the NHS Bank.

### **1.5 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.

### **1.6 Government Grants**

Government grants are grants from government bodies other than funds from NHS bodies or funds awarded by Parliamentary Vote. The government grants reserve is maintained at a level equal to the net book value of the assets which it has financed. Gains and losses on revaluations are also taken to the Government grant reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Government grant reserve to the Income and Expenditure account. Similarly, any impairment on grant funded assets charged to the Income and Expenditure Account is matched by a transfer from the 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**

Under NHS accounting requirements and UK GAAP, stock is normally valued at the lower of cost and net realisable value. However, our current information systems do not enable the Trust to do this. For the majority of manual stock takes, current valuations equate to First in First Out (FIFO) principle, costs of stocks on the basis that the quantities in hand represent the latest purchasers. For the majority of computerised stock-takes, current valuations equate to the Average Price principle.

Partially completed contracts for patient services are not accounted for as work in progress. Consistent with previous years Accounts, this income is shown in the following financial year.

### **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

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 16.

Since financial responsibility for clinical negligence cases transferred to the NHSLA at 1 April 2002, the only charge to operating expenditure in relation to clinical negligence in 2006/07 relates to the Trust's contribution to the Clinical Negligence Scheme for Trusts.

### **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.pensions.nhsbsa.nhs.uk](http://www.pensions.nhsbsa.nhs.uk). 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 2008, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 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 2008**

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

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, 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.

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.

#### **Scheme provisions from 1 April 2008**

From 1 April 2008 changes have been made to the NHS Pension Scheme contribution rates and benefits. Further details of these changes can be found on the NHS Pensions website [www.pensions.nhsbsa.nhs.uk](http://www.pensions.nhsbsa.nhs.uk).

### **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.

### **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.

### **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.

### **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.

### **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). Note 30 is compiled from the losses and compensation register which is prepared on an accruals basis.

### **EU Emissions Trading Scheme**

EU Emission Trading Scheme allowances are accounted for as government granted current asset investments, valued at open market value. As the Trust makes emissions a provision is recognised, with an offsetting transfer from the government grant reserve. The provision is settled on surrender of the allowances. The current asset investment, provision and government grant reserve are valued at current market value at the balance sheet date.

### **Other Reserves**

On 1st April 1998, the Horton General Hospital NHS Trust was dissolved by Statutory Instrument (1998 no 806) and from that date became part of the Oxford Radcliffe Hospitals Trust. The NHS Executive agreed that the cumulative income and expenditure deficit of the Horton General Hospital (£1.7m at 31 March 1998), could be offset against other reserves.

## **2 SEGMENTAL ANALYSIS**

The Oxford Radcliffe Hospitals NHS Trust has no significant activities for which a segmental analysis is required.

**3. Income from Activities**

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Strategic Health Authorities	<b>0</b>	117
NHS Trusts	<b>0</b>	275
Primary Care Trusts*	<b>414,348</b>	357,135
Foundation Trusts	<b>0</b>	0
Local Authorities	<b>0</b>	0
Department of Health	<b>30,466</b>	26,825
NHS Other	<b>0</b>	0
Non NHS:		
- Private patients	<b>8,713</b>	8,654
- Overseas patients (non-reciprocal)	<b>336</b>	419
- Road Traffic Act	<b>-</b>	1,344
- Injury cost recovery	<b>1,688</b>	0
- Other	<b>2</b>	27
	<b><u>455,553</u></b>	<u>394,796</u>

[\*Includes £7,916k to offset fixed asset impairments charged to operating expenses .

[ Injury cost recovery income is subject to a provision for doubtful debts of 7.8% to reflect expected rates of collection]

**4. Other Operating Income**

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Patient transport services	<b>987</b>	1,260
Education, training and research	<b>55,938</b>	50,425
Charitable and other contributions to expenditure	<b>3,817</b>	4,867
Transfers from donated asset reserve	<b>2,675</b>	2,484
Transfers from government grant reserve	<b>0</b>	0
Non-patient care services to other bodies	<b>13,257</b>	8,969
Income Generation	<b>8,398</b>	5,969
Other income	<b>12,473</b>	15,789
	<b><u>97,545</u></b>	<u>89,763</u>

Other Income of £12.5m includes the Sales of Goods and Services £5.4m, Sales of Goods and Services Non NHS £1.6m, Other Operating Income Non NHS £2.6m and income of £1m relating to Energy Fees.

## 5. Operating Expenses

### 5.1 Operating expenses comprise:

	2007/08	2006/07
	£000	£000
Services from other NHS Trusts	2,019	371
Services from PCTs	1,332	
Services from other NHS bodies	1,319	2,247
Services from Foundation Trusts	381	56
Purchase of healthcare from non NHS bodies	16	64
Directors' costs	1,571	1,390
Staff costs	314,921	298,405
Supplies and services - clinical	110,862	98,425
Supplies and services - general	12,785	10,989
Consultancy services	2,210	
Establishment	6,633	6,409
Transport	5,768	5,596
Premises	37,857	26,926
Bad debts	(121)	838
Depreciation	17,860	15,275
Amortisation	724	602
Fixed asset impairments and reversals	7,915	0
Audit fees	352	349
Other auditor's remuneration	233	225
Clinical negligence	6,682	6,974
Redundancy costs	(240)	535
Other	5,226	7,281
	<u>536,305</u>	<u>482,957</u>

The Audit fees of £352k include charges from the Audit Commission for a) Audit of Accounts of £209k inc VAT and b) Audit of "use of resources" of £143k (inc VAT).

