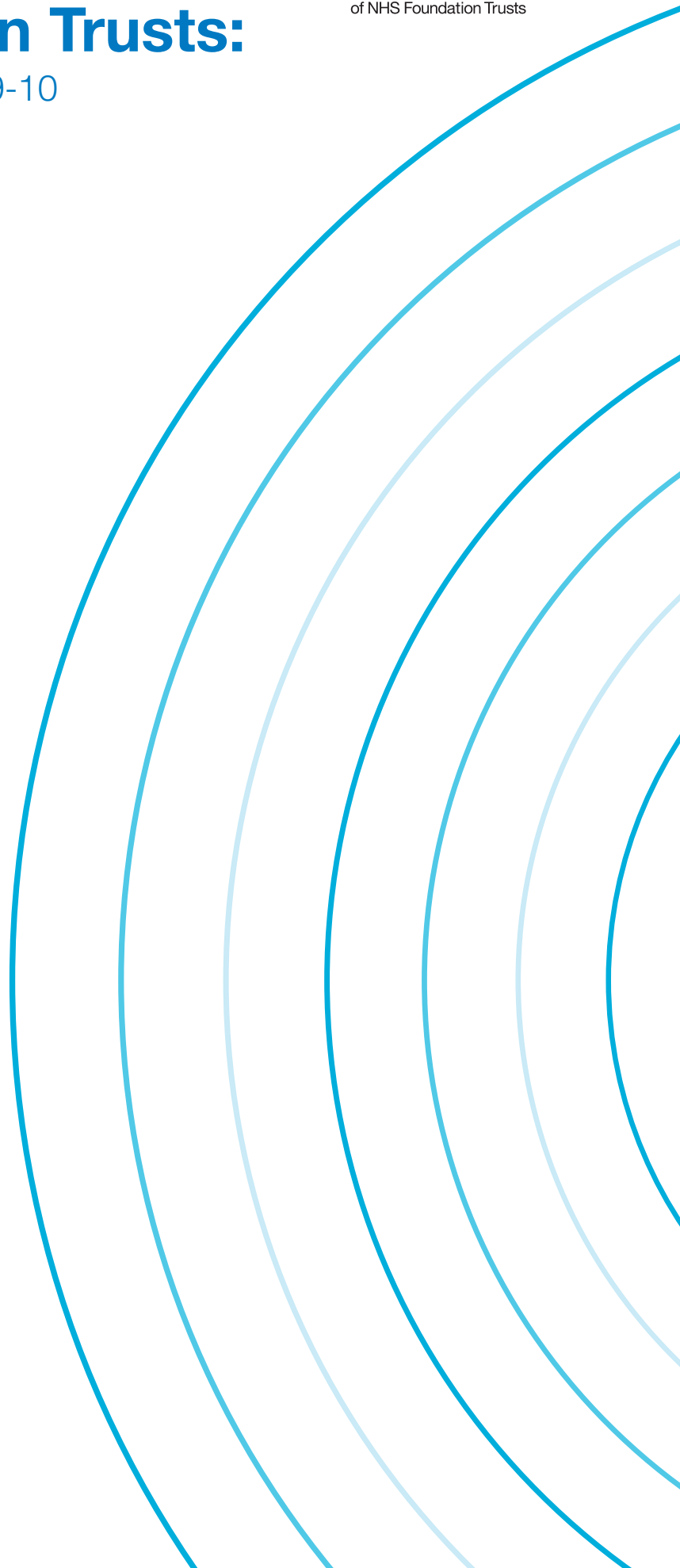


NHS Foundation Trusts: Consolidated Accounts 2009-10



Monitor - Independent Regulator of NHS Foundation Trusts

NHS Foundation Trusts: Consolidated Accounts 2009-10 1 April 2009 - 31 March 2010

Presented to Parliament pursuant to Schedule 8, paragraph 11(5)(a) of the National Health Service Act 2006.

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Foreword

Monitor, Independent Regulator of NHS Foundation Trusts is responsible for authorising, monitoring and regulating NHS foundation trusts and was established under the Health and Social Care (Community Health and Standards) Act 2003. This act was repealed on 1 March 2007 and re-enacted on that date in a consolidating act, the National Health Service Act 2006 (the Act).

Paragraph 25(6)(a) of Schedule 7 to the Act requires newly authorised NHS foundation trusts to prepare accounts for the period beginning with the date on which they are authorised and ending with the following 31 March, and to submit them to Monitor. These accounts must be audited by auditors appointed by the NHS foundation trust's board of governors.

Paragraph 11(3) of Schedule 8 to the Act requires Monitor to prepare a report which provides an overall summary of the accounts of NHS foundation trusts, lay this before Parliament and send a copy to the Secretary of State for Health. There is no specification as to the nature of this summary and no requirement for an audit of this summary. However, in order to ensure the transparency and accuracy of its report, Monitor has prepared a full consolidation of the accounts of NHS foundation trusts and has requested the Comptroller and Auditor General to audit the consolidated accounts presented in this report. As far as Monitor's accounting officer, Dr David Bennett, is aware, there is no relevant audit information of which the entity's auditors are unaware. The accounting officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of this information.

The accounts presented in this report have been prepared from a consolidation of the audited accounts submitted by the 129 individual NHS foundation trusts which were authorised by Monitor prior to 31 March 2010. The dates of authorisation of these and periods of inclusion in the consolidated accounts presented in this report are as follows:

Authorised prior to 31 March 2008 and consolidated for the year ended 31 March 2009 and the year ended 31 March 2010:

- 2gether NHS Foundation Trust
- Aintree University Hospitals NHS Foundation Trust
- Barnsley Hospital NHS Foundation Trust
- Basildon and Thurrock University Hospitals NHS Foundation Trust
- Basingstoke and North Hampshire NHS Foundation Trust
- Berkshire Healthcare NHS Foundation Trust
- Birmingham Children's Hospital NHS Foundation Trust
- Birmingham Women's NHS Foundation Trust
- Blackpool, Fylde And Wyre Hospitals NHS Foundation Trust
- Bradford Teaching Hospitals NHS Foundation Trust
- Calderdale and Huddersfield NHS Foundation Trust
- Cambridge University Hospitals NHS Foundation Trust
- Camden and Islington NHS Foundation Trust
- Central and North West London NHS Foundation Trust
- Chelsea and Westminster Hospital NHS Foundation Trust
- Cheshire and Wirral Partnership NHS Foundation Trust
- Chesterfield Royal Hospital NHS Foundation Trust
- City Hospitals Sunderland NHS Foundation Trust
- Clatterbridge Centre for Oncology NHS Foundation Trust
- Countess of Chester Hospital NHS Foundation Trust

- County Durham and Darlington NHS Foundation Trust
- Cumbria Partnership NHS Foundation Trust
- Derby Hospitals NHS Foundation Trust
- Doncaster and Bassetlaw Hospitals NHS Foundation Trust
- Dorset County Hospital NHS Foundation Trust
- Dorset Healthcare NHS Foundation Trust
- East London NHS Foundation Trust
- Frimley Park Hospital NHS Foundation Trust
- Gateshead Health NHS Foundation Trust
- Gloucestershire Hospitals NHS Foundation Trust
- Greater Manchester West Mental Health Foundation Trust
- Guy's and St Thomas' NHS Foundation Trust
- Harrogate and District NHS Foundation Trust
- Heart of England NHS Foundation Trust
- Heatherwood and Wexham Park Hospitals NHS Foundation Trust
- Hertfordshire Partnership NHS Foundation Trust
- Homerton University Hospital NHS Foundation Trust
- James Paget University Hospitals NHS Foundation Trust
- King's College Hospital NHS Foundation Trust
- Lancashire Care NHS Foundation Trust
- Lancashire Teaching Hospitals NHS Foundation Trust
- Leeds Partnerships NHS Foundation Trust
- Lincolnshire Partnership NHS Foundation Trust
- Liverpool Women's NHS Foundation Trust
- Luton and Dunstable Hospital NHS Foundation Trust
- Mid Staffordshire NHS Foundation Trust
- Milton Keynes Hospital NHS Foundation Trust
- Moorfields Eye Hospital NHS Foundation Trust
- Norfolk and Waveney Mental Health NHS Foundation Trust
- North Essex Partnership NHS Foundation Trust
- North Tees and Hartlepool NHS Foundation Trust
- Northern Lincolnshire and Goole Hospitals NHS Foundation Trust
- Northumbria Healthcare NHS Foundation Trust
- Oxleas NHS Foundation Trust
- Papworth Hospital NHS Foundation Trust
- Peterborough and Stamford Hospitals NHS Foundation Trust
- Poole Hospital NHS Foundation Trust
- Queen Victoria Hospital NHS Foundation Trust
- Rotherham Doncaster and South Humber Mental Health NHS Foundation Trust
- Royal Berkshire NHS Foundation Trust
- Royal Devon and Exeter NHS Foundation Trust
- Royal National Hospital for Rheumatic Diseases NHS Foundation Trust
- Salford Royal NHS Foundation Trust
- Salisbury NHS Foundation Trust
- Sheffield Children's NHS Foundation Trust
- Sheffield Teaching Hospitals NHS Foundation Trust
- Sherwood Forest Hospitals NHS Foundation Trust
- South Devon Healthcare NHS Foundation Trust
- South Essex Partnership University NHS Foundation Trust
- South London and Maudsley NHS Foundation Trust
- South Staffordshire and Shropshire Healthcare NHS Foundation Trust
- Southend University Hospital NHS Foundation Trust

- South Tyneside NHS Foundation Trust
- Stockport NHS Foundation Trust
- Tameside Hospital NHS Foundation Trust
- Taunton and Somerset NHS Foundation Trust
- Tavistock and Portman NHS Foundation Trust
- The Christie NHS Foundation Trust
- The Newcastle upon Tyne Hospitals NHS Foundation Trust
- The Rotherham NHS Foundation Trust
- The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust
- The Royal Marsden NHS Foundation Trust
- The Royal Orthopaedic Hospital NHS Foundation Trust
- University College London Hospitals NHS Foundation Trust
- University Hospital of South Manchester NHS Foundation Trust
- University Hospitals Birmingham NHS Foundation Trust
- Wirral University Teaching Hospital NHS Foundation Trust
- Yeovil District Hospital NHS Foundation Trust
- York Hospitals NHS Foundation Trust

Authorised on 1 April 2008 and consolidated for the year ended 31 March 2009 and the year ended 31 March 2010:

- Medway NHS Foundation Trust
- Mid Cheshire Hospitals NHS Foundation Trust
- Oxfordshire and Buckinghamshire Mental Health NHS Foundation Trust

Authorised on 1 May 2008 and consolidated for the 11 month period ended 31 March 2009 and the year ended 31 March 2010:

- Colchester Hospital University NHS Foundation Trust
- Norfolk and Norwich University Hospitals NHS Foundation Trust
- Somerset Partnership NHS Foundation Trust
- Surrey and Borders Partnership NHS Foundation Trust

Authorised on 1 June 2008 and consolidated for the 10 month period ended 31 March 2009 and the year ended 31 March 2010:

- Cambridgeshire and Peterborough NHS Foundation Trust
- North East London NHS Foundation Trust
- University Hospitals Bristol NHS Foundation Trust

Authorised on 1 July 2008 and consolidated for the 9 month period ended 31 March 2009 and the year ended 31 March 2010:

- Birmingham and Solihull Mental Health NHS Foundation Trust
- Pennine Care NHS Foundation Trust
- Sheffield Health & Social Care NHS Foundation Trust
- Tees, Esk and Wear Valleys NHS Foundation Trust

Authorised on 1 August 2008 and consolidated for the 8 month period ended 31 March 2009 and the year ended 31 March 2010:

- Alder Hey Children's NHS Foundation Trust
- Sussex Partnership NHS Foundation Trust

Authorised on 1 October 2008 and consolidated for the 6 month period ended 31 March 2009 and the year ended 31 March 2010:

- Royal Bolton Hospital NHS Foundation Trust

- The Dudley Group of Hospitals NHS Foundation Trust

Authorised on 1 November 2008 and consolidated for the 5 month period ended 31 March 2009 and the year ended 31 March 2010:

- Burton Hospitals NHS Foundation Trust
- Kettering General Hospital NHS Foundation Trust

Authorised on 1 December 2008 and consolidated for the 4 month period ended 31 March 2009 and the year ended 31 March 2010:

- Great Western Hospitals NHS Foundation Trust
- Warrington and Halton Hospitals NHS Foundation Trust
- Wrightington, Wigan and Leigh NHS Foundation Trust

Authorised on 1 January 2009 and consolidated for the 3 month period ended 31 March 2009 and the year ended 31 March 2010:

- Central Manchester University Hospitals NHS Foundation Trust

Authorised on 1 February 2009 and consolidated for the 2 month period ended 31 March 2009 and the year ended 31 March 2010:

- Sandwell Mental Health and Social Care NHS Foundation Trust

Authorised on 1 March 2009 and consolidated for the 1 month period ended 31 March 2009 and the year ended 31 March 2010:

- East Kent Hospitals University NHS Foundation Trust

Authorised on 1 April 2009 and consolidated for the year ended 31 March 2010:

- Calderstones Partnership NHS Foundation Trust
- Hampshire Partnership NHS Foundation Trust

Authorised on 1 May 2009 and consolidated for the 11 month period ended 31 March 2010:

- Northamptonshire Healthcare NHS Foundation Trust
- South Tees Hospitals NHS Foundation Trust
- South West Yorkshire Partnership NHS Foundation Trust

Authorised on 1 June 2009 and consolidated for the 10 month period ended 31 March 2010:

- Royal Brompton & Harefield NHS Foundation Trust

Authorised on 1 August 2009 and consolidated for the 8 month period ended 31 March 2010:

- The Walton Centre NHS Foundation Trust

Authorised on 1 December 2009 and consolidated for the 4 month period ended 31 March 2010:

- Liverpool Heart and Chest Hospital NHS Foundation Trust
- Northumberland, Tyne & Wear NHS Foundation Trust
- Royal Surrey County Hospital NHS Foundation Trust

Authorised on 1 February 2010 and consolidated for the 2 month period ended 31 March 2010:

- Humber NHS Foundation Trust

Authorised on 1 March 2010 and consolidated for the 1 month period ended 31 March 2010:

- 5 Boroughs Partnership NHS Foundation Trust

- Cornwall Partnership NHS Foundation Trust
- South Warwickshire NHS Foundation Trust

Review of NHS foundation trust performance 2009-10

A challenging year for the sector in a tough economic environment

Overview

2009-10 has seen the introduction of International Financial Reporting Standards for the NHS foundation trust sector. The most significant impact of the change to IFRS is the treatment of Private Finance Initiative (PFI) projects which under UK GAAP were largely reported as operating leases. Under IFRS these schemes are treated like finance leases and therefore there is an adjustment to bring both the debt associated with the project and the fixed asset onto the balance sheet. Prior year comparisons have been restated to IFRS to ensure a consistent comparison.

In the year to 31 March 2010, 129 NHS foundation trusts generated total revenues of £27.9 billion, an increase of 22.5% on the previous year for 115 NHS foundation trusts. The increase being driven by new NHS foundation trusts authorised in year, the impact of price inflation and increased activity levels. In the year, these trusts generated a surplus before impairments of £356.1 million, a decrease of £132 million compared to 2008-09. The decline in surplus despite the increase in revenues is driven by pressure on operating margins and increased depreciation and interest charges largely attributable to the additional property plant and equipment and borrowings associated with new PFI projects opened in the year.

The operating surplus before impairment was £1.052 billion (3.8% of total income) compared with £1.042 billion (or 4.6%) in 2008-09.

Total cash and cash equivalents amounted to £2.9 billion at 31 March 2010, an increase of £258.8 million since 31 March 2009. Capital expenditure (after offsetting receipts from the sale of tangible assets) amounted to £1.5 billion. This represents an increase of £298.6 million compared with the previous year, and £578.6 million more than depreciation charged in the year.

The results for the year show a stable performance for the majority of foundation trusts as 114 out of 129 NHS foundation trusts (88%) generated an operating surplus for the year before charges for impairments. The total of these deficits was £52.6 million with no individual deficit greater than £9.9 million (4.4% of the foundation trust's total income). Five trusts reported a financial risk rating of 2 at 31 March 2010 (2008-09: 2 trusts) and two trusts were rated 1 (the lowest risk rating) for financial risk (2008-09: 1 trust).

Impact of impairments

In 2009-10 property, plant and equipment was impaired by £2.5 billion (net) (with £1.1 billion charged to operating expenses and £1.4 billion to the Revaluation Reserve), a total increase of £1.3 billion from 2008-09. The significant increase in impairments largely results from a further fall in property prices and building costs coupled with the change in methodology used to value specialist assets from an existing use basis to a Modern Equivalent Asset basis. This change in methodology results in lower asset values where (a) the existing buildings are very old and therefore would cost more to recreate than a modern hospital; and (b) for land where an alternative cheaper site is valued, or where a lower value for the existing site is used because the footprint of the site is larger than what would be purchased afresh. In addition, the recognition criteria of PFI assets under IFRS has led to an increase in the asset base needing to be valued and impaired and several large impairments were recognised on PFI assets becoming operational in 2009-10.

Of the £2.5 billion of net impairments charged to the Consolidated Statement of Comprehensive Income, £804.7 million (31.9%) relate to foundation trusts with significant PFI schemes namely, Central Manchester University Hospitals NHS Foundation Trust (£185.0 million); Derby Hospitals NHS Foundation Trust (£96.3 million); Sheffield Teaching Hospitals NHS Foundation Trust (£167.5 million); Tees, Esk and Wear Valleys NHS Foundation Trust (£58.3 million); The Newcastle Upon Tyne Hospitals NHS Foundation Trust (£74.7 million); County Durham and Darlington NHS Foundation Trust (£146.7 million); and University Hospitals Bristol NHS Foundation Trust (£76.2 million).

After the impact of £1.1 billion of net impairments charged in year to the Statement of Comprehensive Income, the net deficit for the year was £765.3 million compared with a net surplus of £174.7 million in 2008-09 and the total comprehensive loss was £2.2 billion compared with £727.6 million deficit in 2008-09.