Included in "other costs" of £5,226k are costs relating to Renal Satellite Unit of £993k, Training expenses & Conferences of £1,591k, costs for Bio Medical Research Centre of £700k, costs for Accommodation of £541k, costs of archive record storage of £354k, costs relating to an outstanding VAT liability of £696k and other miscellaneous expenditure.

## 5.2 Operating leases

### 5.2/1 Operating expenses include:

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Hire of plant and machinery	<b>2,040</b>	1,908
Other operating lease rentals	<b>394</b>	248
	<b><u>2,434</u></b>	<u>2,156</u>

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

	<b>Land and buildings</b>		<b>Other leases</b>	
	<b>2007/08</b>	2006/07	<b>2007/08</b>	2006/07
	<b>£000</b>	£000	<b>£000</b>	£000
Operating leases which expire:				
Within 1 year	<b>0</b>	0	<b>447</b>	616
Between 1 and 5 years	<b>0</b>	0	<b>1,324</b>	1,286
After 5 years	<b>0</b>	0	<b>231</b>	231
	<b><u>0</u></b>	<u>0</u>	<b><u>2,002</u></b>	<u>2,133</u>

## 6. Staff costs and numbers

### 6.1 Staff costs

	Total	2007/08 Permanently Employed	Other	2006/07
	£000	£000	£000	£000
Salaries and wages	268,955	255,512	13,443	253,400
Social Security Costs	20,117	20,117	0	19,847
Employer contributions to NHS Pension Scheme	27,359	27,359	0	26,488
Other pension costs	0	0	0	0
	<b>316,431</b>	<b>302,988</b>	<b>13,443</b>	<b>299,735</b>

### 6.2 Average number of persons employed

	Total	2007/08 Permanently Employed	Other	2006/07
	Number	Number	Number	Number
Medical and dental	1,129	1,126	3	1,089
Ambulance staff	0	0	0	0
Administration and estates	1,601	1,547	54	1,671
Healthcare assistants and other support staff	648	648	0	753
Nursing, midwifery and health visiting staff	2,682	2,580	102	2,688
Nursing, midwifery and health visiting learners	0	0	0	0
Scientific, therapeutic and technical staff	1,234	1,227	7	1,206
Social care staff	0	0	0	0
Other	104	104	0	96
Total	<b>7,398</b>	<b>7,232</b>	<b>166</b>	<b>7,503</b>

### 6.3 Employee benefits

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Employee Benefits	<b>0</b>	0
	<u><b>0</b></u>	<u>0</u>

### 6.4 Management costs

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Management costs	<b>17,865</b>	15,546
Income	<b>534,000</b>	484,559

Management costs are defined as those on the management costs website at [www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSManagementCosts/fs/en..](http://www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSManagementCosts/fs/en..)

### 6.5 Retirements due to ill-health

During 2007/08 there were 7 (2006/07, 16) early retirements from the NHS Trust on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £481k (2006/07, £1,138k). These retirements represented 0.75 per 1,000 active scheme members. The cost of these ill-health retirements 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**

	<b>2007/08</b>	
	<b>Number</b>	<b>£000</b>
Total Non-NHS trade invoices paid in the year	<b>94,387</b>	<b>190,366</b>
Total Non NHS trade invoices paid within target	<b>81,181</b>	<b>166,548</b>
Percentage of Non-NHS trade invoices paid within target	<b>86%</b>	<b>87%</b>
Total NHS trade invoices paid in the year	<b>4,274</b>	<b>41,991</b>
Total NHS trade invoices paid within target	<b>2,946</b>	<b>35,762</b>
Percentage of NHS trade invoices paid within target	<b>69%</b>	<b>85%</b>

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**

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Amounts included within Interest Payable (Note 9) arising from claims made under this legislation	<b>0</b>	0
Compensation paid to cover debt recovery costs under this legislation	<b>0</b>	0

**8. Profit/(Loss) on Disposal of Fixed Assets**

Profit/(loss) on the disposal of fixed assets is made up as follows:

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Profit on disposal of fixed asset investments	<b>0</b>	0
(Loss) on disposal of fixed asset investments	<b>0</b>	0
Profit on disposal of intangible fixed assets	<b>0</b>	0
(Loss) on disposal of intangible fixed assets	<b>(36)</b>	0
Profit on disposal of land and buildings	<b>0</b>	0
(Loss) on disposal of land and buildings	<b>0</b>	<b>(70)</b>
Profits on disposal of plant and equipment	<b>0</b>	0
(Loss) on disposal of plant and equipment	<b>(815)</b>	<b>(358)</b>
	<b>(851)</b>	<b>(428)</b>

[Specify where major property disposals have occurred]