Operating efficiency

During the year the overall operating performance of NHS foundation trusts was affected by higher than planned activity, although the expected financial benefit of this activity was diluted to an extent by the additional cost of its delivery through the use of more expensive resources. As with last year, the expected financial benefits were restricted by the use of agency staff to ensure that national healthcare targets were met, particularly in the provision of accident and emergency services and the delivery of 18-weeks waiting times targets.

In the year, total revenues exceeded plan by £0.7 billion, whilst combined pay, drug and other operating costs were also above plan by £0.8 billion in total.

In aggregate, EBITDA (earnings before interest, tax, depreciation and amortisation), a proxy for overall operating efficiency, decreased from 8.1% (IFRS restated) in 2008-09 to 7.1% in 2009-10, a 12% decline. Whilst at the same time incurring the additional costs to meet contractual service performance requirements mentioned above, NHS foundation trusts are finding it more difficult to deliver the cost improvement programmes they planned to achieve.

The number of receivables days at 19.2 days (2008: 21.5 days) and payables days at 39.2 days (2008: 34.2 days) remained reasonably consistent between years but indicates that trusts managed their working capital slightly better.

Net Finance Costs

Net finance costs increased by £142.4 million in the year, from £554.1 million in 2008-09 to £696.5 million in 2009-10. This increase is driven by the impact of increased interest charges associated with new borrowings largely as a result of new PFI projects opening in the year. This is partially offset by a £31 million reduction in public dividend capital dividends caused by the impact of reduced asset values in light of impairments charged in the year. This is also expected to be beneficial in cash flow terms in 2010-11 due to the additional impairments recognised at the end of 2009-10 upon which the 2010-11 Public Dividend Capital dividend calculation is, in part, based.

Cash balances and borrowing

Total cash balances amounted to £2.9 billion as at 31 March 2010. Of this, £2.7 billion was held with the Government Banking Service as at the year end.

Aggregate cash balances were £518 million ahead of plan for the year, principally due to £533 million lower than planned capital expenditure.

Total long term and working capital borrowing at 31 March 2010 was £3.1 billion (2009: £2.2 billion), which compares with the aggregate prudential borrowing limit for all NHS foundation trusts of £10.7 billion (2009: £6.9 billion). The £0.9 billion increase in borrowing arises from loans associated with new PFI projects coming on balance sheet in the year and £165.2 million increase in loans from the Foundation Trust Financing Facility. The prudential borrowing limit is set at the beginning of the year by Monitor for each NHS foundation trust in accordance with the Prudential Borrowing Code, and represents the maximum that each trust can borrow.

Capital expenditure

Total gross capital expenditure in the year amounted to £1.5 billion (2008: £1.3 billion), which was offset in part by receipts from the sale of assets which amounted to £45.0 million (2008: £74.5 million).

Total capital expenditure was £533 million (25%) below plan. This compares with a shortfall against plan in 2008-09 of 21%. However, NHS foundation trusts continue to invest in their estates at levels significantly ahead of the depreciation charges in the year.

Looking forward

The overall financial position and key indicator trends continued to decline in 2009-10. This in part reflects the financial challenges of meeting contractual obligations whilst at the same time treating higher than planned activity levels. In addition, this year has seen a slippage on the delivery of planned efficiency programmes and more contractual disputes with commissioners. As funding growth slows slightly in future years in line with recent Budget announcements and the impending spending review in the Autumn, and in the absence of sufficient productivity and efficiency gains, these trends can be expected to continue. The main financial challenges facing NHS foundation trusts are whether they can plan and successfully implement efficiencies in advance of these known financial pressures, whilst maintaining and improving the quality of the care they provide for their patients. The liquidity position of the sector is still expected to remain relatively robust.

Monitor has responded to the increased financial pressure on the sector by enhancing the Compliance Framework for 2010-11. Foundation trusts are now required to self-certify at each quarter end that they will maintain an FRR of 3 or greater for the forthcoming 12 months. Where trusts are unable to self-certify this requirement, they will be subject to greater scrutiny from Monitor to assess the prospective financial risks.

Whilst there has been limited merger and acquisition activity to date, we expect this to increase due to the Transforming Community Services programme, with some foundation trusts taking over community service providers from PCTs.

Finally, with ongoing uncertainty in the capital markets, the availability of funding for significant projects is likely to remain uncertain. The effect of this will be a likely increased focus on smaller scale but important capital projects funded by lower levels of private sector debt.

All NHS foundation trusts are required to meet the above challenges and changes, whilst continuing to provide a high quality of care from a financially secure platform. To do this, NHS foundation trusts must continue to generate, retain and then invest surpluses in services and assets to support their overall strategy.

Dr David Bennett
Interim Chief Executive
15 July 2010

Statement of responsibilities and accountability framework

Dr David Bennett is the Interim Chief Executive and Accounting Officer of Monitor. In this capacity, under paragraph 11(3) of Schedule 8 to the National Health Service Act 2006, he is responsible for ensuring that Monitor prepares a report which provides an overall summary of the accounts of NHS foundation trusts to lay before Parliament. He is not the accounting officer for each individual NHS foundation trust; this is the role of each NHS foundation trust chief executive. Monitor is responsible for determining, with the approval of HM Treasury, the form of accounts that each NHS foundation trust must adopt. This is described within the *NHS Foundation Trust Annual Reporting Manual*, which is based on HM Treasury's *Financial Reporting Manual*. The manual specifically requires:

- the application of suitable accounting policies on a consistent basis;
- judgements and estimates to be made on a reasonable basis;
- a statement within the accounts as to whether applicable accounting standards have been followed, and to disclose and explain any material departures; and
- the preparation of the accounts on a going concern basis.

In discharging its responsibilities under paragraph 11(3) of Schedule 8 to the National Health Services Act 2006, Monitor has prepared a consolidated account on a basis consistent with the individual NHS foundation trusts' accounts and consolidated in accordance with International Financial Reporting Standards (IFRS).

Statement on Internal Control

Monitor's system of internal control is designed to support the achievement of Monitor's policies, aims and objectives. As part of this system, Monitor has established the following processes to ensure these accounts provide a true and fair view of the NHS foundation trust sector:

- providing guidance to NHS foundation trusts and their auditors, including consolidation processes, through the Foundation Trust Annual Reporting Manual. This has been approved by HM Treasury;
- establishing the Technical Issues Forum, to which senior representatives from the National Audit Office, the Audit Commission, HM Treasury and from each of the audit suppliers appointed as auditors of NHS foundation trusts are invited. The forum members discuss technical audit and accounting issues relating to NHS foundation trusts. The forum's terms of reference and minutes are published on Monitor's website;
- relying on the external auditors appointed by each NHS foundation trust's board of governors to ensure the truth and fairness of each set of accounts that have been consolidated into these accounts. These auditors have each undertaken an audit in accordance with the *Audit Code for NHS Foundation Trusts*, issued by Monitor;
- the appointment of the Quality Assurance Directorate of the Institute of Chartered Accountants in England and Wales to undertake a review of the quality of the work of these auditors and consideration of their findings;
- the appointment of the Comptroller and Auditor General to undertake an audit of the consolidated accounts presented in this report; and
- consideration by Monitor's management and Audit Committee of the consolidated accounts and the processes established to derive them.

The Board of Monitor is not accountable for the internal control of NHS foundation trusts and systems; this is the responsibility of each NHS foundation trust's board. As accounting officer, the chief executive of each NHS foundation trust has responsibility for maintaining a sound system of internal control that supports the achievement of that NHS foundation trust's policies, aims and objectives. In addition the chief executive has responsibility for safeguarding public funds and the organisation's assets as set out in the *NHS Foundation Trusts' Accounting Officer Memorandum*.

Each NHS foundation trust's annual report and accounts, which they lay before Parliament, includes a statement on internal control for the year ended 31 March 2010. These statements confirmed that all the NHS foundation trusts had adequate systems of internal control in place for the financial year 2009-10 and up to the dates of approval of their annual reports and accounts with the exception of Mid Staffordshire NHS Foundation Trust where the system on internal control was not in place for the whole year but was in place at the 31 March 2010 and up to the date of approval for the annual report and accounts. Each individual statement on internal control explains how the accounting officer has reviewed the effectiveness of internal control during the period and highlights any significant control issues, where the risk cannot be effectively controlled.

Overview of internal control systems within NHS foundation trusts

Generally NHS foundation trusts have reported continued improvement in their internal control systems during 2009-10, including:

- further development of a risk-based approach to the identification and early rectification of potential problems; and
- compliance with the climate change and adaptation requirements under the Climate Change Act 2008.

As in the previous year, in 2009-10 the majority of NHS foundation trusts reported continued focus on further development of internal control systems, including:

- further enhancement and embedding of information governance assurance programmes; and
- system improvements to contribute to the achievement of key healthcare targets including MRSA year-on-year reductions, cancer and other waiting times.

Individual NHS foundation trusts have acknowledged that internal control issues contributed to some difficulties in meeting key healthcare targets during the year.

Governance

NHS foundation trusts are given quarterly ratings by Monitor in relation to governance, financial risk and the provision of mandatory services. Up to date information on the ratings of all NHS foundation trusts can be found on Monitor's website on <http://www.monitor-nhsft.gov.uk/>. As at the 31 March 2010, 21 trusts were assigned red governance ratings, the lowest rating for governance risk, with 13 of these trusts in significant breach of their terms of Authorisation.

Monitor believes that boards of all NHS foundation trusts should not only consider the direct action required to ensure that their trusts achieve all healthcare targets and national core standards, but also look carefully at the processes and systems by which they consider and report as to their anticipated achievement in the future.

Looking forwards to 2010-11, Monitor has responded to the increased number of governance issues by redesigning its structure for rating governance risk, incorporating an additional measure of emerging risks, so as to more closely reflect an escalation of risk towards a potential significant breach of the terms of Authorisation.

Financial

During 2009-10, NHS foundation trusts have planned for the financial pressures building within the NHS in current and future years.

Monitor's financial risk ratings (FRR) reflect the likelihood of a financial breach of the terms of Authorisation. A rating of 5 reflects the lowest level of financial risk and a rating of 1 the greatest risk. Two NHS foundation trusts had an FRR of 1 and five had an FRR of 2 as at 31 March 2010. Where appropriate they have developed financial recovery plans that are in the process of being implemented.

Use of formal powers of intervention

Monitor formally intervened at five NHS foundation trusts during the year, having been previously found in significant breach, with the aim of improving the underlying governance of the trusts such that a turnaround plan can be put into action. The trusts affected were:

- Milton Keynes Hospital NHS FT to require the trust to appoint external expert clinical advisers to assist it in accelerating the delivery of necessary improvements within its maternity service;
- Basildon and Thurrock University NHS FT due to the poor cleaning standards seen in the A&E department during an unannounced inspection visit and a high hospital mortality risk index were the two most significant factors. Monitor required the trust to appoint external advisers, put in place key performance indicators to demonstrate progress and strengthen senior clinical leadership. Subsequently, Monitor put in place a taskforce at the trust to work closely with the trust Board, with Dr Edward Baker, Medical Director at Guy's and St Thomas' NHS Foundation Trust, leading the medical input, and Louise Boden, Chief Nurse at University College London Hospital NHS Foundation Trust, leading the nursing input;
- Dorset County NHS FT due to a deficit position, which represented a serious deterioration against its planned financial position. Monitor appointed Jeffrey Ellwood as Interim Chair, following the resignation of the previous Chair, and to require the Members' Council to commence immediately its formal recruitment process to appoint a Chair;
- Colchester Hospitals University NHS FT due to evidence of poor planning, a persistently high HSMR, poor national survey results and breaches of A&E, 18 weeks and cancer targets, and MRSA screening. Monitor used its formal powers of intervention to remove the trust Chair and appoint Sir Peter Dixon as Interim Chair; and
- Heatherwood and Wrexham Park NHS FT due to a rapid decline in financial and operational performance during quarter 4 in 2008/09. Monitor appointed an Interim Chair, following the Chair's decision to stand down and to direct the trust to appoint an Interim Medical Director in the absence of a substantive appointee to that executive position on the trust's board.

Review of individual statements on internal control

The following additional internal control weaknesses were experienced by NHS foundation trusts during the financial year, as reflected in their individual statements on internal control. Weaknesses that are material in the context of the consolidation are included here; other, less significant weaknesses can be found in the statements on internal control of the individual NHS foundation trusts.

Use of Resources

Five NHS foundation trusts received qualified Use of Resource opinions from their external auditors for the year ended 31 March 2010:

- Heatherwood and Wrexham Park Hospitals NHS Foundation Trust – while the NHS foundation trust's external auditors report that the accounts themselves provide a true and fair view of financial performance for the year, they have issued a qualified Use of Resources conclusion. This opinion relates to the scale of the deficit reported, and the ongoing work to resolve funding support for the Trust in relation to the Turnaround Plan;
- Dorset County Hospital NHS Foundation Trust – this relates to the intervention by Monitor on the 29th October due to a serious deterioration against planned position;
- Basildon and Thurrock University Hospitals NHS Foundation Trust – this relates to the intervention by Monitor on the 26th November 2009 following a significant breach of the terms of Authorisation as a result of serious concerns around patient safety and experience;
- Royal National Hospital for Rheumatic Diseases NHS Foundation Trust – this relates to the prior year intervention by Monitor relating to poor financial governance; and
- Gloucestershire Hospitals NHS Foundation Trust – this relates to insufficient progress against key targets and deteriorating financial position.

Financial standing

Six of the foundation trusts have disclosed significant control issues relating to financial standing for 2009/10:

- Heatherwood and Wrexham Park Hospitals NHS Foundation Trust identified it faced major financial challenge; in June it developed a plan which indicated it would report an operational deficit of £9.9m;
- Dorset County Hospital NHS Foundation Trust began to project a deficit position during the early part of the year, which represented a serious deterioration against its planned position. This deterioration led to the formal intervention on 29 October by Monitor;
- Cambridge University Hospitals NHS Foundation Trust ended the financial year with an operational deficit of £3.4m, which was £4.6m below plan. This resulted from an increase in activity without a corresponding increase in income, as many of the activity pressures, such as variations in case mix and excess bed days, were not funded through contracts with commissioners;
- Mid Staffordshire NHS Foundation Trust reported a deficit of £4.7million;
- Poole Hospital NHS Foundation Trust incurred a deficit of £8.1million in 2009/2010. Entering into 2010/11, the Trust faces a very challenging financial position which requires the delivery of a £9.2million cost improvement programme (CIP) to achieve recurring financial balance; and
- York Hospitals NHS Foundation Trust reported a deficit of £5.5m.

Care Quality Commission self assessment

In the year the Care Quality Commission (CQC) required NHS foundation trusts to perform self assessments of their compliance with national core standards. A declaration of

compliance or breach is made by the NHS foundation trust. 31 NHS foundation trusts reported non-compliance with one or more of the self assessment requirements. All NHS foundation trusts have reported that action plans are in place to address these findings or have addressed the issue by 31 March 2010.

All NHS foundation trusts were required to have self assessed that they were compliant with conditions for registration as NHS healthcare providers by CQC or have action plans in place to address any possible issues surrounding self-assessment by the 31 March 2010. Twelve foundation trusts were subsequently registered with CQC with compliance conditions on 1 April 2010. The 12 NHS foundation trusts registered with compliance conditions are required by the CQC to put plans in place to address the areas of non-compliance within specified timescales.

Information Governance

Information governance remains a significant area of internal control weakness for a number of foundation trusts. A range of information governance incidents have been identified in the year; these include:

- losses and thefts of laptop computers containing patient information;
- losses of computer memory sticks containing patient information;
- losses of paper medical records; and
- accidental destruction of paper documents.

The following foundation trusts reported serious untoward instances in relation to data security in the year:

- | | |
|--|--|
| • Basingstoke and North Hampshire NHS Foundation Trust | • Newcastle Upon Tyne Hospitals NHS Foundation Trust |
| • Birmingham Children’s Hospital NHS Foundation Trust | • Northumbria Healthcare NHS Foundation Trust |
| • Birmingham and Solihull Mental Health NHS Foundation Trust | • Peterborough and Stamford Hospitals NHS Foundation Trust |
| • Bradford Teaching Hospitals NHS Foundation Trust | • Royal Orthopaedic Hospital NHS Foundation Trust |
| • Chesterfield Royal Hospital NHS Foundation Trust | • Sherwood Forest Hospitals NHS Foundation Trust |
| • Clatterbridge Centre for Oncology NHS Foundation Trust | • Southend University Hospitals NHS Foundation Trust |
| • Colchester Hospital University NHS Foundation Trust | • South Tees Hospitals NHS Foundation Trust |
| • Cumbria Partnership NHS Foundation Trust | • South West Yorkshire Partnership NHS Foundation Trust |
| • Heatherwood and Wrexham Park Hospital NHS Foundation Trust | • University College London Hospitals NHS Foundation Trust |
| • Lincolnshire Partnership NHS Foundation Trust | • Wrightington, Wigan & Leigh NHS Foundation Trust |

- Medway NHS Foundation Trust
- North East London NHS Foundation Trust

In all of the reported cases, NHS foundation trusts have stated that they have taken the appropriate disciplinary action, prepared and implemented action plans and continue to monitor risks.

Dr David Bennett
Interim Chief Executive
15 July 2010

Independent auditor's report to the Independent Regulator of NHS Foundation Trusts (Monitor)

I have audited the consolidated financial statements of NHS foundation trusts for the year ended 31 March 2010 in accordance with the letter of engagement dated 19 August 2005. These financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within the accounts.

Respective responsibilities of the Independent Regulator of NHS Foundation Trusts and auditor

As explained more fully in the statement of responsibilities and accountability framework Monitor is responsible for the preparation of a report which provides an overall summary of the accounts of NHS foundation trusts. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the NHS foundation trust sector as at 31 March 2010 and of its deficit, changes in taxpayer's equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Health Service Act 2006 and the accounting policies set out within the financial statements.

Opinion on other matters

In my opinion:

- the information given within the Annual Review, which comprises the 'Review of NHS foundation trust performance 2009-10', for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or

- the financial statements are not in agreement with the accounting records or returns;
or
- I have not received all of the information and explanations I require for my audit.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

16 July 2010

Consolidated Statement of Comprehensive Income

Year ended 31 March 2010

	Note	2009-10			2008-09 (Restated)		
		Before impairments (£ million)	Impairments (£ million)	After impairments (£ million)	Before impairments (£ million)	Impairments (£ million)	After impairments (£ million)
Operating income	3 & 4	27,890.6		27,890.6	22,765.2		22,765.2
Operating expenses	5	(26,838.3)	(1,121.4)	(27,959.7)	(21,723.5)	(313.4)	(22,036.9)
Operating surplus/(deficit)		1,052.3	(1,121.4)	(69.1)	1,041.7	(313.4)	728.3
Finance costs							
Finance income	12	20.5		20.5	114.1		114.1
Finance expense	13	(257.5)		(257.5)	(177.9)		(177.9)
Unwinding of discount on provisions		(4.1)		(4.1)	(3.9)		(3.9)
PDC dividends payable		(455.4)		(455.4)	(486.4)		(486.4)
Net finance costs		(696.5)		(696.5)	(554.1)		(554.1)
Share of profit of Associates/Joint Ventures accounted for using the equity method							
		0.3		0.3	(0.1)		(0.1)
Surplus/(deficit) after tax from continuing operations							
		356.1	(1,121.4)	(765.3)	487.5	(313.4)	174.1
Deficit of discontinued operations and the gain/(loss) on disposal of discontinued operations							
	14	0.0		0.0	0.6		0.6
Surplus/(deficit) for the year							
		356.1	(1,121.4)	(765.3)	488.1	(313.4)	174.7
Other comprehensive income							
Revaluation gains/(losses) and impairment losses on intangible assets		0.2		0.2	0.5		0.5
Revaluation gains/(losses) and impairment losses on property, plant and equipment		(80.2)	(1,348.0)	(1,428.2)	67.9	(897.6)	(829.7)
Revaluation gains/(losses) and impairment losses arising from classifying non-current assets as Assets Held for Sale		(7.6)		(7.6)	0.3		0.3
Increase in the donated asset reserve due to receipt of donated assets		84.5		84.5	55.7		55.7
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal of donated assets		(35.9)	(46.1)	(82.0)	(67.4)	(28.1)	(95.5)
Additions/(reduction) in Other Reserves		(0.7)		(0.7)	(6.8)		(6.8)
Other recognised gains and losses		3.7		3.7	1.4		1.4
Actuarial gains on defined benefit pension schemes		0.0		0.0	0.2		0.2
Total Comprehensive Income and Expense for the Year							
		320.1	(2,515.5)	(2,195.4)	539.9	(1,239.1)	(699.2)
Prior period adjustments		(5.3)		(5.3)	(28.4)		(28.4)
Total Comprehensive Income and Expense for the Year							
		314.8	(2,515.5)	(2,200.7)	511.5	(1,239.1)	(727.6)
Allocation of profits for the periods							
(a) Surplus for the period attributable to:							
(i) minority interest; and				0.0			0.1
(ii) owners of the parent.				(765.3)			174.6
Total				(765.3)			174.7
(b) Total comprehensive income for the period attributable to:							
(i) minority interest; and				0.1			0.1
(ii) owners of the parent.				(2,200.8)			(727.7)
Total				(2,200.7)			(727.6)

Prior year comparatives have been restated to take account of prior year adjustments set out in Note 39 and adjustments arising from the implementation of IFRS set out in Note 41.

The notes on pages 28 to 82 form part of these accounts.

Consolidated Statement of Financial Position

	Note	31 Mar 2010 (£ million)	Restated 31 Mar 2009 (£ million)	Restated 01 Apr 2008 (£ million)
Non-current assets				
Intangible assets	15	131.9	100.5	59.3
Property, plant and equipment	16	18,262.2	18,105.6	14,018.1
Investment Property	17	40.0	17.1	10.6
Investments in associates and jointly controlled operations	17	0.1	0.1	0.0
Trade and other receivables	21	185.8	163.8	99.5
Other assets		34.7	21.0	5.0
Total non-current assets		18,654.7	18,408.1	14,192.5
Current assets				
Inventories	20.1	364.4	296.7	222.4
Trade and other receivables	21.1	1,371.3	1,151.4	852.6
Other financial assets	22	34.2	153.9	166.8
Tax receivables	21.1	3.6	3.4	1.9
Non-current assets for sale and assets in disposal groups	23	62.7	45.9	87.1
Cash and cash equivalents	24	2,861.1	2,602.3	2,100.7
Total current assets		4,697.3	4,253.6	3,431.5
Current liabilities				
Trade and other payables	25.1	(2,369.4)	(2,113.7)	(1,723.7)
Borrowings	26.1	(164.5)	(80.6)	(50.6)
Other financial liabilities		(2.0)	(1.7)	(0.0)
Provisions	27	(136.8)	(131.3)	(144.1)
Tax payables	25.1	(294.0)	(260.6)	(179.8)
Other liabilities	28	(450.0)	(383.1)	(332.7)
Total current liabilities		(3,416.7)	(2,971.0)	(2,430.9)
Total assets less current liabilities		19,935.3	19,690.7	15,193.1
Non-current liabilities				
Trade and other payables	25.1	(25.3)	(50.6)	(22.7)
Borrowings	26.1	(3,730.0)	(2,748.9)	(1,447.7)
Other financial liabilities		(3.7)	(1.2)	(0.0)
Provisions	27	(219.4)	(207.3)	(167.9)
Other liabilities	28	(170.7)	(144.9)	(85.2)
Total non-current liabilities		(4,149.1)	(3,152.9)	(1,723.5)
Total assets employed		15,786.2	16,537.8	13,469.6
Financed by taxpayers' equity				
Public dividend capital		11,100.1	10,055.0	7,803.3
Revaluation reserve		3,803.6	4,874.5	4,602.2
Donated asset reserve		739.7	749.9	727.9
Other reserves		65.2	39.2	5.8
Income and expenditure reserve		77.6	819.2	330.4
Total taxpayers' equity		15,786.2	16,537.8	13,469.6

Prior year comparatives have been restated to take account of prior year adjustments set out in Note 39 and adjustments arising from the implementation of IFRS set out in Note 41.

The notes on pages 28 to 82 form part of these accounts.

Dr David Bennett
Interim Chief Executive
15 July 2010

Consolidated Statement of Changes In Taxpayers' Equity

	Total (£ million)	Public Dividend Capital (£ million)	Revaluation Reserve (£ million)	Donated Assets Reserve (£ million)	Other Reserves (£ million)	Income and Expenditure Reserve (£ million)
Taxpayers' Equity at 1 April 2009 as previously stated	16,537.8	10,055.0	4,874.5	749.9	39.2	819.2
Prior Period Adjustment	0.9	0.0	10.5	0.3	0.0	(9.9)
Taxpayers' Equity at 1 April 2009 - restated	16,538.7	10,055.0	4,885.0	750.2	39.2	809.3
At start of period for new foundation trusts	1,334.2	944.5	369.8	28.0	30.9	(39.0)
Deficit for the year	(765.3)	0.0	0.0	0.0	0.0	(765.3)
Revaluation gains/(losses) and impairment losses on intangible assets	0.2	0.0	0.2	0.0	0.0	0.0
Revaluation gains/(losses) and impairment losses on property, plant and equipment	(1,428.2)	0.0	(1,378.3)	(42.0)	(3.7)	(4.2)
Revaluation gains/(losses) and impairment losses arising from classifying non-current assets as Assets Held for Sale	(7.6)	0.0	(8.1)	0.0	0.0	0.5
Increase in the donated asset reserve due to receipt of donated assets	84.5	0.0	0.0	84.5	0.0	0.0
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal of a donated asset	(82.0)	0.0	0.0	(82.0)	0.0	0.0
Additions/(reduction) in Other reserves	(0.7)	0.0	0.0	0.0	(0.8)	0.1
Other recognised gains and losses	3.7	0.0	0.0	0.0	0.0	3.7
Actuarial gains/(losses) on defined benefit pension schemes	0.0	0.0	0.0	0.0	0.5	(0.5)
Transfers to the income and expenditure account in respect of disposed assets	(6.5)	0.0	(23.1)	(0.2)	0.0	16.8
Transfer of the excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve	(0.4)	0.0	(52.3)	(0.5)	0.0	52.4
Public Dividend Capital received	121.1	121.1	0.0	0.0	0.0	0.0
Public Dividend Capital repaid	(20.5)	(20.5)	0.0	0.0	0.0	0.0
Other transfers between reserves	0.0	0.0	8.6	1.5	0.0	(10.1)
Movements on other reserves	15.0	0.0	1.8	0.2	(0.9)	13.9
Taxpayers' Equity at 31 March 2010	15,786.2	11,100.1	3,803.6	739.7	65.2	77.6

	Total	Public Dividend Capital	Revaluation Reserve	Donated Assets Reserve	Other Reserves	Income and Expenditure Reserve
	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
Taxpayers' Equity at 1 April 2008 as previously stated	13,472.2	7,803.3	4,604.6	727.8	5.8	330.7
Prior Period Adjustment	(2.6)	0.0	(2.4)	0.1	0.0	(0.3)
Taxpayers' Equity at 1 April 2008	13,469.6	7,803.3	4,602.2	727.9	5.8	330.4
At start of period for new foundation trusts	3,659.0	2,135.5	1,211.3	67.9	39.8	204.5
Surplus for the year	174.7	0.0	0.0	0.0	0.0	174.7
Revaluation gains/(losses) and impairment losses on intangible assets	0.5	0.0	0.5	0.0	0.0	0.0
Revaluation gains/(losses) and impairment losses on property, plant and equipment	(829.7)	0.0	(828.1)	(1.6)	0.0	0.0
Revaluation gains/(losses) and impairment losses arising from classifying non-current assets as Assets Held for Sale	0.3	0.0	0.3	0.0	0.0	0.0
Increase in the donated asset reserve due to receipt of donated assets	55.7	0.0	0.0	55.7	0.0	0.0
Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal of a donated asset	(95.5)	0.0	0.0	(95.5)	0.0	0.0
Additions/(reduction) in Other reserves	(6.8)	0.0	0.0	0.0	(7.2)	0.4
Other recognised gains and losses	1.4	0.0	0.0	0.0	0.0	1.4
Actuarial gains/(losses) on defined benefit pension schemes	0.2	0.0	0.0	0.0	0.0	0.2
Transfers to the income and expenditure account in respect of assets disposed of	(11.5)	0.0	(35.3)	(0.2)	0.0	24.0
Transfer of the excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve	9.3	0.0	(54.8)	0.0	0.0	64.1
Public Dividend Capital received	140.1	140.1	0.0	0.0	0.0	0.0
Public Dividend Capital repaid	(23.9)	(23.9)	0.0	0.0	0.0	0.0
Other transfers between reserves	0.0	0.0	(19.5)	1.2	(0.1)	18.4
Movements on other reserves	(5.6)	0.0	(2.1)	(5.5)	0.9	1.1
Taxpayers' Equity at 31 March 2009	16,537.8	10,055.0	4,874.5	749.9	39.2	819.2

The notes on pages 28 to 82 form part of these accounts.

Prior year comparatives have been restated to take account of prior year adjustments set out in Note 39 and adjustments arising from the implementation of IFRS set out in Note 41.

Public Dividend Capital

Public dividend capital is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS trust. A charge, reflecting the cost of capital utilised by the NHS foundation trust, is payable as Public Dividend Capital Dividend.

Revaluation Reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income.

Donated Assets Reserve

The value of assets donated to foundation trusts from non-government bodies are recognised at their fair value. The value is released over the life of the asset in order to neutralise the costs associated in holding the donated asset.

Other Reserves

This reserve reflects balances formed on the creation of predecessor NHS bodies and adjustments to Public Dividend Capital.

Income and Expenditure

The balance of this reserve is the accumulated surplus and deficits of the NHS foundation trust sector.

Consolidated Cash Flow Statement

Year ended 31 March 2010

	Note	2009-10 (£ million)	Restated 2008-09 (£ million)
Cash flows from operating activities			
Operating surplus/(deficit) from continuing operations		(69.1)	728.3
Operating surplus/(deficit) of discontinued operations		0.0	0.6
Operating surplus/(deficit)		(69.1)	728.9
Non-cash income and expense:			
Depreciation and amortisation		907.2	787.5
Impairments		1,135.8	323.4
Reversals of impairments		(12.2)	(7.7)
Transfer from the donated asset reserve		(82.0)	(95.5)
Amortisation of government grants		(0.7)	(0.5)
Amortisation of PFI credit		(0.7)	0.6
(Increase)/decrease in Trade and Other Receivables		(138.8)	(35.0)
(Increase)/decrease in Other Assets		(13.5)	(16.4)
(Increase)/decrease in Inventories		(41.4)	(21.3)
Increase/(decrease) in Trade and other Payables		107.2	100.5
Increase/(decrease) in Other Liabilities		68.4	(1.1)
Increase/(decrease) in Provisions		(13.1)	(58.2)
Tax (paid)/received		12.4	7.6
Movements in operating cash flow of discontinued operations		(0.2)	0.0
Other movements in operating cash flows		27.4	46.6
Net cash generated from/(used in) operations		1,886.7	1,759.4
Cash flows from investing activities			
Interest received		20.9	113.4
Purchase of financial assets		(895.1)	(2,114.5)
Sales of financial assets		1,015.8	2,151.7
Purchase of intangible assets		(42.8)	(19.8)
Purchase of property, plant and equipment		(1,488.0)	(1,241.9)
Sales of property, plant and equipment		45.0	74.5
Cash flows attributable to investing activities of discontinued operations		6.8	0.0
Net cash generated from/(used in) investing activities		(1,337.4)	(1,036.6)
Cash flows from financing activities			
Public dividend capital received		121.1	140.6
Public dividend capital repaid		(20.5)	(23.9)
Loans received		223.9	130.6
Loans repaid		(35.5)	(26.4)
Capital element of finance lease rental payments		(7.9)	(2.8)
Capital element of Private Finance Initiative Obligations		(62.2)	(36.1)
Interest paid		(14.2)	(9.8)
Interest element of finance lease		(32.3)	(32.1)
Interest element of Private Finance Initiative obligations		(205.1)	(125.3)
PDC dividend paid		(484.0)	(501.3)
Cash flows from (used in) other financing activities		59.7	35.2
Net cash generated from/(used in) financing activities		(457.0)	(451.3)
Increase/(decrease) in cash and cash equivalents		92.3	271.5
Cash and cash equivalents at 1 April		2,602.3	2,084.9
Cash and cash equivalents at start of period for new FTs		124.1	245.9
Cash and cash equivalents at 31 March	24	2,818.7	2,602.3

Prior year comparatives have been restated to take account of prior year adjustments set out in Note 39 and adjustments arising from the implementation of IFRS set out in Note 41.

Notes to the accounts

1 Accounting policies and other information

Paragraph 11(3) of Schedule 8 of the National Health Service Act 2006 requires Monitor to provide an overall summary of the accounts of NHS foundation trusts. Monitor has chosen to produce a consolidated account of NHS foundation trusts prepared on the accounting requirements in the *NHS Foundation Trust Annual Reporting Manual (FT ARM)*.

The accounting policies contained within the FT ARM are broadly consistent with those specified in HM Treasury's Financial Reporting Manual (FReM), which itself follows IFRS, to the extent that it is meaningful and appropriate in the public sector context. The FT ARM's divergences from the FReM are designed to ensure an appropriate financial reporting framework for the NHS foundation trust sector and have been approved by HM Treasury's Financial Reporting Advisory Board. The FT ARM's divergences from the FReM are listed within the manual.

Where NHS foundation trusts have discretion over their accounting policies Monitor has confirmed that any inconsistencies are immaterial to these accounts or adjustments have been made.

1.1 Consolidation

Basis of consolidation

This account aggregates the accounts of all NHS foundation trusts using the principles of International Financial Reporting Standards (IFRS). It presents the consolidated results of the NHS foundation trust sector after the elimination of all inter-NHS foundation trust balances and transactions. Monitor is not the parent undertaking for NHS foundation trusts and its results are not incorporated within these accounts. The accounts for Monitor are laid before Parliament separately.

This account only includes the figures of NHS foundation trusts from the date at which they were authorised as an NHS foundation trust. No comparative data for the periods prior to authorisation are included.

NHS foundation trusts have been included within these accounts using the acquisition method of accounting. Accordingly, transactions since the date of authorisation as an NHS foundation trust are consolidated into these accounts and transactions and balances relating to the predecessor NHS trust are not included.

Where an NHS foundation trust combines with another entity within the Whole of Government Accounts boundary (including other NHS foundation trusts and NHS trusts) this represents a 'machinery of government change.' The FT ARM states that these transactions fall within the 'Group Reconstruction' provisions of IFRS 3 and as a result are excluded from the scope of that standard. There is no IFRS standard that otherwise deals with accounting for group reconstructions and, as such, the FT ARM has followed the IAS 8 hierarchy to the selection of accounting policies and adopted merger accounting principles similar to those in FRS 6. This is in line with the FReM.

Subsidiaries

Subsidiary entities are those over which a trust has the power to exercise control or a dominant influence so as to gain economic or other benefits. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate

financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

The amounts consolidated are drawn from the published financial statements of the subsidiaries for the year, except where a subsidiary's financial year end is before 1 January or after 1 July, in which case the actual amounts for each month of the year to 31 March are obtained from the subsidiary and consolidated.

Where a subsidiary's accounting policies are not aligned with those of the foundation trust (including where they report under UK GAAP) amounts are adjusted during consolidation where the differences are material.

Subsidiaries which are classified as 'held for sale' are measured at the lower of their carrying value and 'fair value less costs to sell'.

Associates

Associate entities are those over which a trust has the power to exercise a significant influence. Associate entities are recognised in these financial statements using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the foundation trust's share of the entity's profit or loss or other gains and losses (e.g. revaluation gains on the entity's property, plant and equipment) following acquisition. It is also reduced when any distribution e.g. share dividends are received by the foundation trust from the associate.

Associates which are classified as 'held for sale' are measured at the lower of their carrying value and 'fair value less costs to sell'.

Joint ventures

Joint ventures are separate entities over which a foundation trust has joint control with one or more other parties. The meaning of control is the same as that for subsidiaries. Joint ventures are accounted for using the equity method. Joint ventures which are classified as 'held for sale' are measured at the lower of their carrying value and 'fair value less costs to sell'.