**9. Interest Payable**

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Finance leases	<b>7</b>	10
Late payment of commercial debt	<b>0</b>	0
Loans	<b>1,027</b>	27
Other	<b>0</b>	8
	<b>1,034</b>	<b>45</b>

**10. Intangible Fixed Assets**

	Software licences £000	Licenses and trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross cost at 1 April 2007	6,543	0	0	0	6,543
Indexation				0	0
Impairments	0	0	0	0	0
Reclassifications	106	0	0	0	106
Revaluation	0	0	0	0	0
Additions purchased	550	0	0	0	550
Additions donated	0	0	0	0	0
Additions government granted	0	0	0	0	0
Disposals	(736)	0	0	0	(736)
<b>Gross cost at 31 March 2008</b>	<b>6,463</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,463</b>
Amortisation at 1 April 2007	2,124	0	0	0	2,124
Indexation				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	724	0	0	0	724
Disposals	(700)	0	0	0	(700)
<b>Amortisation at 31 March 2008</b>	<b>2,148</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,148</b>
<b>Net book value</b>					
- Purchased at 1 April 2007	4,419	0	0	0	4,419
- Donated at 1 April 2007	0	0	0	0	0
- Government granted at 1 April 2007	0	0	0	0	0
<b>- Total at 1 April 2007</b>	<b>4,419</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,419</b>
- Purchased at 31 March 2008	4,315	0	0	0	4,315
- Donated at 31 March 2008	0	0	0	0	0
- Government granted at 31 March 2008	0	0	0	0	0
<b>- Total at 31 March 2008</b>	<b>4,315</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,315</b>

## 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 construction and payments on account*	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 2007	146,335	219,961	783	4,394	73,857	334	10,163	996	456,823
Additions purchased	114	18,209	0	7,516	8,214	0	1,708	121	35,882
Additions donated	5	129	0	136	702	0	0	0	972
Additions government granted	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	(2,983)	(553)	3,575	(95)	0	(50)	0	(106)
Indexation	7,910	19,673	20	643	1,415	0	0	21	29,682
Revaluation	0	0	0	0	0	0	0	0	0
Disposals	0	(1)	0	0	(20,086)	0	(3,037)	(230)	(23,354)
<b>Cost or Valuation at 31 March 2008</b>	<b>154,364</b>	<b>254,988</b>	<b>250</b>	<b>16,264</b>	<b>64,007</b>	<b>334</b>	<b>8,784</b>	<b>908</b>	<b>499,899</b>
Depreciation at 1 April 2007					39,794	326	4,696	339	45,155
Charged during the year	0	10,585	4		5,441	2	1,741	87	17,860
Impairments	471	4,107	245	0	3,092	0	0	0	7,915
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0		0	0	0	0	0
Indexation	0	1,593	1		529	0		3	2,126
Revaluation					0	0	0	0	0
Disposals	0	0	0		(18,556)	0	(3,037)	(230)	(21,823)
<b>Depreciation at 31 March 2008</b>	<b>471</b>	<b>16,285</b>	<b>250</b>	<b>0</b>	<b>30,300</b>	<b>328</b>	<b>3,400</b>	<b>199</b>	<b>51,233</b>
<b>Net book value</b>									
- Purchased at 1 April 2007	133,455	171,542	783	4,394	31,120	8	5,467	630	347,399
- Donated at 1 April 2007	12,880	48,419	0	0	2,943	0	0	27	64,269
- Government granted at 1 April 2007	0	0	0	0	0	0	0	0	0
<b>- Total at 1 April 2007</b>	<b>146,335</b>	<b>219,961</b>	<b>783</b>	<b>4,394</b>	<b>34,063</b>	<b>8</b>	<b>5,467</b>	<b>657</b>	<b>411,668</b>
- Purchased at 31 March 2008	140,312	188,245	0	16,128	30,533	6	5,384	684	381,292
- Donated at 31 March 2008	13,581	50,458	0	136	3,174	0	0	25	67,374
- Government granted at 31 March 2008	0	0	0	0	0	0	0	0	0
<b>- Total at 31 March 2008</b>	<b>153,893</b>	<b>238,703</b>	<b>0</b>	<b>16,264</b>	<b>33,707</b>	<b>6</b>	<b>5,384</b>	<b>709</b>	<b>448,666</b>

Fixed Asset additions include £1,595k of capitalised PFI Unitary payment relating to the John Radcliffe PFI Scheme which became operational during the year.

**11.1 Tangible Fixed Assets (contd)**

Of the totals at 31 March 2008, £202k related to land valued at open market value and £0k related to buildings valued at open market value and £0k related to dwellings valued at open market value.

**The net book value of assets held under finance leases and hire purchase contracts at the balance sheet date are as follows:**

	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
At 31 March 2008	0	37	0	0	0	0	0	0	37
At 31 March 2007	0	176	0	0	0	0	0	0	176

**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 2008	0	0	0	0	0	0	0	0	0
Depreciation 31 March 2007	0	8	0	0	0	0	0	0	8

**11.2 The net book value of land, buildings and dwellings at 31 March 2008 comprises:**

	<b>31 March 2008</b>	31 March 2007
	<b>£000</b>	£000
Freehold	<b>392,559</b>	366,903
Long leasehold	<b>0</b>	176
Short leasehold	<b>37</b>	0
<b>TOTAL</b>	<b><u>392,596</u></b>	<u>367,079</u>

**12. Stocks and Work in Progress**

	<b>31 March 2008</b>	31 March 2007
	<b>£000</b>	£000
Raw materials and consumables	<b>8,498</b>	7,466
Work-in-progress	<b>0</b>	0
Finished goods	<b>0</b>	0
<b>TOTAL</b>	<b><u>8,498</u></b>	<u>7,466</u>

**13. Debtors**

	<b>31 March 2008</b>	31 March 2007
	<b>£000</b>	£000
<b>Amounts falling due within one year:</b>		
NHS debtors	<b>22,370</b>	10,771
Provision for irrecoverable debts	<b>(1,721)</b>	<b>(1,668)</b>
Other prepayments and accrued income	<b>3,188</b>	1,605
Other debtors	<b>12,799</b>	23,865
<b>Sub Total</b>	<b><u>36,636</u></b>	<u>34,573</u>
<b>Amounts falling due after more than one year:</b>		
NHS debtors	<b>160</b>	165
Provision for irrecoverable debts	<b>0</b>	0
Other prepayments and accrued income	<b>16,193</b>	16,493
Other debtors	<b>4,864</b>	1,236
<b>Sub Total</b>	<b><u>21,217</u></b>	<u>17,894</u>
<b>TOTAL</b>	<b><u>57,853</u></b>	<u>52,467</u>

Other Debtors include £0 prepaid pension contributions at 31 March 2008 (£0 at 31 March 2007)

**14. Investments**

**14.1 Fixed Asset Investments**

	<i>Description</i> £000	<i>Description</i> £000	Other £000	<b>Total £000</b>
Balance at 1 April 2007	0	0	0	<b>0</b>
Additions	0	0	0	<b>0</b>
Disposals	0	0	0	<b>0</b>
Revaluations	0	0	0	<b>0</b>
<b>Balance at 31 March 2008</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

**14.2 Current Asset Investments**

	EU emissions trading scheme £000	Department of Health £000	Other £000	<b>Total £000</b>
Balance at 1 April 2007	6	0	0	<b>6</b>
Additions	452	0	0	<b>452</b>
Disposals	0	0	0	<b>0</b>
Revaluations	(458)	0	0	<b>(458)</b>
<b>Balance at 31 March 2008</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

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

	<b>31 March 2008</b>	31 March 2007
	<b>£000</b>	£000
<b>Amounts falling due within one year:</b>		
Bank overdrafts	<b>0</b>	0
Current instalments due on loans	<b>3,946</b>	3,332
Interest payable	<b>32</b>	27
Payments received on account	<b>44</b>	76
NHS creditors	<b>5,184</b>	8,346
Non - NHS trade creditors - revenue	<b>15,038</b>	9,541
Non - NHS trade creditors - capital	<b>5,535</b>	3,155
Tax	<b>1,577</b>	3,898
Social security costs	<b>1,457</b>	2,874
Obligations under finance leases and hire purchase contracts	<b>50</b>	46
Other creditors	<b>4,693</b>	4,719
Accruals and deferred income	<b>24,418</b>	14,384
<b>Sub Total</b>	<b><u>61,974</u></b>	<u>50,398</u>
<b>Amounts falling due after more than one year:</b>		
Long - term loans	<b>18,849</b>	16,654
Obligations under finance leases and hire purchase contracts	<b>0</b>	50
NHS creditors	<b>0</b>	0
Other	<b>13,566</b>	15,055
<b>Sub Total</b>	<b><u>32,415</u></b>	<u>31,759</u>
<b>TOTAL</b>	<b><u><u>94,389</u></u></b>	<u><u>82,157</u></u>

Other creditors include;

- £37k for payments due in future years under arrangements to buy out the liability for 2 early retirements over 5 years; and
- £3,465k outstanding pensions contributions at 31 March 2008 (31 March 2007 £3,247k).

**15.2 Loans [and other long-term financial liabilities]**

	<b>31 March 2008</b>	31 March 2007
	<b>£000</b>	£000
Amounts falling due:		
In one year or less	<b>3,946</b>	3,332
Between one and two years	<b>3,946</b>	3,332
Between two and five years	<b>11,832</b>	9,996
Over 5 years	<b>3,071</b>	3,326
<b>TOTAL</b>	<b><u>22,795</u></b>	<u>19,986</u>

	<b>31 March 2008</b>	31 March 2007
	<b>£000</b>	£000
Wholly repayable within five years	<b>0</b>	0
Wholly repayable after five years, not by instalments	<b>0</b>	0
Wholly or partially repayable after five years, by instalments	<b>22,795</b>	19,986
<b>TOTAL</b>	<b><u>22,795</u></b>	<u>19,986</u>

Total repayable after five years by instalments 3,071

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

	<b>31 March 2008</b>	31 March 2007
	<b>Value</b>	Value
	<b>outstanding</b>	outstanding
	<b>£000</b>	£000
Working Capital Loan	5.40	16,654
Capital Loan	4.19	6,141
		19,986
		0