Joint operations

Joint operations are activities which are carried out with one or more other parties but which are not performed through a separate entity. A foundation trust's share of the activities, assets and liabilities of these joint operations are included in these financial statements.

1.2 Income

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

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred. Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

1.3 Expenditure on Employee Benefits

Short-term employee benefits

Salaries, wages and employment related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not

taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Pension costs

NHS Pension Scheme

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

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

Local Government Superannuation Scheme (LGPS)

Some foundation trust employees are members of the Local Government Superannuation Scheme which is a defined benefit pension scheme. The scheme assets and liabilities attributable to these employees can be identified, are recognised in the accounts of foundation trusts and are consolidated here.

The assets are measured at fair value and the liabilities at the present value of future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs.

Actuarial gains and losses during the year are recognised in the pensions reserve and reported in the Statement of Comprehensive Income as an item under 'other comprehensive income'.

Other pension schemes

Some foundation trusts have employees who are members of pension schemes other than the NHS Pension Scheme and the LGPS. These are listed below. For further details please refer to the individual foundation trust accounts.

Trust	Pension Scheme	Treatment in financial statements
Camden and Islington NHS Foundation Trust	London Borough of Islington Pension Scheme	Off Statement of Financial Position
Sandwell Mental Health and Social Care NHS Foundation Trust	West Midlands Metropolitan Authorities Pension Fund	On Statement of Financial Position
Sheffield Health and Social Care NHS Foundation Trust	South Yorkshire Pensions Authority	On Statement of Financial Position
The Tavistock and Portman NHS Foundation Trust	Teachers Pensions Scheme (England and Wales)	Off Statement of Financial Position

1.4 Expenditure on other goods and services

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

1.5 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the foundation trust;
- it is expected to be used for more than one financial year; and the cost of the item can be measured reliably; and
- the cost of the asset or group assets exceeds the local capitalisation threshold.

Foundation trusts may set their capitalisation threshold no higher than £5,000. Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

Measurement

Valuation

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

IAS 16 permits property, plant and equipment to be valued either at cost less accumulated depreciation or at a revalued amount, being fair value at the date of revaluation less subsequent depreciation and impairment. The FT ARM, in accordance with the FReM, does not allow foundation trusts to apply the historic cost model, except for assets which have a short useful economic life or low value or both.

All land and buildings are valued every five years to ensure the fair value is not misstated. Valuations are carried out by professional valuers 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 FReM. Interim revaluations are also carried out as necessary to ensure that the carrying amount of each asset does not differ materially from its fair value at the Statement of Financial Position date. The last full valuation was undertaken as at 1 April 2005 and reflected in the 2004/05 financial statements. Consequently foundation trusts were required to undertake a full professional valuation by 31 March 2010.

Application of Property Plant and Equipment accounting policy

At the previous full valuation, on 1 April 2005, foundation trusts' specialised use assets were valued on a Depreciated Replacement Cost (DRC) basis, assuming an exact reproduction of the existing asset in its present location. Since this date HM Treasury has adopted a standard approach to depreciated replacement cost valuations utilising the modern equivalent assets basis (MEA). The MEA method assumes that the existing asset would be replaced with a modern asset of equivalent capacity and function. This asset need not be restricted to the current location and thus, where it would meet the location requirements of the service being provided, an alternate site can instead be valued. In light of HM Treasury's move to the MEA approach Monitor required foundation trusts to apply MEA for specialised assets by 31 March 2010.

It is for individual foundation trusts to determine whether the alternative site approach is appropriate when undertaking an MEA based valuation, so to indicate the extent to which the alternative site approach has been applied across the sector, a table has been included below:

Net Book Value	Land	Buildings excluding dwellings	Dwellings
	£m	£m	£m
Modern Equivalent Asset (no Alternative Site)	2,366.0	9,804.3	149.7
Modern Equivalent Asset (Alternative Site)	487.2	2,491.6	30.7
Other Professional Valuations	146.4	167.6	22.2
Total	2,999.6	12,463.5	202.6

In 2008-09, 25 foundation trusts undertook valuations on an MEA basis which meant that they recorded impairments a year earlier than many other foundation trusts. To discharge its responsibilities to apply accounting policies consistently, Monitor selected the use of MEA as its chosen policy for specialised use assets for the 2008-09 financial year and this policy continues to apply in 2009-10. In 2008-09, Monitor estimated the impact of the consistent application of MEA would be a reduction of the reported surplus by approximately £82m, with a corresponding downward valuation of £179 million for land and £239 million for specialised buildings. Monitor elected not to make an adjustment to reflect this in the 2008-09 accounts on the grounds that it was not material.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised.

Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, Plant and Equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Revaluation and impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income.

Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
 - management are committed to a plan to sell the asset;
 - an active programme has begun to find a buyer and complete the sale;
 - the asset is being actively marketed at a reasonable price;
 - the sale is expected to be completed within 12 months of the date of classification as 'held for sale'; and
 - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met. Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated assets

Donated non-current assets are capitalised at their current value on receipt and this value is credited to the donated asset reserve. These 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 net book value of the donated asset is transferred from the donated asset reserve to the Income and Expenditure Reserve.

Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the foundation trust.

The underlying assets are recognised as property, plant and equipment at their fair value. An equivalent financial liability is recognised in accordance with IAS 17.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

1.6 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the foundation trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the foundation trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the foundation trust incurring the expense intends to complete the asset and sell or use it;
- that foundation trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the foundation trust to complete the development and sell or use the asset; and
- the foundation trust carrying out the development can measure reliably the expenses attributable to the asset during development.

Software

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently, intangible assets are measured at fair value. Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income. Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses. Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item under 'other comprehensive income'.

Intangible assets 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

1.7 Investment Properties

Investment properties are measured at fair value. Changes in fair value are recognised as revenue gains or losses.

Only those assets which are held solely to generate a commercial return are considered to be investment properties. Where an asset is held, in part, for support service delivery objectives, then it is considered to be an item of property, plant and equipment. Properties occupied by employees, whether or not they pay rent at market rates, are not investment properties.

1.8 Government grants

Government grants are grants from Government bodies other than income from primary care trusts or NHS trusts for the provision of services. Grants from the Department of Health, including those for achieving three star status, are accounted for as Government grants as are grants from the Big Lottery Fund. Where the Government grant is used to fund revenue expenditure it is credited to operating income to match that expenditure. Where the grant is used to fund capital expenditure the grant is held as deferred income and released to operating income over the life of the asset in a manner consistent with the depreciation charge for that asset.

1.9 Inventories

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

1.10 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the foundation trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made. Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Foundation trusts are permitted to recognise and de-recognised, as applicable, regular way purchases or sales using either the trade/settlement date.

All other financial assets and financial liabilities are recognise when the Trust becomes a party to the contractual provisions of the instrument.

De-recognition

All financial assets are de-recognised when the rights to receive cashflows from the assets have expired or the foundation trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and Measurement

Financial assets are categorised as 'Fair Value through Income and Expenditure', 'Loans and receivables' or 'Available-for-sale financial assets'.

Financial liabilities are classified as 'Fair value through Income and Expenditure' or as 'Other Financial liabilities'.

Financial assets and financial liabilities at 'Fair Value through Income and Expenditure'

Financial assets and financial liabilities at 'fair value through income and expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated-out from those contracts and measured in this category.

Assets and liabilities in this category are classified as current assets and current liabilities. These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

Foundation trust 'loans and receivables' comprise: 'current investments', 'cash and cash equivalents', 'NHS debtors', 'accrued income' and 'other debtors'.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in long-term assets unless the foundation trust intends to dispose of them within 12 months of the Statement of Financial Position date.

Available-for-sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item under 'other comprehensive income'. When items classified as 'available-for-sale' are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised under 'Finance Costs' in the Statement of Comprehensive Income.

Financial liabilities

All financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Determination of fair value

For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from quoted market prices, independent appraisals or discounted cash flow analysis.

Impairment of financial assets

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cashflows of the asset.

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

1.11 Cash and Cash Equivalents

Cash and cash equivalents is comprise of cash at bank and in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of changes in value.

1.12 Leases

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by a foundation trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease.

1.13 Provisions

The foundation trust provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM 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 foundation 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 foundation trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the foundation trusts is disclosed at Note 27.

Non-clinical risk pooling

Foundation trusts can participate in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the foundation 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 when the liability arises.

1.14 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 36 where an inflow of economic benefits is probable.

- Contingent liabilities are not recognised, but are disclosed in Note 36, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:
 - possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
 - present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.15 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32. A charge, reflecting the cost of capital utilised by the foundation trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the foundation trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets and cash held with the Office of the Paymaster General.

1.16 Value Added Tax

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.

1.17 Corporation Tax

The Finance Act 2004 amended S519A Income and Corporation Taxes Act 1998 to provide power to the Treasury to make certain non-core activities of foundation trusts potentially subject to corporation tax. Subsequently HM Revenue and Customs decided that Corporation tax would not be payable by foundation trusts until the 2010-11 financial year.

Foundation trusts may also incur corporation tax through NHS charitable trusts which are consolidated into their financial statements.

Corporation tax expense recognised in these financial statements represent the sum of the tax currently payable and deferred tax.

Current tax is the expected tax payable on the taxable surpluses generated during the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax assets and liabilities are not discounted.

1.18 Foreign exchange

The functional and presentational currencies of the foundation trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the foundation trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

1.19 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the foundation trust has no beneficial interest in them.

However, they are disclosed in a separate note to the accounts in accordance with the requirements of the FReM.

2 Operating segments

The foundation trust sector is formed of three types of foundation trusts, providing different services:

- acute - provision of general acute healthcare
- mental health - provision of specialist mental health services
- specialist – foundation trusts providing other specialist treatment and services

This note is based on the individual Foundation Trust accounts which are prepared under International Financial Reporting Standards (IFRS).

2009-10

	Acute £m	Mental Health £m	Specialist £m	Total £m
<u>Income</u>				
Segment income	21,018.2	5,237.4	1,807.4	28,063.0
Inter-Foundation Trust	(106.7)	(32.9)	(32.8)	(172.4)
Sector income				<u>27,890.6</u>
<u>Operating Surplus</u>				
Operating Surplus before impairments	196.3	98.4	61.4	356.1
Impairments	(846.5)	(247.0)	(27.9)	(1,121.4)
Operating deficit	(650.2)	(148.6)	33.5	
Sector operating deficit				<u>(765.3)</u>
<u>Assets</u>				
Total Segment assets	16,992.7	4,832.2	1,586.5	23,411.4
Inter-Foundation Trust	(54.7)	(3.3)	(1.4)	(59.4)
Sector Assets				<u>23,352.0</u>
<u>Liabilities</u>				
Segment liabilities	(6,011.8)	(1,292.1)	(322.8)	(7,626.7)
Inter-Foundation Trust	56.6	2.9	1.4	60.9
Sector liabilities				<u>(7,565.8)</u>
<u>Other information</u>				
Finance income	13.2	4.0	3.3	20.5
Finance expenses	(562.1)	(125.5)	(29.4)	(717.0)
Depreciation and amortisation	718.4	125.8	63.0	907.2
Additions to Non-Current Assets	1,680.2	402.8	160.9	2,243.9

2008-09 (Restated)

	Acute £m	Mental Health £m	Specialist £m	Total £m
<u>Income</u>				
Segment income	17,446.8	4,105.5	1,344.3	22,896.6
Inter-Foundation Trust	(84.6)	(27.8)	(19.0)	(131.4)
Sector income				<u>22,765.2</u>
<u>Operating Surplus</u>				
Operating Surplus before impairments	339.6	94.5	54.0	488.1
Impairments	(206.4)	(94.6)	(12.4)	(313.4)
Operating surplus/(deficit)	<u>133.2</u>	<u>(0.1)</u>	<u>41.6</u>	
Sector operating surplus				<u>174.7</u>
<u>Assets</u>				
Total Segment assets	17,363.6	4,153.1	1,194.4	22,711.1
Inter-Foundation Trust	(45.7)	(2.9)	(0.8)	(49.4)
Sector Assets				<u>22,661.7</u>
<u>Liabilities</u>				
Segment liabilities	(5,054.4)	(872.8)	(247.3)	(6,174.5)
Inter-Foundation Trust	46.8	2.8	1.0	50.6
Sector liabilities				<u>(6,123.9)</u>
<u>Other information</u>				
Finance income	84.4	22.3	7.4	114.1
Finance expenses	(514.3)	(128.1)	(25.8)	(668.2)
Depreciation and amortisation	635.2	104.3	47.9	787.4
Additions to Non-Current Assets	1,580.9	200.8	94.9	1,876.6

Prior year comparatives have been restated to take account of prior year adjustments set out in Note 39 and adjustments arising from the implementation of IFRS set out in Note 41.

3.1 Income from activities - by activity	2009-10	Restated
	(£ million)	2008-09
		(£ million)
Acute NHS foundation trusts		
Elective income	4,248.5	3,674.6
Non elective income	5,791.8	4,825.5
Outpatient income	3,402.2	2,782.2
Other NHS clinical income	592.2	495.5
A&E income	5,459.8	4,156.4
Mental health NHS foundation trusts		
Cost & volume contract income	370.9	238.2
Block contract income	3,869.6	3,028.3
Clinical partnerships providing mandatory services (including S31 agreements)	169.2	129.1
Clinical income for the secondary commissioning of mandatory services	50.5	62.6
Other clinical income from mandatory services	190.7	134.4
All NHS foundation trusts		
PBR relief	(3.0)	31.0
Private patient income	223.5	189.8
Other non-protected clinical income	190.4	175.2
Total income from activities	24,556.3	19,922.8
Other operating income		
Research and development	343.4	258.5
Education and training	1,275.3	1,088.9
Charitable and other contributions to expenditure	54.2	45.2
Transfer from donated asset reserve in respect of depreciation on donated assets	57.1	49.3
Non-patient care services to other bodies	611.4	535.3
Other	980.2	859.1
Profit on disposal of non-current asset investments (or investment property)	2.8	0.0
Profit on disposal of land and buildings	2.3	2.9
Profit on disposal of other property, plant and equipment	0.7	1.1
Gain on disposal of Assets Held for Sale	5.3	1.5
Reversal of impairments of Assets Held for Sale	0.9	0.0
Amortisation of PFI deferred credits	0.7	0.6
Total other operating income	3,334.3	2,842.4
Total Operating Income	27,890.6	22,765.2

Prior year comparatives have been restated to take account of prior year adjustments set out in Note 39 and adjustments arising from the implementation of IFRS set out in Note 41.

3.2 Private patient income

NHS foundation trusts received £223.5 million of private patient income in 2009-10 (2008-09: £189.8 million). This figure represent 1.0% of the total patient related income of NHS foundation trusts in 2009-10 (2008-09: 1.1%).

At the time of authorisation of each NHS foundation trust Monitor sets a limit, expressed as a percentage of the NHS foundation trust's total patient related income, for the amount of private patient income that that NHS foundation trust can generate (the Private Patient Income Cap). In their annual audited accounts NHS foundation trusts disclose the actual percentage of patient related income which private patient income comprises. For 2009-10, no NHS foundation trust breached their Private Patient Income cap.

The Private Patient Income figures quoted above are calculated using the rules outlined in the 2009-10 NHS Foundation Trust Annual Reporting Manual and the 2008-09 NHS Foundation Trust Financial Reporting

Manual. These rules were subject to legal challenge and on 9 December 2009, the Administrative Court found them to be unlawful. Monitor accepted the ruling and revised rules on Private Patient Income will apply from 1 April 2010. This is likely to cause a change in the level of Private Patient Income reported by NHS foundation trusts in the future.

4 Operating Income - by source	2009-10	Restated
	(£ million)	2008-09
		(£ million)
NHS trusts	34.1	31.2
Strategic Health Authorities	263.9	177.1
Primary Care Trusts	23,207.7	17,811.7
Local Authorities	456.4	385.9
Department of Health - grants	2.7	29.5
Department of Health - other	51.0	1,025.7
NHS other	99.9	92.4
Non-NHS: private patients	218.3	187.5
Non-NHS: overseas patients (non-reciprocal)	9.8	8.1
NHS injury scheme	86.8	75.7
Non-NHS: other	132.1	100.0
Total income from activities	24,562.7	19,924.8
Research and development	342.7	258.3
Education and training	1,273.7	1,089.0
Charitable and other contributions to expenditure	54.3	43.4
Transfers from the donated asset reserve in respect of depreciation, impairment and disposal of donated assets	57.1	49.3
Non-patient care services to other bodies	609.4	540.4
Profit on disposal of non-current asset investments	2.8	0.0
Profit on disposal of land and buildings	2.2	5.0
Profit on disposal of other property, plant and equipment	0.6	1.1
Gain on disposal of Assets Held for Sale	5.5	0.0
Reversal of impairments of Assets Held for Sale	0.9	0.0
Amortisation of PFI deferred credits	0.7	0.5
Other	978.0	853.4
Total other operating income	3,327.9	2,840.4
Total Operating Income	27,890.6	22,765.2

Prior year comparatives have been restated to take account of prior year adjustments set out in Note 39 and adjustments arising from the implementation of IFRS set out in Note 41.