Working Capital Loan - Commenced 22/03/07

Repayable over 6 years with 2 equal instalments PA of £1,666k

Capital Loan- Commenced 17/03/08

Repayable over 10 years with 2 equal instalments PA of £307k

**15.3 Finance lease obligations**

	<b>31 March 2008</b>	31 March 2007
	<b>£000</b>	£000
Payable:		
Within one year	<b>53</b>	53
Between one and five years	<b>0</b>	53
After five years	<b>0</b>	0
	<b><u>53</u></b>	<u>106</u>
Less finance charges allocated to future periods	<b>(3)</b>	(10)
	<b><u>50</u></b>	<u>96</u>

**15.4 Finance Lease Commitments**

Oxford Radcliffe Hospitals NHS Trust has no further commitments to finance leases at the Balance Sheet date.

**16. 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 2007	137	853	255	0	2,744	<b>3,989</b>
Arising during the year	8	111	111	0	1,991	<b>2,221</b>
Utilised during the year	(9)	(61)	(216)	0	(1,197)	<b>(1,483)</b>
Reversed unused	0	0	0	0	0	<b>0</b>
Unwinding of discount	3	18	0	0	0	<b>21</b>
<b>At 31 March 2008</b>	<b>139</b>	<b>921</b>	<b>150</b>	<b>0</b>	<b>3,538</b>	<b>4,748</b>

**Expected timing of cashflows:**

Within one year	9	66	150	0	3,538	<b>3,763</b>
Between one and five years	36	264	0	0	0	<b>300</b>
After five years	94	591	0	0	0	<b>685</b>

Other provisions are made of the following provisions:

Provision for an outstanding VAT Liability	694
Provisions for outstanding pay related issues	1,137
Other (inc Equal Pay claim provision of £10k)	160

All provisions are anticipated to be settled within 1 year

£54,910,327 is included in the provisions of the NHS Litigation Authority at 31 March 2008 in respect of clinical negligence liabilities of the NHS Trust (31 March 2007 £34,076,338).

**17. 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	<b>Total £000</b>
At 1 April 2007 as previously stated	164,190	64,269	3	1,743	2,777	<b>232,982</b>
Prior Period Adjustments	0	0	0	0	0	<b>0</b>
At 1 April 2007 as restated	<u>164,190</u>	<u>64,269</u>	<u>3</u>	<u>1,743</u>	<u>2,777</u>	<u><b>232,982</b></u>
Transfer from the income and expenditure account					4,311	<b>4,311</b>
Fixed asset impairments	0	0	0			<b>0</b>
Surplus/(deficit) on other revaluations/indexation of fixed/current assets	22,751	4,808	(3)			<b>27,556</b>
Transfer of realised profits/(losses) to the income and expenditure reserve	(895)	0	0		895	<b>0</b>
Receipt of donated/government granted assets		972	0			<b>972</b>
Transfers to the income and expenditure account for depreciation, impairment, and disposal of donated/government granted assets		(2,675)	0			<b>(2,675)</b>
Other transfers between reserves	(3,729)	0	0	0	3,729	<b>0</b>
Other movements on reserves [specify]				0		<b>0</b>
Reserves eliminated on dissolution	0	0	0	0	0	<b>0</b>
At 31 March 2008	<u><b>182,317</b></u>	<u><b>67,374</b></u>	<u><b>0</b></u>	<u><b>1,743</b></u>	<u><b>11,712</b></u>	<u><b>263,146</b></u>

**18. Notes to the cash flow Statement**

**18.1 Reconciliation of operating surplus to net cash flow from operating activities:**

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Total operating surplus/(deficit)	<b>16,793</b>	1,602
Depreciation and amortisation charge	<b>18,584</b>	15,877
Fixed asset impairments and reversals	<b>7,915</b>	0
Transfer from donated asset reserve	<b>(2,675)</b>	<b>(2,484)</b>
Transfer from the government grant reserve	<b>0</b>	0
(Increase)/decrease in stocks	<b>(1,032)</b>	<b>(1,052)</b>
(Increase)/decrease in debtors	<b>(5,057)</b>	<b>(2,658)</b>
Increase/(decrease) in creditors	<b>7,077</b>	4,238
Increase/(decrease) in provisions	<b>741</b>	<b>(1,397)</b>
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities before restructuring costs	<b>42,346</b>	14,126
Payments in respect of fundamental reorganisation/restructuring	<b>0</b>	0
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>42,346</b>	<b>14,126</b>
	<hr/> <hr/>	<hr/> <hr/>

**18.2 Reconciliation of net cash flow to movement in net debt**

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Increase/(decrease) in cash in the period	<b>11,764</b>	36
Cash (inflow) from new debt	<b>(6,141)</b>	<b>(19,986)</b>
Cash outflow from debt repaid and finance lease capital payments	<b>3,378</b>	43
Cash (inflow)/outflow from (decrease)/increase in liquid resources	<b>0</b>	0
Change in net debt resulting from cash flows	<b>9,001</b>	<b>(19,907)</b>
Non - cash changes in debt	<b>0</b>	0
Net debt at 1 April 2007	<b>(19,348)</b>	559
<b>Net debt at 31 March 2008</b>	<b>(10,347)</b>	<b>(19,348)</b>
	<hr/> <hr/>	<hr/> <hr/>