5 Operating expenses

	2009-10 (£ million)	Restated 2008-09 (£ million)
Services from NHS trusts	171.6	173.2
Services from other NHS bodies	196.3	160.1
Purchase of healthcare from non NHS bodies	240.2	224.2
Employee expenses - Executive directors	116.0	96.4
Employee expenses - Non-executive directors	16.0	13.2
Employee expenses - Staff	17,567.0	14,144.2
Drug costs	1,887.8	1,525.3
Supplies and services - clinical (excluding drug costs)	2,263.1	1,811.5
Supplies and services - general	545.6	417.4
Establishment	399.4	342.4
Research and development	66.7	34.4
Transport	113.8	98.2
Premises	1,265.9	1,120.5
Increase in bad debt provision	48.3	16.7
Other impairment of financial assets	12.1	(1.5)
Depreciation on property, plant and equipment	883.1	771.8
Amortisation on intangible assets	24.1	15.7
Impairments of property, plant and equipment	1,133.6	321.1
Impairments of intangible assets	2.2	2.3
Reversal of impairments of property, plant and equipment	(12.2)	(7.7)
Audit fees		
statutory audit	8.7	7.8
regulatory reporting	0.9	0.4
Other auditors remuneration*		
further assurance services	2.7	1.6
other services	2.6	2.5
Clinical negligence	318.3	174.2
Loss on disposal of investments	3.3	0.8
Loss on disposal of intangible assets	0.0	0.1
Loss on disposal of land and buildings	2.7	2.3
Loss on disposal of other property, plant and equipment	4.1	4.6
Loss on disposal of Assets Held for Sale	0.4	0.1
Impairments of Assets Held for Sale	2.4	4.4
Legal fees	29.5	26.1
Consultancy costs	141.6	127.4
Training, courses and conferences	88.6	64.9
Patient travel	21.8	18.5
Car parking & security	9.8	8.1
Redundancy	12.6	4.9
Early retirements	5.6	2.4
Hospitality	3.8	2.9
Publishing	1.5	2.1
Insurance	18.3	12.8
Other services, eg external payroll	51.8	30.0
Grossing up consortium arrangements	7.8	7.6
Losses, ex gratia & special payments	9.4	7.8
Other	270.9	243.2
Total operating expenses	27,959.7	22,036.9

Prior year comparatives have been restated to take account of prior year adjustments set out in Note 39 and adjustments arising from the implementation of IFRS set out in Note 41.

	2009-10	Restated 2008-09
	(£ million)	(£ million)
* Other auditor remuneration		
Taxation services	0.3	0.2
IT services	0.1	0.0
Internal audit services	2.7	2.4
Valuation and actuarial services	0.1	0.0
Litigation services	0.0	0.0
Recruitment and remuneration services	0.0	0.0
Corporate finance transactions	0.3	0.2
Other services: Board Review	1.1	0.5
Other services: IFRS Review	0.8	0.7
Total	5.4	4.0

36 NHS foundation trusts have a clause in their engagement letter with their auditors which states that the liability of the auditor (whether in contract, negligence or otherwise) shall in no circumstances exceed a fixed amount. The amount of that limit ranges between £100k to £5 million.

6.1 Operating lease income

Income generated in lease agreements where Foundation Trusts are the lessor.

	2009-10 Total (£ million)	2008-09 Total (£ million)
Operating lease Income		
Rents recognised as income in the period	22.4	16.8
Contingent rents recognised as income in the period	0.3	0.1
Total	22.7	16.9
Future minimum lease payments due		
- not later than one year;	18.6	16.1
- later than one year and not later than five years;	51.4	42.5
- later than five years.	107.9	80.6
Total	177.9	139.2

6.2 Arrangements containing an operating lease

Costs and commitments incurred in lease agreements where Foundation Trusts are lessees.

	2009-10 (£ million)	2008-09 (£ million)
Operating lease payments	190.8	164.2
Contingent rents	0.0	0.0
Less sub-lease payments received	(0.4)	(0.1)
Total	190.4	164.1
	31 Mar 2010 (£ million)	31 Mar 2009 (£ million)
Future operating lease payments due:		
- not later than one year;	106.7	83.7
- later than one year and not later than five years;	242.2	203.4
- later than five years.	417.4	344.5
Total	766.3	631.6
Total of future operating sub-lease lease payments receivable	3.3	3.4

7.1 Staff costs

	2009-10			Restated 2008-09
	Permanently Employed (£ million)	Other (£ million)	Total (£ million)	Total (£ million)
Salaries and wages	13,684.4	450.7	14,135.1	11,423.8
Social security costs	1,053.4	32.2	1,085.6	889.7
Employers contributions to NHS Pensions scheme	1,556.8	39.1	1,595.9	1,301.5
Other pension costs	2.7	1.5	4.2	3.6
Termination benefits	14.7	0.1	14.8	4.9
Agency/contract staff	32.0	732.1	764.1	637.2
Total staff costs	16,344.0	1,255.7	17,599.7	14,260.7

Staff costs here and in note 5 differ by the cost of staff seconded between NHS organisations, the cost of staff recharged between NHS organisations, staff cost capitalised and staff costs classified as research & development expenditure.

Prior year comparatives have been restated to take account of prior year adjustments set out in Note 39 and adjustments arising from the implementation of IFRS set out in Note 41.

7.2 Staff numbers (whole time equivalents)

	2009-10			2008-09
	Permanently Employed	Other	Total	Total
Medical and dental	42,810.5	4,962.3	47,772.8	42,899.4
Administration and estates	93,692.6	2,261.2	95,953.8	84,197.8
Healthcare assistants and other support staff	59,393.0	1,408.8	60,801.8	53,244.9
Nursing, midwifery and health visiting staff	154,959.4	2,960.0	157,919.4	138,552.5
Nursing, midwifery and health visiting learners	1,841.3	107.0	1,948.3	1,061.0
Scientific, therapeutic and technical staff	61,781.2	1,080.1	62,861.3	55,567.7
Social care staff	1,873.0	574.0	2,447.0	2,150.6
Bank and agency staff	3,265.5	16,677.8	19,943.3	18,758.6
Other (including ambulance staff)	4,032.6	108.0	4,140.6	4,079.0
Total staff numbers	423,649.1	30,139.2	453,788.3	400,511.5

8 Staff Benefits

The amount spent on staff benefits during the year totalled £10.8 million (2008-09 restated: £10.4 million).

9 Pensions

All NHS foundation trusts participate in the NHS Pension Scheme. This is a statutory, defined benefit scheme, the regulations of which are laid down in the NHS Pension Scheme Regulations 1995 (SI 1995 No. 300). NHS foundation trusts pay contributions at rates specified from time to time by the Secretary of State, as advised by the Government Actuary and with the consent of HM Treasury. For 2009-10, the contribution rate was 14% (2008-09: 14%)

10 Retirements due to ill health

During 2009-10 there were 571 retirements on the grounds of ill-health (2008-09: restated 521). The estimated additional pension liability (calculated on an average basis and borne by the NHS Pensions Scheme) will be £34.9 million (2008-09 restated: £31.3 million).

11 The late payment of commercial debts (Interest) Act 1998

In 2009-10 9 NHS foundation trusts (Berkshire Healthcare NHS Foundation, Colchester Hospital University NHS Foundation Trust, East Kent Hospitals University NHS Foundation Trust, Heatherwood and Wexham Park Hospitals NHS Foundation Trust, King's College Hospital NHS Foundation, Lincolnshire Partnership NHS Foundation Trust, Medway NHS Foundation Trust, Royal National Hospital for Rheumatic Diseases NHS Foundation Trust and University Hospitals Bristol NHS Foundation Trust) incurred expenditure arising from claims made under this legislation. The total amounts paid in respect of both interest and debt recovery costs reimbursed was less than £60k.

In 2008-09 five NHS foundation trusts (Berkshire Healthcare NHS Foundation Trust, Colchester Hospital University NHS Foundation Trust, King's College Hospital NHS foundation trust, South London and Maudsley NHS Foundation Trust and University Hospitals Bristol NHS Foundation Trust) incurred expenditure arising from claims made under this legislation. The total amounts paid in respect of both interest and debt recovery costs reimbursed was less than £23,000.

12 Finance income	2009-10 (£ million)	2008-09 (£ million)
Interest on loans and receivables	9.9	69.4
Interest on available for sale financial assets	0.0	0.7
Interest on held-to-maturity financial assets	0.7	4.6
Other gains	3.7	10.1
Other	6.2	29.3
Total	20.5	114.1

13 Finance expenditure	2009-10 (£ million)	2008-09 (£ million)
Loans from the Foundation Trust Financing Facility	14.4	9.2
Commercial loans	0.3	0.2
Finance leases - excluding PFIs	32.2	32.0
Finance Costs in PFI obligations		
Main Finance Costs	178.6	116.8
Contingent Finance Costs	31.2	18.6
Other	0.8	1.1
Total	257.5	177.9

14 Discontinued operations	2009-10 (£ million)	2008-09 (£ million)
Operating Income	0.0	0.6
Deficit of discontinued operations and the gain/(loss) on disposal of discontinued operations	0.0	0.6

15.1 Intangible assets - 2009-10	Software licences (purchased)	Licences & trademarks (purchased)	Information technology (internally generated)	Development expenditure (internally generated)	Other (purchased)	Goodwill	Intangible Assets Under Construction	Total
	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
Gross cost at 1 April 2009	141.8	2.3	20.5	3.5	1.4	0.9	10.3	180.7
Gross cost at start of period for new NHS foundation trusts	4.2	0.0	0.0	0.1	0.0	0.0	0.6	4.9
Impairments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications	4.1	0.0	4.2	(0.2)	0.0	0.0	0.3	8.4
Revaluation surpluses	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Additions - purchased	24.1	0.3	5.1	0.6	0.8	0.0	14.2	45.1
Additions - donated	0.3	0.0	0.0	0.0	0.0	0.0	0.3	0.6
Transferred to disposal group as asset held for sale	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)
Disposals	(1.4)	0.0	0.0	0.0	0.0	(0.9)	0.0	(2.3)
Gross cost at 31 March 2010	173.0	2.6	29.8	4.0	2.3	0.0	25.7	237.4
Amortisation at 1 April 2009	65.3	1.1	11.2	1.7	0.2	0.7	0.0	80.2
Amortisation at start of period for new NHS foundation trusts	1.6	0.0	0.0	0.0	0.0	0.0	0.0	1.6
Provided during the year	21.9	0.2	1.6	0.4	0.0	0.0	0.0	24.1
Impairments recognised in the income and expenditure account	2.1	0.0	0.0	0.0	0.0	0.0	0.0	2.1
Reclassifications	(0.4)	0.0	0.0	0.0	0.0	0.0	0.0	(0.4)
Revaluation surpluses	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)
Disposals	(1.3)	0.0	0.0	0.0	0.0	(0.7)	0.0	(2.0)
Amortisation at 31 March 2010	89.1	1.3	12.8	2.1	0.2	0.0	0.0	105.5
NBV - Purchased at 1 April 2009	72.5	1.2	9.2	0.9	0.6	0.2	10.3	94.9
NBV - Donated at 1 April 2009	4.0	0.0	0.1	0.9	0.6	0.0	0.0	5.6
NBV total at 1 April 2009 as restated	76.5	1.2	9.3	1.8	1.2	0.2	10.3	100.5
NBV - Purchased at 31 March 2010	83.5	1.3	16.9	1.9	2.1	0.0	25.4	131.1
NBV - Donated at 31 March 2010	0.4	0.0	0.1	0.0	0.0	0.0	0.3	0.8
NBV total at 31 March 2010	83.9	1.3	17.0	1.9	2.1	0.0	25.7	131.9

15.1 Intangible assets 2008-09	Software licences (purchased)	Licences & trademarks (purchased)	Information technology (internally generated)	Development expenditure (internally generated)	Other (purchased)	Goodwill	Intangible Assets Under Construction	Total
	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
Gross cost at 1 April 2008 as previously stated	94.8	0.4	0.0	0.2	0.3	0.0	0.5	96.2
Prior period adjustments	(0.2)	0.0	0.0	2.8	0.3	0.0	0.0	2.9
Gross cost at 1 April 2008 restated	94.6	0.4	0.0	3.0	0.6	0.0	0.5	99.1
Gross cost at start of period for new NHS foundation trusts	24.6	1.6	0.0	0.0	0.5	0.9	0.3	27.9
Reclassifications	6.1	0.0	20.5	0.0	0.0	0.0	1.8	28.4
Revaluation surpluses	0.1	0.0	0.0	0.0	0.5	0.0	0.0	0.6
Additions - purchased	17.9	0.3	0.0	0.5	0.0	0.0	7.7	26.4
Additions - donated	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Disposals	(1.6)	0.0	0.0	0.0	(0.2)	0.0	0.0	(1.8)
Gross cost at 31 March 2009	141.8	2.3	20.5	3.5	1.4	0.9	10.3	180.7
Amortisation at 1 April 2008 as previously stated	34.6	0.1	0.0	0.0	0.1	0.0	0.0	34.8
Prior period adjustments	3.7	0.0	0.0	1.3	0.0	0.0	0.0	5.0
Amortisation at 1 April 2008 restated	38.3	0.1	0.0	1.3	0.1	0.0	0.0	39.8
Amortisation at start of period for new NHS foundation trusts	8.3	1.0	0.0	0.0	0.0	0.7	0.0	10.0
Provided during the year	15.8	0.1	0.0	0.4	0.0	0.0	0.0	16.3
Impairments recognised in the income and expenditure account	2.2	0.0	0.0	0.0	0.1	0.0	0.0	2.3
Reclassifications	2.1	(0.1)	11.2	0.0	0.0	0.0	0.0	13.2
Revaluation surpluses	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Disposals	(1.5)	0.0	0.0	0.0	0.0	0.0	0.0	(1.5)
Amortisation at 31 March 2009	65.3	1.1	11.2	1.7	0.2	0.7	0.0	80.2
NBV - Purchased at 1 April 2008	53.8	0.3	0.0	0.5	0.5	0.0	0.5	55.6
NBV - Donated at 1 April 2008	2.5	0.0	0.0	1.2	0.0	0.0	0.0	3.7
NBV total at 1 April 2008 as restated	56.3	0.3	0.0	1.7	0.5	0.0	0.5	59.3
NBV - Purchased at 31 March 2009	72.5	1.2	9.2	0.9	0.6	0.2	10.3	94.9
NBV - Donated at 31 March 2009	4.0	0.0	0.1	0.9	0.6	0.0	0.0	5.6
NBV total at 31 March 2009	76.5	1.2	9.3	1.8	1.2	0.2	10.3	100.5

15.2 Intangible assets acquired by government grant

	Software licences (purchased) (£ million)	Licences & trademarks (purchased) (£ million)	Patents (purchased) (£ million)	Other (purchased) (£ million)
Initial fair value	0.7	0.5	0.0	0.2
Carrying amount at 31 March 2009	1.4	0.8	0.7	0.0
Carrying amount at 31 March 2010	2.3	1.5	0.8	0.0

15.3 Economic life of intangible assets

	Min Life Years	Max Life Years
Intangible assets - internally generated		
Information technology	2	10
Development expenditure	1	10
Other	2	10
Intangible assets - purchased		
Software	1	16
Licences & Trademarks	1	16
Patents	2	10
Other	1	10
Goodwill	2	10

16.1 Property, Plant and Equipment – 2009-10

	Land	Buildings excluding dwellings	Dwellings	Assets under Construction & POA	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
Gross cost at 1 April 2009 as previously stated	3,065.7	13,860.4	214.4	607.6	3,108.4	26.8	809.9	235.5	21,928.7
Prior period adjustments	(0.1)	(11.6)	(0.1)	(0.1)	(0.5)	0.0	0.6	(1.0)	(12.8)
Cost or valuation at 1 April 2009	3,065.6	13,848.8	214.3	607.5	3,107.9	26.8	810.5	234.5	21,915.9
Cost or valuation at start of period for new foundation trusts	300.1	1,047.5	11.6	48.4	206.4	2.9	64.3	17.7	1,698.9
Additions - purchased	9.3	959.2	6.1	801.0	247.7	1.3	74.9	14.9	2,114.4
Additions - donated	0.0	7.6	0.0	35.5	39.1	0.1	1.4	0.2	83.9
Impairments	(365.8)	(2,118.6)	(17.9)	(8.6)	(1.5)	0.0	(2.6)	(0.5)	(2,515.5)
Reclassifications	14.4	512.6	19.2	(682.0)	84.9	0.7	35.1	8.3	(6.8)
Revaluations	0.6	(23.3)	0.6	(0.1)	0.4	0.0	0.0	0.0	(21.8)
Transferred to disposal group as asset held for sale	(12.7)	(20.9)	(0.7)	0.0	0.0	0.0	(0.3)	0.0	(34.6)
Disposals	(8.6)	(42.4)	(2.0)	(0.3)	(195.8)	(2.8)	(39.4)	(9.7)	(301.0)
Cost or valuation at 31 March 2010	3,002.9	14,170.5	231.2	801.4	3,489.1	29.0	943.9	265.4	22,933.4
Depreciation at 1 April 2009 as previously stated	1.7	1,184.3	19.7	0.0	1,959.1	20.8	499.4	139.0	3,824.0
Prior period adjustments	(0.1)	(13.2)	0.0	0.0	0.0	0.0	0.0	(0.4)	(13.7)
Accumulated depreciation at 1 April 2009	1.6	1,171.1	19.7	0.0	1,959.1	20.8	499.4	138.6	3,810.3
Accumulated depreciation at start of period for new foundation trusts	0.0	22.8	0.1	0.0	125.8	2.0	36.3	11.1	198.1
Provided during the year	0.0	493.5	8.6	0.0	258.3	2.0	102.9	17.8	883.1
Reclassifications	0.0	2.0	(0.4)	0.0	(0.9)	0.0	(0.1)	(0.2)	0.4
Revaluation surpluses	1.8	34.7	0.6	0.0	(0.3)	(0.0)	0.0	(0.0)	36.8
Transferred to disposal group as asset held for sale	0.0	(5.7)	0.0	0.0	0.0	0.0	(0.4)	0.0	(6.1)
Disposals	(0.1)	(11.4)	0.0	0.0	(188.6)	(2.6)	(39.2)	(9.5)	(251.4)
Accumulated depreciation at 31 March 2010	3.3	1,707.0	28.6	0.0	2,153.4	22.2	598.9	157.8	4,671.2
Asset Financing									
Owned	2,976.5	10,288.9	173.1	581.6	985.4	5.3	306.0	88.9	15,405.7
Finance lease	4.2	1,885.0	20.5	0.0	39.1	0.2	1.0	0.8	1,950.8
Donated	83.3	503.8	1.0	25.9	124.3	0.5	4.1	6.2	749.1
NBV total at 1 April 2009 (restated)	3,064.0	12,677.7	194.6	607.5	1,148.8	6.0	311.1	95.9	18,105.6
Owned	2,911.2	9,958.4	178.4	781.8	1,141.0	6.2	335.0	100.4	15,412.4
Finance lease	5.8	2,032.0	22.5	0.0	48.6	0.1	1.2	0.7	2,110.9
Donated	82.6	473.1	1.7	19.6	146.1	0.5	8.8	6.5	738.9
NBV total at 31 March 2010	2,999.6	12,463.5	202.6	801.4	1,335.7	6.8	345.0	107.6	18,262.2

16.1 Property, Plant and Equipment – 2008-09

	Land	Buildings excluding dwellings	Dwellings	Assets under Construction & POA	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
Gross cost at 1 April 2008 as previously stated	2,849.6	10,108.1	178.5	301.9	2,325.9	22.6	634.7	158.4	16,579.7
Prior period adjustments	(0.2)	(30.6)	4.7	(0.4)	11.4	0.0	(0.1)	0.0	(15.2)
Cost or valuation at 1 April 2008	2,849.4	10,077.5	183.2	301.5	2,337.3	22.6	634.6	158.4	16,564.5
Cost or valuation at start of period for new foundation trusts	876.2	3,075.0	57.4	146.5	638.2	5.1	141.5	57.2	4,997.1
Additions - purchased	17.3	916.6	4.0	581.9	188.3	0.9	72.9	12.5	1,794.4
Additions - donated	0.0	5.7	0.0	25.4	23.6	0.1	0.6	0.3	55.7
Impairments	(572.3)	(632.5)	(27.3)	(6.4)	(0.8)	0.0	0.2	0.0	(1,239.1)
Reclassifications	(123.7)	531.9	0.0	(441.3)	69.4	0.4	(0.8)	14.6	50.5
Revaluation	24.7	9.3	0.6	0.1	(2.9)	0.0	0	(0.2)	31.6
Transferred to disposal group as asset held for sale	8.1	(5.8)	(1.1)	1.5	0.2	0.0	(0.1)	(0.1)	2.7
Disposals	(14.0)	(117.3)	(2.4)	(1.6)	(144.9)	(2.3)	(39.0)	(7.2)	(328.7)
Cost or valuation at 31 March 2009	3,065.7	13,860.4	214.4	607.6	3,108.4	26.8	809.9	235.5	21,928.7
Depreciation at 1 April 2008 as previously stated	2.3	595.4	10.1	0.0	1,442.9	16.8	380.8	93.8	2,542.1
Prior period adjustments	0.0	(6.8)	0.7	0.0	7.1	0.4	2.5	0.4	4.3
Accumulated depreciation at 1 April 2008	2.3	588.6	10.8	0.0	1,450.0	17.2	383.3	94.2	2,546.4
Accumulated depreciation at start of period for new foundation trusts	0.0	140.3	1.9	0.0	431.1	4.0	82.9	38.2	698.4
Provided during the year	0.0	446.0	8.0	0.0	217.1	1.8	85.1	13.8	771.8
Reclassifications	0.0	79.3	0.0	0.0	(0.2)	0.0	(13.2)	(0.4)	65.5
Revaluation surpluses	(0.6)	(16.1)	(0.5)	0.0	1.5	0.0	0.0	0.1	(15.6)
Transferred to disposal group as asset held for sale	0.0	(1.5)	0.0	0.0	(0.6)	0.0	0.0	0.1	(2.0)
Disposals	0.0	(52.3)	(0.5)	0.0	(139.8)	(2.2)	(38.7)	(7.0)	(240.5)
Accumulated depreciation at 31 March 2009	1.7	1,184.3	19.7	0.0	1,959.1	20.8	499.4	139.0	3,824.0
Asset Financing									
Owned	2,728.2	7,966.3	153.1	262.8	751.5	4.5	240.0	59.4	12,165.8
Finance lease	2.6	949.4	18.0	0.0	20.5	0.4	1.3	0.2	992.4
Donated	116.3	573.2	1.3	38.7	115.3	0.5	10.0	4.6	859.9
NBV total at 1 April 2008 (restated)	2,847.1	9,488.9	172.4	301.5	887.3	5.4	251.3	64.2	14,018.1
Owned	2,926.4	10,223.2	177.4	580.7	987.0	5.3	303.4	87.6	15,291.0
Finance lease	4.2	1,805.9	15.9	0.0	38.7	0.2	1.0	0.8	1,866.7
Donated	133.4	647.0	1.4	26.9	123.6	0.5	6.1	8.1	947.0
NBV total at 31 March 2009	3,064.0	12,676.1	194.7	607.6	1,149.3	6.0	310.5	96.5	18,104.7

16.2 Analysis of property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under Construction & POA	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
NBV - Protected assets at 31 March 2010	2,512.1	11,469.4	81.3						14,062.8
NBV - Unprotected assets at 31 March 2010	487.5	994.1	121.3	801.4	1,335.7	6.8	345.0	107.6	4,199.4
Total at 31 March 2010	2,999.6	12,463.5	202.6	801.4	1,335.7	6.8	345.0	107.6	18,262.2
NBV - Protected assets at 31 March 2009	2,537.0	11,546.6	70.9						14,154.5
NBV - Unprotected assets at 31 March 2009	527.0	1,131.1	123.7	607.5	1,148.8	6.0	311.1	95.9	3,951.1
Total at 31 March 2009	3,064.0	12,677.7	194.6	607.5	1,148.8	6.0	311.1	95.9	18,105.6

16.3 Economic life of property, plant and equipment

	Min Life Years	Max Life Years
Land	1	Infinite
Buildings excluding dwellings	1	188
Dwellings	1	99
Assets under Construction & POA	1	90
Plant & Machinery	0.3	80
Transport Equipment	1	34
Information Technology	1	60
Furniture & Fittings	1	80

17.1 Investments	Investment Property	Investments in associates (and joined controlled operations)	Investment Property	Investments in associates (and joined controlled operations)
	2009-10 (£ million)	2009-10 (£ million)	2008-09 (£ million)	2008-09 (£ million)
Carrying Value at 1 April	17.1	0.1	10.6	0.0
Start of period for new foundation trusts	28.1	(0.1)	0.0	0.0
Acquisitions in year	0.2	0.1	0.0	0.1
Share of profit/(loss)	0.0	0.0	0.0	0.0
Impairments recognised in expenses	(0.8)	0.0	(1.3)	0.0
Transfers to assets held in disposal groups	(4.6)	0.0	7.8	0.0
Other equity movements	0.0	0.0	0.0	0.0
Carrying Value at 31 March	40.0	0.1	17.1	0.1

17.2 Investment Property income	2009-10 (£ million)	2008-09 (£ million)
Income from Investment Property	1.5	0.4

18.1 Fair value of investments in associate (and joined controlled operations)	Assets	Liabilities	Revenues	Profit/(Loss)
	(£ million)	(£ million)	(£ million)	(£ million)
31 March 2010	0.0	0.0	0.0	0.0
31 March 2009	0.0	0.0	0.0	0.0
1 April 2008	0.8	-0.5	2.2	0.2

18.2 Disclosure of aggregate amounts for assets and liabilities of jointly controlled operations	31 March 2010	31 March 2009	1 April 2008
	(£ million)	(£ million)	(£ million)
Current assets	0.2	0.2	0.0
non-current assets	2.0	0.7	0.0
Total assets	2.2	0.9	0.0
Current liabilities	(2.0)	(0.8)	0.0
non-current liabilities	(0.1)	(0.1)	0.0
Total liabilities	(2.1)	(0.9)	0.0
Operating income	0.6	0.5	0.0
Operating expenses	(0.5)	(0.5)	0.0
Surplus /(deficit) for the year	0.1	0.0	0.0

19 Impairment of assets

	2009-10 (£ million)	2008-09 (£ million)
Loss or damage from normal operations	21.5	7.6
Loss as a result of catastrophe	0.0	0.0
Abandonment of assets in course of construction	3.7	8.5
Unforeseen obsolescence	3.5	8.2
Over specification of assets	0.6	4.5
Other	1,817.3	560.7
Changes in market price	668.9	649.6
Total	2,515.5	1,239.1

In line with HM Treasury reporting requirements, the Other category in Note 19 includes impairments arising from Modern Equivalent Asset valuations.

20.1 Inventories

	31 March 2010 (£ million)	31 March 2009 (£ million)	1 April 2008 (£ million)
Materials	321.6	282.0	210.6
Work in progress	7.5	0.8	0.4
Finished goods	35.3	13.9	11.4
Total inventories	364.4	296.7	222.4

20.2 Inventories recognised in expenses

	2009-10 (£ million)	2008-09 (£ million)
Inventories recognised in expenses	2,256.1	1,825.6
Write-down of inventories recognised as an expense	3.5	1.1
Reversal of any write down of inventories resulting in a reduction of recognised expenses	(0.1)	(0.1)
Total inventories recognised in expenses	2,259.5	1,826.6

21.1 Trade and other receivables	Total 31 March 2010 (£ million)	Total 31 March 2009 (£ million)	Total 1 April 2008 (£ million)
Current			
NHS Receivables	738.2	617.4	448.9
Other receivables with related parties	50.2	27.8	19.4
Provision for impaired receivables	(137.8)	(98.9)	(89.3)
Prepayments	170.5	117.9	91.9
PFI Prepayments			
Prepayments - Capital contributions	0.0	1.7	0.0
Prepayments - Lifecycle	1.2	0.0	0.0
replacements			
Accrued income	123.5	112.0	102.7
Corporation tax receivable	3.6	3.4	1.9
Finance Lease Receivables	0.1	0.1	0.0
PDC receivable	27.3	0.0	0.0
Other receivables	398.1	373.4	279.0
Total Current Trade And Other Receivables	1,374.9	1,154.8	854.5
Non-Current			
NHS Receivables	39.8	41.7	32.9
Other receivables with related parties	3.1	1.5	0.0
Provision for impaired receivables	(4.1)	(3.7)	(3.5)
Prepayments	13.8	9.1	6.6
PFI Prepayments			
Prepayments - Capital contributions	1.7	(61.0)	(40.7)
Prepayments - Lifecycle	56.8	49.8	7.1
replacements			
Accrued income	6.0	6.8	6.0
Finance Lease Receivables	3.7	3.4	2.8
Other receivables	65.0	116.2	88.3
Total non-current Trade And Other Receivables	185.8	163.8	99.5

21.2 Provision for impairment of receivables

	2009-10 (£ million)	2008-09 (£ million)
At 1 April	102.6	90.9
At start of period for new FT's	3.3	8.0
Increase in provision	68.3	41.5
Amounts utilised	(12.5)	(13.2)
Unused amounts reversed	(19.8)	(24.6)
At 31 March	141.9	102.6

21.3 Analysis of impaired receivables	31 March 2010 (£ million)	31 March 2009 (£ million)
Ageing of impaired receivables		
Up to three months	49.2	30.8
In three to six months	27.5	11.6
Over six months	89.0	67.5
Total	165.7	109.9
Ageing of non-impaired receivables past their due date		
Up to three months	351.8	312.1
In three to six months	55.8	42.6
Over six months	89.7	65.0
Total	497.3	419.7

22 Other financial assets

	31 March 2010 (£ million)	31 March 2009 (£ million)	1 April 2008 (£ million)
Current			
Derivatives and Embedded Derivatives held at 'fair value through Income and Expenditure'	0.0	13.0	13.0
Available for sale financial assets	0.0	0.0	0.0
Held to maturity investments	5.0	1.5	0.0
Loan and receivables	29.2	139.4	153.8
Total	34.2	153.9	166.8

23 Non-current assets for sale and assets in disposal groups – 2009-10

	Property, plant and equipment (£ million)	Financial Investments (£ million)	Other (£ million)	Total (£ million)
NBV of non-current assets for sale and assets in disposal groups at 31 March 2009	45.5	0.0	0.4	45.9
At start of period for new foundation trusts	6.6	0.0	0.0	6.6
Assets classified as available for sale in the year	28.4	0.0	0.0	28.4
Assets sold in year	(16.2)	0.0	(0.4)	(16.6)
Impairment of Assets Held for Sale	(3.5)	0.0	0.0	(3.5)
Reversal of impairment of Assets Held for Sale	0.9	0.0	0.0	0.9
Assets no longer classified as held for sale, for reasons other than disposal by sale	1.0	0.0	0.0	1.0
NBV of non-current assets for sale and assets in disposal groups at 31 March 2010	62.7	0.0	0.0	62.7

23 Non-current assets for sale and assets in disposal groups – 2008-09	Property, plant and equipment (£ million)	Financial Investments (£ million)	Other (£ million)	Total (£ million)
NBV of non-current assets for sale and assets in disposal groups at 1 April 2008	78.6	8.5	0.0	87.1
At start of period for new foundation trusts	3.5	0.0	0.0	3.5
Assets classified as available for sale in the year	21.5	0.0	0.4	21.9
Assets sold in year	(19.2)	(8.5)	0.0	(27.7)
Impairment of Assets Held for Sale	(4.5)	0.0	0.0	(4.5)
Reversal of impairment of Assets Held for Sale	0.0	0.0	0.0	0.0
Assets no longer classified as held for sale, for reasons other than disposal by sale	(34.4)	0.0	0.0	(34.4)
NBV of non-current assets for sale and assets in disposal groups at 31 March 2009	45.5	0.0	0.4	45.9

24 Cash and cash equivalents	2009-10 (£ million)	2008-09 (£ million)
At 1 April	2,602.3	2,100.7
At start of period for new FTs	124.1	248.8
Net change in year	134.7	252.8
At 31 March	2,861.1	2,602.3
Broken down into:		
Cash at commercial banks and in hand	77.6	177.1
Cash at Government Banking Service	2,704.0	2,376.0
Other current investments	79.5	49.2
Cash and cash equivalents as in Statement of Financial Position	2,861.1	2,602.3
Bank overdraft	(42.4)	0.0
Cash and cash equivalents as in Statement of Cash Flow	2,818.7	2,602.3

25.1 Trade and other payables	Total 31 March 2010 (£ million)	Total 31 March 2009 (£ million)	Total 1 April 2008 (£ million)
Current			
Receipts in advance	59.8	60.7	109.5
NHS payables	477.2	378.6	334.7
Amounts due to other related parties	43.7	34.8	25.3
Trade payables - capital	198.8	178.0	154.0
Other trade payables	357.5	209.1	112.6
Taxes payable	294.0	260.6	179.8
Other payables	490.5	567.6	429.0
Accruals	737.3	684.9	558.6
PDC payable	4.6	0.0	0.0
Total Current Trade And Other Payables	2,663.4	2,374.3	1,903.5
Non-current			
Receipts in advance	1.1	20.4	0.0
NHS payables	0.0	0.7	0.5
Amounts due to other related parties	3.6	2.3	1.1
Trade payables - capital	0.3	0.0	0.0
Other trade payables	0.4	0.0	0.0
Other payables	19.9	27.2	21.1
Total non-current Trade And Other Payables	25.3	50.6	22.7

25.2 - early retirements detail included in NHS payables above	31 March 2010 (£ million)	31 March 2009 (£ million)
To buy out the liability for early retirements over 5 years	3.2	2.3
Number of cases involved	379.0	203.0
Outstanding pension contributions at 31 March	59.9	52.7

26.1 Borrowings	31 March 2010 (£ million)	31 March 2009 (£ million)	1 April 2008 (£ million)
Current			
Bank overdrafts	42.4	0.0	15.8
Drawdown in committed facility	14.4	0.0	0.0
Loans from Foundation Trust Financing Facility	23.3	19.7	2.7
Other Loans	7.0	5.2	3.9
Obligations under finance leases	13.8	12.1	8.6
Obligations under Private Finance Initiative contracts	63.6	43.6	19.6
Total Current Borrowings	164.5	80.6	50.6
Non-current			
Loans from Foundation Trust Financing Facility	428.6	267.0	156.5
Other Loans	30.7	4.6	1.5
Obligations under finance leases	78.9	69.8	58.8
Obligations under Private Finance Initiative contracts	3,191.8	2,407.5	1,230.9
Total Other non-current Liabilities	3,730.0	2,748.9	1,447.7
26.2 Prudential borrowing limit	2009-10 (£ million)	2008-09 (£ million)	
Total long term borrowing limit set by Monitor	8,875.0	5,346.0	
Working capital facility agreed by Monitor	1,810.2	1,589.6	
Total Prudential Borrowing Limit	10,685.2	6,935.6	
Long term borrowing at 1 April	2,100.9	1,131.0	
Long term borrowing at start of period for new FT's	257.8	479.1	
Net actual borrowing/(repayment) in year - long term	659.5	490.8	
Long term borrowing at 31 March	3,018.2	2,100.9	
Working capital borrowing at 1 April	59.5	41.0	
Working capital borrowing at start of period for new FT's	32.9	21.5	
Net actual borrowing/(repayment) in year - working capital	16.4	(3.0)	
Working capital borrowing at 31 March	108.8	59.5	

27 Provisions

	31 March 2010 (£ million)	Current 31 March 2009 (£ million)	1 April 2008 (£ million)	31 March 2010 (£ million)	Non-current 31 March 2009 (£ million)	1 April 2008 (£ million)
Pensions relating to former directors	0.3	0.1	0.2	1.6	1.1	0.9
Pensions relating to other staff	15.4	13.0	11.3	140.0	133.1	111.0
Other legal claims	23.3	23.2	17.5	22.8	19.0	14.2
Other	97.8	95.0	115.1	55.0	54.1	41.8
Total	136.8	131.3	144.1	219.4	207.3	167.9

	Pensions relating to former directors (£ million)	Pensions relating to other staff (£ million)	Other legal claims (£ million)	Other (£ million)	Total (£ million)
Cost or valuation at 1 April 2009	1.3	146.1	42.3	148.9	338.6
At start of period for new foundation trusts	0.7	11.6	5.1	14.1	31.5
Change in the discount rate	0.0	0.0	0.0	0.1	0.1
Arising during the year	0.1	12.8	15.9	63.5	92.3
Utilised during the year	(0.2)	(16.5)	(9.0)	(40.8)	(66.5)
Reclassified to liabilities held in disposal groups in year	0.0	0.0	0.0	(0.2)	(0.2)
Reversed unused	0.0	(1.8)	(8.4)	(33.5)	(43.7)
Unwinding of discount	0.0	3.2	0.3	0.6	4.1
At 31 March 2010	1.9	155.4	46.2	152.7	356.2
Expected timing of cash flows:					
- not later than one year;	0.3	15.0	23.3	98.2	136.8
- later than one year and not later than five years;	0.8	50.5	14.3	27.9	93.5
- later than five years.	0.8	89.9	8.6	26.6	125.9
Total	1.9	155.4	46.2	152.7	356.2