**18.3 Analysis of changes in net debt**

	At 1 April 2007	Cash Transferred (to)/from other NHS bodies	Other cash changes in year	Non-cash changes in year	At 31 March 2008
	£000	£000	£000	£000	£000
OPG cash at bank	667	0	11,787		12,454
Commercial cash at bank and in hand	67	0	(23)		44
Bank overdraft	0	0	0		0
Loan from DH due within one year	(3,332)	0	(614)	0	(3,946)
Other debt due within one year	0	0	0	0	0
Loan from DH due after one year	(16,654)	0	(2,195)	0	(18,849)
Other debt due after one year	0	0	0	0	0
Finance leases	(96)	0	46	0	(50)
Current asset investments	0	0	0	0	0
	<b>(19,348)</b>	<b>0</b>	<b>9,001</b>	<b>0</b>	<b>(10,347)</b>

## 19. Capital Commitments

Commitments under capital expenditure contracts at 31 March 2008 were £12,345,000 (31 March 2007 £2,628,000)

The total of £12,345k contains £9,789k for a long-term capital project to expand cardiac facilities on the JR site.

The total cost will be £29m over four years to 2009-10, and is a strategic scheme funded by the Department of Health.

## 20. Post Balance Sheet Events

The Trust is hoping to achieve Foundation Trust status in 2008/09

## 21. Contingencies

	2007/08 £000	2006/07 £000
Contingent liabilities	(35)	(89)
Amounts recoverable against contingent liabilities	0	0
<b>Net value of contingent liabilities</b>	<b>(35)</b>	<b>(89)</b>
Contingent Assets	0	0

A contingent liability of £35k relates to legal claims for the LTPS and PES Schemes administered by the NHS Litigation Authority

## 22. Movement in Public Dividend Capital

	2007/08 £000	2006/07 £000
Public Dividend Capital as at 1 April 2007	157,632	152,001
New Public Dividend Capital received (including transfers from dissolved NHS Trusts)	11,915	17,416
Public Dividend Capital repaid in year	0	(11,785)
Public Dividend Capital written off	0	0
Public Dividend Capital issued as originating capital on new establishment	0	0
Public Dividend Capital transferred to Foundation Trust	0	-
Other movements in Public Dividend Capital in year	0	0
<b>Public Dividend Capital as at 31 March 2008</b>	<b>169,547</b>	<b>157,632</b>

## 23. Financial Performance Targets

### 23.1 Breakeven Performance

The trust's breakeven performance for 2007/08 is as follows:

	2003/04	2004/05	2005/06	2006/07	2007/08
	£000	£000	£000	£000	£000
Turnover	423,941	452,102	474,983	484,559	553,098
Retained surplus/(deficit) for the year	200	1,580	(19,409)	(8,649)	4,311
Adjustment for:					
- Timing/non-cash impacting distortions					
- Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]	0	0	0	0	0
- 2004/05 Prior Period Adjustment (relating to 1997/98 to 2003/04)	0				
- 2005/06 Prior Period Adjustment (relating to 1997/98 to 2004/05)	0	0			
- 2006/07 Prior Period Adjustment (relating to 1997/98 to 2005/06)	0	0	0		
- 2007/08 Prior Period Adjustment (relating to 197/98 to 2006/07)	0	0	0	0	
- Other agreed adjustments	0	0	0	0	0
Break-even in-year position	200	1,580	(19,409)	(8,649)	4,311
Break-even cumulative position	33	1,613	(17,796)	(26,445)	(22,134)
The Trust's recovery plan, accepted by the SHA aims to achieve break-even in 2012.					2012
If anticipated financial year of recovery is more than two years state the period agreed with SHA					4
Materiality test (I.e. is it equal to or less than 0.5%):					
- Break-even in-year position as a percentage of turnover	0.05%	0.35%	(4.09%)	(1.78%)	0.78%
- Break-even cumulative position as a percentage of turnover	0.01%	0.36%	(3.75%)	(5.46%)	(4.00%)

### 23.2 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 £11,794k, bears to the average relevant net assets of £339,272k, that is 3.5%.

### 23.3 External financing

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

	2007/08	2006/07
£000	£000	£000
External financing limit	<b>3,411</b>	25,617
Cash flow financing	3,065	25,817
Finance leases taken out in the year	0	0
Other capital receipts	<b>(151)</b>	<b>(279)</b>
External financing requirement	<b>2,914</b>	25,538
<b>Undershoot/(overshoot)</b>	<b>497</b>	79

### 23.4 Capital Resource Limit

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

	2007/08	2006/07
	£000	£000
Gross capital expenditure	<b>37,404</b>	31,770
Less: book value of assets disposed of	<b>(1,567)</b>	<b>(447)</b>
Plus: loss on disposal of donated assets	<b>53</b>	100
Less: capital grants	<b>0</b>	0
Less: donations towards the acquisition of fixed assets	<b>(972)</b>	<b>(894)</b>
Charge against the capital resource limit	<b>34,918</b>	30,529
Capital resource limit	<b>35,858</b>	32,957
<b>(Over)/Underspend against the capital resource limit</b>	<b>940</b>	2,428

## 24. Related Party Transactions

Oxford Radcliffe Hospitals 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 Oxford Radcliffe Hospitals NHS Trust .