28 Other liabilities	31 March 2010 (£ million)	31 March 2009 (£ million)	1 April 2008 (£ million)
Current			
Deferred Income	425.8	363.0	319.3
Deferred PFI credits	0.8	0.9	0.6
Deferred Government Grant	9.7	8.5	6.9
Net Pension Scheme Liability	13.7	10.7	5.9
Total Other Current Liabilities	450.0	383.1	332.7
Non-current			
Deferred Income	98.6	81.2	45.5
Deferred PFI credits	20.5	21.3	10.0
Deferred Government Grant	47.7	40.7	29.3
Net Pension Scheme Liability	3.9	1.7	0.4
Total Other non-current Liabilities	170.7	144.9	85.2

29 Revaluation reserve – 2009-10	Revaluation Reserve - intangibles (£ million)	Revaluation Reserve - property, plant and equipment (£ million)	Total Revaluation Reserve (£ million)
Revaluation reserve at 1 April 2009	0.3	4,874.2	4,874.5
Prior period adjustment	0.0	10.5	10.5
Revaluation reserve at 1 April 2009 - restated	0.3	4,884.7	4,885.0
At start of period for new foundation trust	0.0	369.8	369.8
Revaluation gains/(losses) and impairment losses on intangible assets	0.2	0.0	0.2
Revaluation gains/(losses) and impairment losses property, plant and equipment	0.0	(1,378.3)	(1,378.3)
Revaluation gains/(losses) and impairment losses arising from classifying non-current assets as Assets Held for Sale	0.0	(8.1)	(8.1)
Transfers to the income and expenditure account in respect of disposed assets	0.0	(23.1)	(23.1)
Transfer of the excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve	0.0	(52.3)	(52.3)
Other transfers between reserves	0.0	8.6	8.6
Movements on other reserves	0.0	1.8	1.8
Revaluation reserve at 31 March 2010	0.5	3,803.1	3,803.6

29 Revaluation reserve – 2008-09	Revaluation Reserve - -intangibles (£ million)	Revaluation Reserve - property, plant and equipment (£ million)	Total Revaluation Reserve (£ million)
Revaluation reserve at 1 April 2008	0.2	4,604.4	4,604.6
Prior period adjustment	0.0	(2.4)	(2.4)
Revaluation reserve at 1 April 2008 - restated	0.2	4,602.0	4,602.2
At start of period for new foundation trust	0.0	1,211.3	1,211.3
Revaluation gains/(losses) and impairment losses on intangible assets	(0.1)	0.6	0.5
Revaluation gains/(losses) and impairment losses property, plant and equipment	0.0	(828.1)	(828.1)
Revaluation gains/(losses) and impairment losses arising from classifying non-current assets as Assets Held for Sale	0.0	0.3	0.3
Transfers to the income and expenditure account in respect of disposed assets	0.0	(35.3)	(35.3)
Transfer of the excess of current cost depreciation over historical cost depreciation to the Income and Expenditure Reserve	0.0	(54.8)	(54.8)
Other transfers between reserves	0.2	(19.7)	(19.5)
Movements on other reserves	0.0	(2.1)	(2.1)
Revaluation reserve at 31 March 2009	0.3	4,874.2	4,874.5

30 Contractual capital commitments

	31 March 2010 (£ million)	Restated 31 March 2009 (£ million)
Property, plant and equipment	642.0	541.4
Intangible assets	7.9	7.3
Total	649.9	548.7

31.1 Finance lease receivables

Receivables generated in lease agreements where Foundation Trusts are the lessor

	Minimum Lease Payment	
	31 March 2010 (£ million)	31 March 2009 (£ million)
Gross lease receivables of which those receivable	6.8	3.5
- not later than one year;	0.2	0.1
- later than one year and not later than five years;	0.8	0.3
- later than five years.	5.8	3.1
Unearned interest income	6.2	6.7
Net lease receivables of which those receivable	13.0	10.1
- not later than one year;	0.4	0.3
- later than one year and not later than five years;	1.8	1.3
- later than five years.	10.8	8.5

The unguaranteed residual value accruing to the NHS Foundation Trusts is £5,114k (prior year £3,138k).

The accumulated allowance for uncollectable minimum lease payments receivable is £1,556k (prior year £56k).

Contingents rents recognised as income in the period is £297k (prior year £245k).

31.2 Finance lease obligations

Obligations incurred in lease agreements where Foundation Trusts are lessees.

	Minimum Lease Payment		Present Value of Minimum Lease Payment	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	(£ million)	(£ million)	(£ million)	(£ million)
Gross lease liabilities	155.5	147.1	87.0	77.8
of which liabilities are due				
- not later than one year;	19.7	17.2	14.0	11.2
- later than one year and not later than five years;	54.7	48.9	36.4	30.6
- later than five years.	81.1	81.0	36.6	36.0
Finance charges allocated to future periods	(62.8)	(65.3)	(17.8)	(18.8)
Net lease liabilities	92.7	81.8	69.2	59.0
- not later than one year;	13.7	11.1	12.9	10.1
- later than one year and not later than five years;	38.3	32.2	30.2	24.1
- later than five years.	40.7	38.5	26.1	24.8

32.1 On Statement of Financial Position PFI

32.1 On Statement of Financial Position PFI obligations

	31 March 2010 (£ million)	31 March 2009 (£ million)
Gross PFI liabilities	7,326.9	5,962.4
of which liabilities are due		
- not later than one year;	266.7	206.4
- later than one year and not later than five years;	1,036.0	800.0
- later than five years.	6,024.2	4,956.0
Finance charges allocated to future periods	(4,071.5)	(3,511.2)
Net PFI liabilities	3,255.4	2,451.1
- not later than one year;	64.1	47.8
- later than one year and not later than five years;	281.2	202.1
- later than five years.	2,910.1	2,201.2

32.2 Foundation trusts are committed to make the following payments for on-Statement of Financial Position PFI obligations during the next year in which the commitment expires:

	31 March 2010 Total (£ million)	31 March 2009 Total (£ million)
Within one year	2.5	1.4
2nd to 5th years (inclusive)	7.3	5.2
6th to 10th years (inclusive)	8.6	5.7
11th to 15th years (inclusive)	6.3	4.6
16th to 20th years (inclusive)	32.1	28.4
21st to 25th years (inclusive)	143.0	85.0
26th to 30th years (inclusive)	97.3	65.4
31st to 35th years (inclusive)	154.2	184.9
36th year and beyond	6.2	6.3
	457.5	386.9

33 Off Statement of Financial Position PFI

33.1 For PFI schemes deemed to be off the Statement of Financial Position

	2009-10 (£ million)	2008-09 (£ million)
Gross charge to operating expenses in respect of off balance sheet PFI transaction(s)	14.8	12.8
Amortisation of PFI deferred asset(s)	0.0	0.0
Net charge to operating expenses in respect of off-balance sheet PFI transaction(s)	14.8	12.8

33.2 Foundation trusts are committed to make the following payments for off-Statement of Financial Position PFIs during the next year in which the commitment expires:

	31 March 2010	31 March 2009
	Total	Total
	(£ million)	(£ million)
Within one year	0.4	0.0
2nd to 5th years (inclusive)	1.4	7.9
6th to 10th years (inclusive)	5.2	0.0
11th to 15th years (inclusive)	1.1	0.4
16th to 20th years (inclusive)	0.0	0.0
21st to 25th years (inclusive)	0.2	0.0
26th to 30th years (inclusive)	0.0	0.1
31st to 35th years (inclusive)	1.4	1.4
36th year and beyond	33.7	8.3
	<hr/> 43.4	<hr/> 18.1

34.1 Financial assets by category	Loans and receivables	Assets at fair value through the I&E * (£ million)	Held to maturity (£ million)	Available- for-sale (£ million)	Total (£ million)
	(£ million)				
Assets as per Statement of Financial Position					
Trade and other receivables excluding non financial assets	1,228.9	9.6	0.0	0.0	1,238.5
Other investments	0.3	0.0	0.0	0.0	0.3
Other financial assets	65.8	0.5	5.0	0.0	71.3
Non-current assets held for sale and assets held in a disposal group excluding non financial assets	0.0	0.0	0.0	23.3	23.3
Cash and cash equivalents (at bank and in hand)	2,719.7	0.0	0.0	0.0	2,719.7
Total at 31 March 2010	4,014.7	10.1	5.0	23.3	4,053.1
Trade and other receivables excluding non financial assets	1,068.5	8.9	9.6	0.0	1,087.0
Other investments	0.5	0.0	0.0	0.0	0.5
Other financial assets	184.2	0.9	1.5	0.0	186.6
Non-current assets held for sale and assets held in disposal group excluding non financial assets	0.0	0.0	0.0	17.2	17.2
Cash and cash equivalents (at bank and in hand)	2,571.9	0.0	0.0	0.0	2,571.9
Total at 31 March 2009	3,825.1	9.8	11.1	17.2	3,863.2
Trade and other receivables excluding non financial assets	678.4	0.0	0.0	9.7	688.1
Other investments	20.8	0.0	0.0	0.0	20.8
Other financial assets	61.2	0.0	0.0	30.7	91.9
Non-current assets held for sale and assets held in disposal group excluding non financial assets	0.0	0.0	0.0	53.5	53.5
Cash and cash equivalents (at bank and in hand)	1,596.0	0.0	0.0	0.0	1,596.0
Total at 1 April 2008	2,356.4	0.0	0.0	93.9	2,450.3

34.2 Financial liabilities by category	Other financial liabilities (£ million)	Liabilities at fair value through the I&E (£ million)	Total (£ million)
Liabilities as per Statement of Financial Position			
Borrowings excluding finance lease and PFI liabilities	505.1	0.0	505.1
Obligations under finance leases	91.8	0.9	92.7
Obligations under Private Finance Initiative contracts	3,255.4	0.0	3,255.4
Trade and other payables excluding non financial assets	2,135.3	26.4	2,161.7
Other financial liabilities	72.6	0.0	72.6
Provisions under contract	222.2	6.7	228.9
Total at 31 March 2010	6,282.4	34.0	6,316.4
Borrowings excluding finance lease and PFI liabilities	282.9	0.0	282.9
Obligations under finance leases	81.8	0.0	81.8
Obligations under Private Finance Initiative contracts	2,451.1	0.0	2,451.1
Trade and other payables excluding non financial assets	1,917.4	28.5	1,945.9
Other financial liabilities	99.0	0.0	99.0
Provisions under contract	216.5	22.4	238.9
Total at 31 March 2009	5,048.7	50.9	5,099.6
Borrowings excluding finance lease and PFI liabilities	137.7	0.0	137.7
Obligations under finance leases	67.4	0.0	67.4
Obligations under Private Finance Initiative contracts	1,250.5	0.0	1,250.5
Trade and other payables excluding non financial assets	1,291.3	0.0	1,291.3
Other financial liabilities	34.5	0.0	34.5
Provisions under contract	169.1	7.0	176.1
Total at 1 April 2008	2,950.5	7.0	2,957.5

34.3 Financial risk management

The risks arising from financial instruments and the NHS foundation trust sector's policies and processes in response to these risks are described below. Individual NHS foundation trusts may have their own bespoke policies and processes in place to deal with the risks they face as an entity.

Liquidity risk

The level of income generated by foundation trusts is dependent on the contractual arrangements they have with their commissioning NHS Primary Care Trusts (PCTs). In the majority of cases, these contractual arrangements are either based on a tariff for services performed or on a contract based on assumptions for the amount of work to be carried out by the foundation trust. Section 53 of the National Health Service Act 2006 allows for foundation trusts to be subject to the Insolvency Act 1986.

As part of their terms of Authorisation, NHS foundation trusts are required to carry out their functions effectively, efficiently and economically and to be going concern as defined by generally accepted accounting practice. Monitor supervises the risk of individual NHS foundation trusts breaching these terms of Authorisation by reviewing a range of financial metrics and calculating a Financial Risk Rating for each trust every three months. If Monitor feels an NHS foundation trust is in risk of breaching its terms of

Authorisation, it may intervene in the management of the trust using the powers under the National Health Service Act 2006.

Details of the Compliance Framework used by Monitor to monitor these risks and risk ratings for individual foundation trusts can be accessed on the Monitor website (www.monitor-nhsft.gov.uk).

Credit risk

The vast majority of the foundation trust sector's income is generated from public sector bodies and as such is exposed to low credit risk.

NHS foundation trusts are permitted to generate income derived from private patients however the proportion of this income as a total of the patient relevant income of the NHS foundation trust is capped by the National Health Service Act 2006 to the level generated in the year to 31 March 2003 (or first year as a NHS trust, if later). The Health Act 2009 changed the limit on the proportion of income derived from private patients by mental health NHS foundation trusts to 1.5%. Other sources of income from non-public sector bodies amount to a small proportion of total trust income. Accordingly, the effective credit risk posed by income derived from private patients or non-public sector entities to the sector is low.

The maximum exposures as at 31 March 2010 are in receivables, as disclosed in the Trade and other receivables note.

Currency risk

The foundation trust sector operates purely within England and as such has only negligible amount of transactions, assets and liabilities which are not in Sterling. Therefore the foundation trust sector has low exposure to currency risk.

Interest rate risk

Foundation trusts have the power to enter into loans and working capital facilities with commercial lenders. Foundation trusts are also able to borrow from the Foundation Trust Financing Facility (FTFF), managed by the Department of Health. The term of FTFF loans can range up to 25 years with the interest rate fixed at the National Loan Fund fixed rate for the period of the loan prevailing on the date of signing of the loan agreement.

Under the National Health Service Act 2006, NHS foundation trusts are required to maintain their borrowing within a limit determined by a code devised by Monitor. Monitor's objective with this code is to ensure that individual foundation trusts are at least as financially stable as the minimum investment grade category as defined by the top three credit rating agencies. If a foundation trust exceeded its borrowing limit it would be in breach of its terms of Authorisation and as such may be subject to Monitor intervening in the management of the trust.

A copy of the Prudential Borrowing Code (PBC) for NHS foundation trusts can be accessed on the Monitor website (www.monitor-nhsft.gov.uk).

35.1 Fair values of financial assets at 31 March 2010

	Book Value (£ million)	Fair value (£ million)
Non-current trade and other receivables excluding non financial assets	112.6	77.2
Other Investments	0.3	0.3
Private Finance Initiatives	411.7	411.7
Other	613.7	587.1
Total	1,138.3	1,076.3

35.2 Fair values of financial liabilities at 31 March 2010

	Book Value (£ million)	Fair value (£ million)
Non-current trade and other payables excluding non financial liabilities	15.6	109.6
Provisions under contract	228.9	172.7
Loans	504.0	431.6
Private Finance Initiatives	785.6	740.7
Other	379.4	349.6
Total	1,913.5	1,804.2

36 Contingent assets and liabilities

At 31 March 2010 the net value of contingent liabilities (after allowing for recoverable amounts) was £19.5 million (2008-09: £18.8 million), while the net value of contingent assets was £1.5 million (2008-09: £1.9 million)

37 Pensions

37.1 Changes in the benefit obligation and fair value of plan assets during the year for the amounts recognised in the Statement of Financial Position

	2009-10 (£ million)	2008-09 (£ million)
Present Value of the defined benefit obligation at 1 April	6.0	2.4
Present Value of the defined benefit obligation at start of period for new FTs	9.1	12.6
Current service cost	0.5	0.4
Interest cost	1.0	0.7
Contribution by plan participants	0.3	0.1
Actuarial gain/(losses)	7.1	(4.7)
Benefits paid	(0.4)	(0.3)
Past service costs	0.0	0.0
Business combinations	0.0	0.0
Curtailments and settlements	0.0	0.0
Present Value of the defined benefit obligation at 31 March	23.6	11.2
Plan assets at fair value at 1 April	(6.4)	(1.9)
Plan assets at fair value at start of period for new FTs	(7.7)	(9.1)
Expected return on plan assets	(0.9)	(0.6)
Actuarial gain/(losses)	(3.8)	2.2
Contributions by the employer	(0.6)	(0.3)
Contributions by the plan participants	(0.3)	(0.1)
Benefits paid	0.4	0.3
Business combinations	0.0	0.0
Settlements	0.0	0.0
Plan assets at fair value at 31 March	(19.3)	(9.5)
Plan (surplus)/deficit	4.3	1.7

37.2 Reconciliation of the present value of the defined benefit obligation and the present value of the plan assets to the assets and liabilities recognised in the balance sheet

	31 March 2010 (£ million)	31 March 2009 (£ million)
Present value of the defined benefit obligation	23.6	11.2
Plan assets at fair value at 31 March	(12.3)	(9.5)
Fair value of any reimbursement right 31 March	(7.0)	0.0
Past Service cost not recognised as an asset	0.0	0.0
Net liability/(asset) recognised in the Statement of Financial Position	4.3	1.7

37.3 Amounts recognised in the Statement of Comprehensive Income

	2009-10 (£ million)	2008-09 (£ million)
Current service cost	0.0	6.8
Interest cost	(1.0)	(0.7)
Expected return on plan assets	0.9	0.6

38 Events after the reporting period

Events after the reporting period having a material effect on the accounts are:

Additional NHS Foundation Trusts

As at 31 March 2010 there were 129 NHS foundation trusts. One NHS trusts has been authorised since the year end as a new NHS foundation trusts.

	Authorised
Airedale NHS Foundation Trust	1 June 2010

Private Finance Initiatives

The University Hospitals Birmingham NHS Foundation Trust opened part of its Queen Elizabeth hospital on 15 June 2010. This hospital was constructed using a Private Finance Initiative scheme. The scheme falls under the scope of *IFRIC 12 Service Concession Arrangements*, as interpreted by the *Foundation Trust Annual Reporting Manual*, and will be recognised on the Statement of Financial Position in 2010-11.

The opening of the hospital is expected to have a material impact on 2010-11 accounts. The foundation trust believes £474.4 million of non-current assets, with an associated impairment of £235.2 million, are expected to be recognised within 2010-11. The hospital will be fully operational in 2011-12, by which point £584.6 million of non-current assets and £289.8 million impairments will be recognised in total.

Other

On 1 April 2010 South Essex Partnership NHS Foundation Trust took over the management of Bedfordshire and Luton Partnership Trust.