The Department of Health is regarded as a related party. During the year Oxford Radcliffe Hospitals 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:

Bedfordshire PCT  
Berkshire PCT  
Berkshire East PCT  
Buckinghamshire Hospitals NHS Trust~  
Buckinghamshire PCT  
Department Of Health  
East Midlands Specialised Commissioning Group  
Gloucestershire PCT  
Haemophilia Consortium  
Hampshire PCT~  
Milton Keynes General NHS Trust~  
Milton Keynes PCT  
National Commissioning Group  
NHS Blood and Transplant~  
NHS Innovations South East~  
NHS Litigation Authority(70362)~  
NHS Logistics Authority~  
NHS Supply Chain~  
NHSBSA Prescription Pricing Division~  
Northamptonshire PCT  
Nuffield Orthopaedic Centre NHS Trust  
Oxfordshire & Buckinghamshire Mental Health Partne  
Oxfordshire PCT  
Royal Berkshire NHS Foundation Trust~  
South Central Ambulance Service NHS Trust~  
South Central Specialist Commissioning  
South Central Strategic Health Authority  
Specialised Commissioning Team (West Midlands)  
Swindon & Marlborough NHS Trust~  
Swindon PCT  
University Hospital Birmingham NHS Trust~  
Warwickshire PCT  
Wiltshire PCT

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with Oxford University, Oxfordshire County Council and Oxford Brookes University

The Trust has also received revenue and capital payments from a number of charitable funds, certain of the Trustees for which are also members of the NHS Trust Board.

**25. Private Finance Transactions****25.1 PFI schemes deemed to be off-balance sheet**

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Amounts included within operating expenses in respect of PFI transactions deemed to be off-balance sheet - gross	<b>24,554</b>	6,102
Amortisation of PFI deferred asset	<b>(500)</b>	<b>(125)</b>
Net charge to operating expenses	<b><u>24,054</u></b>	<b><u>5,977</u></b>

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

PFI scheme which expires;		
Within one year*	<b>0</b>	0
2nd to 5th years (inclusive)*	<b>0</b>	0
6th to 10th years (inclusive)*	<b>0</b>	0
11th to 15th years (inclusive)*	<b>0</b>	0
16th to 20th years (inclusive)*	<b>0</b>	0
21st to 25th years (inclusive)*	<b>0</b>	0
26th to 30th years (inclusive)*	<b>22,925</b>	21,654
31st to 35th years (inclusive)*	<b>11,907</b>	0
Etc*		

The estimated annual payments in future years are expected to be materially different from those which the NHS Trust is committed to make during the next year. The likely financial effect of this is +£6m. This is because the Churchill Cancer Centre Scheme is expected to reach practical completion on 1st August 2008. The payment in 2008/09 is therefore expected to relate to the 8 months from 1st August 2008 to 31st March 2009 but in 2009/10 there will be a full financial year of PFI payments relating to the Churchill Cancer Centre.

	<b>£000</b>	£000
Estimated capital value of the John Radcliffe PFI Scheme	137,000	137,000
Contract Start date: 19/12/2003		
Contract End date: 19/12/2036		
Estimated capital value of the Churchill PFI Scheme	114,000	114,000
Contract Start date: 13/12/2005		
Contract End date: 13/12/2038		

The John Radcliffe scheme relocated clinical services from the Radcliffe Infirmary site to the John Radcliffe site. It provides a new building for adult and childrens services and soft facilities management services for the whole John Radcliffe site.

The Childrens Hospital is partly financed by a fundraising campaign which will contribute towards the cost of the scheme.

The first contribution of £7.5M was paid to the PFI company in December 2005 and the second and final instalment of £7.5M was paid in December 2006. The instalments are included in the Balance Sheet as a deferred asset because it reduces the payments that will be made to the PFI company over the period of the contract.

At the same time the Balance Sheet also includes deferred income to reflect the fact that the payments to the PFI company for the Childrens Hospital were funded by donations. The deferred asset and income are amortised on a straight line basis over the period of the contractual concession being 30 years from December-06

The above information only concerns the John Radcliffe PFI scheme, for which payments commenced in 2006/07.

On the 13th Dec 2005 the Trust signed a contract for a further PFI scheme for a new Cancer Centre at the Churchill site. The scheme will provide a new building with an approximate capital cost of £114M, a managed equipment service for all major cancer diagnostic and treatment equipment and soft facilities management services for the whole Churchill site. Practical completion of the scheme was estimated to occur in April 2008, at which point the payment to the PFI company as set out above was due to commence. The contract end date is 13th December 2038.

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

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Amounts included within operating expenses in respect of the 'service' element of PFI schemes deemed to be on-balance sheet	<b>0</b>	0
Amortisation of PFI deferred asset	<b>0</b>	0
Net charge to operating expenses	<u><b>0</b></u>	<u>0</u>

**Imputed finance lease obligations comprise;**

	<b>2007/08</b>	2006/07
	<b>£000</b>	£000
Rentals due within 1 year	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
<b>TOTAL</b>	<u><b>0</b></u>	<u>0</u>

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

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

**26 Pooled Budget**

The Trust has no pooled budgets

## **27 Financial Instruments**

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with local 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 the listed companies to which FRS 13 mainly applies. 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.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than the currency profile. Provisions should be shown gross. Any amount expected in reimbursement against a provision (and included in debtors) should be separately disclosed.

### **Liquidity risk**

The NHS Trust's net operating costs are incurred under annual service agreements with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from funds made available from Government under an agreed borrowing limit. Oxford Radcliffe Hospitals NHS Trust is not, therefore, exposed to significant liquidity risks.

### **Interest-Rate Risk**

100% of the Trust's financial liabilities carry fixed rates of interest. The Oxford Radcliffe Hospitals NHS Trust is not, therefore, exposed to significant interest-rate risk. The following two tables show the interest rate profiles of the Trust's financial assets and liabilities:

**27.1 Financial Assets**

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate		Non-interest bearing
					Weighted average interest rate	Weighted average period for which fixed	
	£000	£000	£000	£000	%	Years	Weighted average term
							Years
At 31 March 2008							
Sterling	12,658	0	160	12,498	2.20%	10	0
Other	0	0	0	0	0.00%	0	0
<b>Gross financial assets</b>	<b>12,658</b>	<b>0</b>	<b>160</b>	<b>12,498</b>			
At 31 March 2007							
Sterling	905	0	171	734	2.12%	10	0
Other	0	0	0	0	0.00%	0	0
<b>Gross financial assets</b>	<b>905</b>	<b>0</b>	<b>171</b>	<b>734</b>			

**27.2 Financial Liabilities**

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate		Non-interest bearing
					Weighted average interest rate	Weighted average period for which fixed	
	£000	£000	£000	£000	%	Years	Weighted average term
							Years
At 31 March 2008							
Sterling	22,795	0	22,795	0	5.07%	8	0
Other	0	0	0	0	0.00%	0	0
<b>Gross financial liabilities</b>	<b>22,795</b>	<b>0</b>	<b>22,795</b>	<b>0</b>			
At 31 March 2007							
Sterling	178,587	0	20,955	157,632	8.97%	2	0
Other	0	0	0	0	0.00%	0	0
<b>Gross financial liabilities</b>	<b>178,587</b>	<b>0</b>	<b>20,955</b>	<b>157,632</b>			

Note: The public dividend capital is of unlimited term.

**Foreign Currency Risk**

The Trust has no/negligible foreign currency income or expenditure.

**27.3 Fair Values**

Set out below is a comparison, by category, of book values and fair values of the NHS Trust's financial assets and liabilities as at 31 March 2008.

	<b>Book Value</b>	<b>Fair Value</b>	<b>Basis of fair valuation</b>
	<b>£000</b>	<b>£000</b>	
<b>Financial assets</b>			
Cash	12,498	12,498	
Debtors over 1 year:			
- Agreements with commissioners to cover creditors and provisions	160	160	Note a
Investments	<u>0</u>	<u>0</u>	
<b>Total</b>	<u><u>12,658</u></u>	<u><u>12,658</u></u>	
<b>Financial liabilities</b>			
Overdraft	0	0	
Creditors over 1 year:			
- Finance leases	0	0	
Provisions under contract	0	0	
Loans	<u>(22,795)</u>	<u>(23,344)</u>	
<b>Total</b>	<u><u>(22,795)</u></u>	<u><u>(23,344)</u></u>	

## Notes

- a These debtors reflect agreements with commissioners to cover creditors over 1 year for early retirements and provisions under contract, and their related interest charge/unwinding of discount.

**28 Third Party Assets**

The Trust held £7k cash at bank and in hand at 31 March 2008 (£8k - at 31 March 2007) which relates to monies held by the NHS Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

**29 Intra-Government and Other Balances**

	<b>Debtors: amounts falling due within one year</b>	<b>Debtors: amounts falling due after more than one year</b>	<b>Creditors: amounts falling due within one year</b>	<b>Creditors: amounts falling due after more than one year</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balances with other Central Government Bodies	18,570	160	2,050	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	3,763	0	2,535	0
Balances with Public Corporations and Trading Funds	37	0	599	0
Balances with bodies external to government	14,266	21,057	56,790	32,415
<b>At 31 March 2008</b>	<b><u>36,636</u></b>	<b><u>21,217</u></b>	<b><u>61,974</u></b>	<b><u>32,415</u></b>
Balances with other Central Government Bodies	6,493	165	6,658	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	2,599	0	1,031	0
Balances with Public Corporations and Trading Funds	156	0	392	0
Balances with bodies external to government	25,325	17,729	42,317	31,759
At 31 March 2007	<b><u>34,573</u></b>	<b><u>17,894</u></b>	<b><u>50,398</u></b>	<b><u>31,759</u></b>

**30 Losses and Special Payments**

There were 509 cases of losses and special payments (2006/07: 364 cases) totalling £269,987 (2006/07: £160,639) paid during 2007/08.