39 Prior Period Adjustments

Prior period adjustments in the 2009-10 consolidated NHS Foundation Trusts accounts arise from NHS Foundation Trusts in 2009-10 accounts correcting, restating or reclassifying 2008-09 figures.

There are no prior period adjustments disclosed by NHS Foundation Trusts in their 2009-10 accounts which warrant disclosure here.

40 Related Parties

NHS foundation trusts are public benefit corporations established under the Health and Social Care (Community Health and Standards) Act 2003. From 1 March 2007, the provisions of the 2003 Act relating to NHS Foundation Trusts were consolidated in the National Health Service Act 2006. The Department of Health is regarded as a related party. During the period, NHS foundation trusts had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent department, i.e. all strategic health authorities, NHS trusts, Primary Care Trusts, NHS agencies and all special health authorities. In addition NHS foundation trusts had a significant number of material transactions with other Government bodies including central and local government bodies. NHS foundation trusts had some transactions with a number of charitable funds and certain of the trustees are also members of the NHS foundation trust boards. Details of all the NHS foundation trusts' related party transactions are shown in the accounts of the individual NHS foundation trust.

40.1 Related Party Transactions

	Income (£ million)	Expenditure (£ million)
Value of transactions with board members in 2009-10	1.2	12.8
Value of transactions with key staff members in 2009-10	0.1	1.8
Value of transactions with other related parties in 2009-10	26,455.6	2,395.2
Value of transactions with board members in 2008-09	0.9	11.3
Value of transactions with key staff members in 2008-09	0.0	0.0
Value of transactions with other related parties in 2008-09	21,607.3	2,348.5

40.2 Related Party Balances

	Receivables (£ million)	Payables (£ million)
Value of balances with board members in 2009-10	0.1	0.2
Value of balances with key staff members in 2009-10	0.0	0.4
Value of balances (other than salary) with related parties in relation to doubtful debts at 31 March 2010	6.3	0.0
Value of balances (other than salary) with related parties in respect of doubtful debts written off in year at 31 March 2010	4.2	0.0
Value of balances with other related parties in 2009-10	765.2	514.8
Value of balances with board members in 2008-09	0.6	0.4
Value of balances with key staff members in 2008-09	0.0	0.0
Value of balances (other than salary) with related parties in relation to doubtful debts at 31 March 2009	2.7	0.0
Value of balances (other than salary) with related parties in respect of doubtful debts written off in year at 31 March 2009	0.7	0.0
Value of balances with other related parties in 2008-09	623.9	362.6

41 International Financial Reporting Standards – UK Generally Accepted Accounting Principles Reconciliation

Statement of Comprehensive Income – 2008-09

GROUP INCOME AND EXPENDITURE ACCOUNT

	2008/09	UK GAAP	Adjusted	IAS 17									2008/09	GROUP INCOME AND EXPENDITURE ACCOUNT	
	UKGAAP figures (£ million)	Adjustment for Errors (£ million)	UKGAAP figures (£ million)	IAS 1 (£ million)	IAS 16 (£ million)	IFRIC 4 SIC 27 (£ million)	IAS 18 (£ million)	IAS 36 (£ million)	IAS 37 (£ million)	IFRS 5 (£ million)	IFRIC 12 (£ million)	Other (£ million)	Total (£ million)		IFRS figures (£ million)
INCOME AND EXPENDITURE ACCOUNT															STATEMENT OF COMPREHENSIVE INCOME
Income from Activities	19,928.8	181.7	20,110.5	2,850.5	0.1	0.4	2.3	0.0	0.0	0.0	3.2	(201.8)	2,654.7	22,765.2	Operating Income
Other Operating Income	2,836.6	(178.1)	2,658.5	(2,658.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(2,658.5)	0.0	
Operating Expenses	(22,111.3)	(13.2)	(22,124.5)	(19.8)	(9.6)	16.6	0.1	16.3	(1.0)	(0.5)	37.3	48.2	87.6	(22,036.9)	Operating Expenses
OPERATING SURPLUS / (DEFICIT)	654.1	(9.6)	644.5	172.2	(9.5)	17.0	2.4	16.3	(1.0)	(0.5)	40.5	(153.6)	83.8	728.3	OPERATING SURPLUS / (DEFICIT)
				89.1	0.0	2.9	0.6	0.0	0.0	0.0	(0.4)	21.9	114.1	114.1	FINANCE COSTS
				(11.7)	0.0	(17.8)	0.0	0.0	0.0	0.0	(137.3)	(11.1)	(177.9)	(177.9)	Finance income
				(3.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(3.9)	(3.9)	Finance expense - financial liabilities
				(365.5)	0.0	(3.7)	0.0	0.0	0.0	0.0	0.0	(117.2)	(486.4)	(486.4)	Finance expense - unwinding of discount on provisions
				(292.0)	0.0	(18.6)	0.6	0.0	0.0	0.0	(137.7)	(106.4)	(554.1)	(554.1)	PDC Dividends payable
															NET FINANCE COSTS
Cost of fundamental reorganisation / restructuring / other	6.2	0.0	6.2	(6.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(6.2)	0.0	
Profit / (loss) on disposal of fixed assets	(0.4)	0.1	(0.3)	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	
SURPLUS / (DEFICIT) BEFORE INTEREST	659.9	(9.5)	650.4	(125.7)	(9.5)	(1.6)	3.0	16.3	(1.0)	(0.5)	(97.2)	(260.0)	(476.2)	174.2	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	Share of Profit / (Loss) of Associates/Joint Ventures accounted for using the equity method
Finance Income	114.0	0.0	114.0	(88.9)	0.0	(2.6)	(0.6)	0.0	0.0	0.0	0.0	(21.9)	(114.0)	0.0	
Finance costs - interest expense	(14.3)	0.0	(14.3)	11.1	0.0	0.5	0.0	0.0	0.0	0.0	(6.9)	9.6	14.3	0.0	
Other gains / (losses) on financial instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other finance costs - unwinding of discount	(3.9)	0.0	(3.9)	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.9	0.0	
Other finance costs - change in discount rate on provision	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
SURPLUS / (DEFICIT) BEFORE TAXATION & MI	755.7	(9.5)	746.2	(199.6)	(9.5)	(3.7)	2.4	16.3	(1.0)	(0.5)	(104.1)	(272.3)	(572.0)	174.1	
Taxation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0 Corporation tax expense
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
SURPLUS / (DEFICIT) AFTER TAXATION & MI	755.7	(9.5)	746.2	(199.6)	(9.5)	(3.7)	2.4	16.3	(1.0)	(0.5)	(104.1)	(272.3)	(572.0)	174.1	
PDC dividends payable	(486.4)	0.0	(486.4)	364.5	0.0	3.7	0.0	0.0	0.0	0.0	0.0	118.2	486.4	0.0	
	269.3	(9.5)	259.8	164.9	(9.5)	0.0	2.4	16.3	(1.0)	(0.5)	(104.1)	(154.1)	(85.6)	174.1	Surplus/(Deficit) from continuing operations
				0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.6	0.6	Surplus/(deficit) of discontinued operations and the gain/(loss) on disposal of discontinued operations
RETAINED SURPLUS FOR THE YEAR	269.3	(9.5)	259.8	164.9	(9.5)	0.0	2.4	16.3	(1.0)	0.1	(104.1)	(154.1)	(85.0)	174.7	SURPLUS/(DEFICIT) FOR THE YEAR

	2008/09 UKGAAP figures (£ million)	UK GAAP Adjustment for Errors (£ million)	Adjusted UKGAAP figures (£ million)	IAS 1 (£ million)	IAS 16 (£ million)	IAS 17 IFRIC 4 SIC 15 (£ million)	IAS 18 (£ million)	IAS 36 (£ million)	IAS 37 (£ million)	IFRS 5 (£ million)	IFRIC 12 (£ million)	Other (£ million)	Total (£ million)	2008/09 IFRS figures (£ million)	GROUP INCOME AND EXPENDITURE ACCOUNT OTHER COMPREHENSIVE INCOME
STATEMENT OF RECOGNISED GAINS AND LOSSES															
Surplus/(deficit) for the financial year before dividend payments	755.7	(9.5)	746.2	(571.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(571.5)	174.7	
															Share of comprehensive income from associates
Fixed asset impairment losses	(343.2)	(95.1)	(438.3)	438.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
															Revaluation gains/(losses) and impairment losses on intangible assets
Unrealised surplus/(deficit) on fixed asset revaluations	(662.9)	88.1	(574.8)	333.3	(15.9)	9.8	0.0	43.8	0.0	3.8	0.0	200.5	575.3	0.5	
															Revaluation gains/(losses) and impairment losses property, plant and equipment
	0.0	0.0	0.0	(671.0)	(3.7)	(7.9)	0.0	(38.7)	0.0	(0.7)	(75.6)	(32.1)	(829.7)	(829.7)	Revaluation gains/(losses) and impairment losses arising from classifying non current assets as Assets Held for Sale
	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.3	0.3	Fair Value gains/(losses) on Available-for-sale financial investments
Net gains / losses on available for sale investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
															Recycling gains/(losses) on Available-for-sale financial investments
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase in the donated asset reserve due to receipt of donated assets	54.8	0.0	54.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.9	55.7	Increase in the donated asset reserve due to receipt of donated assets
															Reduction in the donated asset reserve in respect of depreciation, impairment, and/or disposal of on donated assets
Reduction in the donated asset reserve due to depreciation, impairment, and/or disposal of donated assets	(49.4)	(14.1)	(63.5)	(1.2)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	(30.9)	(32.0)	(95.5)	(95.5)
															Additions/(reduction) in "Other reserves"
Additions/(reduction) in "Other reserves"	(6.5)	0.0	(6.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.3)	(0.3)	(6.8)	(6.8)
															Other recognised gains and losses *
Other recognised gains and losses *	(0.8)	0.0	(0.8)	(0.2)	1.8	(0.1)	0.0	0.0	0.0	0.0	0.0	0.7	2.2	1.4	1.4
															Actuarial gains/(losses) on defined benefit pension schemes
				0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2
TOTAL RECOGNISED GAINS AND LOSSES FOR THE FINANCIAL YEAR	(252.3)	(30.6)	(282.9)	(472.2)	(17.7)	1.8	0.0	5.1	0.0	3.5	(75.6)	138.8	(416.3)	(699.2)	TOTAL COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR
Prior period adjustments **	11.9	(40.4)	(28.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	(28.4)	Prior period adjustments **
TOTAL RECOGNISED GAINS AND LOSSES IN THE FINANCIAL YEAR	(240.4)	(71.0)	(311.4)	-646.9	-17.7	1.8	0.0	5.1	0.0	3.5	-75.5	138.8	-590.9	(727.6)	TOTAL COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR

Statement of Financial Position – 1 April 2008

IFRS adjustments

GROUP BALANCE SHEET	UK GAAP 31 Mar 2008 (£ million)	UK GAAP Adjustment for Errors (£ million)	Adjusted UKGAAP figures (£ million)	IAS 17 IFRIC 4 SIC 15									Total	IFRS figures 01/04/2008 (£ million)	GROUP BALANCE SHEET	
				IAS 1	IAS 16	SIC 27	IAS 19	IAS 36	IFRS 5	IFRIC 12	Other	(£ million)				
FIXED ASSETS:																NON-CURRENT ASSETS
Intangible assets	48.3	0.2	48.5	0.0	0.0	4.3	0.0	0.1	0.0	1.5	4.9	10.8	59.3	Intangible assets		
Tangible assets	13,186.5	(14.9)	13,171.6	(2.3)	(43.1)	(12.9)	0.0	(60.2)	(77.6)	1,178.3	(135.7)	846.5	14,018.1	Property, Plant and Equipment		
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.6	10.6	10.6	Investment property		
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Investments in Associates		
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Other Investments		
		0.0	0.0	185.5	0.0	2.9	0.0	0.0	0.0	(99.4)	10.5	99.5	99.5	Trade and Other Receivables		
Investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Other Financial Assets		
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Tax receivable		
		0.0	0.0	0.4	0.0	0.4	0.0	0.0	0.0	4.2	(0.0)	5.0	5.0	Other Assets		
TOTAL FIXED ASSETS	13,234.8	(14.7)	13,220.1	183.6	(43.1)	(5.3)	0.0	(60.1)	(77.6)	1,084.6	(109.7)	972.4	14,192.5	TOTAL NON-CURRENT ASSETS		
CURRENT ASSETS:															CURRENT ASSETS	
Stocks and work in progress	222.4	0.0	222.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	222.4	Inventories		
Debtors	1,068.7	4.3	1,073.0	(188.3)	0.0	(0.9)	0.0	0.0	0.0	(27.5)	(3.7)	(220.4)	852.6	Trade and Other receivables		
Investments	374.1	6.4	380.5	(142.2)	0.0	0.0	0.0	0.0	0.0	0.0	(71.5)	(213.7)	166.8	Other Financial Assets		
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	1.9	1.9	Tax Receivable		
		0.0	0.0	2.7	1.0	8.5	0.0	0.0	74.7	0.0	0.3	87.1	87.1	Non-current assets held for sale, and assets in disposal groups		
Cash at bank and in hand	1,893.4	(6.4)	1,887.0	118.9	0.0	0.0	0.0	0.0	0.0	0.0	94.8	213.7	2,100.7	Cash and Cash Equivalents		
TOTAL CURRENT ASSETS	3,558.6	4.3	3,562.9	(208.9)	1.0	7.6	0.0	0.0	74.7	(27.5)	21.9	(131.4)	3,431.5	TOTAL CURRENT ASSETS		
CREDITORS:															CURRENT LIABILITIES	
Creditors falling due within one year	(2,231.7)	20.2	(2,211.5)	433.3	0.0	0.0	(43.9)	0.0	0.0	(7.5)	105.9	487.8	(1,723.7)	Trade and Other Payables		
		0.0	0.0	(22.4)	0.0	(8.2)	0.0	0.0	0.0	(14.5)	(5.5)	(50.6)	(50.6)	Borrowings		
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Other Financial Liabilities		
		0.0	0.0	(102.3)	0.0	0.0	(5.0)	0.0	0.0	0.0	(36.8)	(144.1)	(144.1)	Provisions		
		0.0	0.0	(130.0)	0.0	0.0	0.0	0.0	0.0	0.0	(49.8)	(179.8)	(179.8)	Tax Payable		
		0.0	0.0	(244.3)	0.0	(0.2)	0.0	0.0	0.0	(0.8)	(87.4)	(332.7)	(332.7)	Other Liabilities		
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Liabilities in disposal groups		
NET CURRENT ASSETS/(LIABILITIES)	(2,231.7)	20.2	(2,211.5)	(65.7)	0.0	(8.4)	(48.9)	0.0	0.0	(22.8)	(73.6)	(219.4)	(2,430.9)	TOTAL CURRENT LIABILITIES		
TOTAL ASSETS LESS CURRENT LIABILITIES	14,561.7	9.8	14,571.5	(91.0)	(42.1)	(6.1)	(48.9)	(60.1)	(2.9)	1,034.3	(161.4)	621.7	15,193.1	TOTAL ASSETS LESS CURRENT LIABILITIES		
CREDITORS:															NON-CURRENT LIABILITIES	
Creditors falling due after more than one year	(227.4)	(8.6)	(236.0)	182.5	0.0	2.4	0.0	0.0	0.0	(6.0)	34.4	213.3	(22.7)	Trade and Other Payables		
		0.0	0.0	(256.2)	0.0	(88.3)	0.0	0.0	0.0	(1,069.2)	(34.0)	(1,447.7)	(1,447.7)	Borrowings		
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.0	Other Financial Liabilities		
PROVISIONS FOR LIABILITIES AND CHARGES	(317.1)	2.1	(315.0)	102.5	0.0	0.0	(0.6)	0.0	0.0	10.3	34.9	147.1	(167.9)	Provisions		
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Tax payable		
		0.0	0.0	(56.7)	0.0	(3.9)	0.0	0.0	0.0	(19.7)	(4.9)	(85.2)	(85.2)	Other Liabilities		
		(544.5)	(6.5)	(551.0)	(27.9)	(89.8)	(0.6)	0.0	0.0	(1,084.6)	30.4	(1,172.5)	(1,723.5)	TOTAL NON-CURRENT LIABILITIES		
TOTAL ASSETS EMPLOYED	14,017.2	3.3	14,020.5	(118.9)	(42.1)	(95.9)	(49.5)	(60.1)	(2.9)	(50.3)	(131.0)	(550.9)	13,469.6	NET ASSETS		
FINANCED BY TAXPAYER'S EQUITY															TAXPAYERS' EQUITY:	
				0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.0	0.0	Minority Interest	
Public dividend capital	7,803.3	0.0	7,803.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7,803.3	Public Dividend Capital		
Revaluation reserve	4,564.8	34.3	4,599.1	2.9	20.7	(40.2)	0.0	(24.0)	(2.9)	153.5	(106.9)	3.1	4,602.2	Revaluation reserve		
Donated asset reserve	722.6	1.2	723.8	(0.2)	0.0	2.1	0.0	0.0	0.0	2.3	(0.1)	4.1	727.9	Donated asset reserve		
Available for sale investments reserve		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Available for sale investments reserve		
Other reserves	5.3	0.0	5.3	0.4	0.1	0.0	0.0	0.0	0.0	0.0	(0.0)	0.5	5.8	Other reserves		
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Merger reserve		
Income and expenditure reserve	921.2	(32.2)	889.0	(34.3)	(55.5)	(58.3)	(48.8)	(36.2)	0.0	(301.8)	(23.7)	(558.6)	330.4	Income and expenditure reserve		
TOTAL TAXPAYERS' EQUITY	14,017.2	3.3	14,020.5	(31.2)	(34.7)	(96.4)	(48.8)	(60.2)	(2.9)	(146.0)	(130.7)	(550.9)	13,469.6	TOTAL TAXPAYERS' EQUITY		

Cash Flow Statement – 2008-09

GROUP CASH FLOW STATEMENT OPERATING ACTIVITIES - Note 19.1	UK GAAP	UK GAAP Adjustment for Errors	Adjusted UKGAAP figures	IFRS adjustments								2008/09 IFRS figures	GROUP CASH FLOW STATEMENT
				IAS 7	IAS 1	IAS 17 IFRIC 4 SIC 27	IAS 18	IFRS 5	IFRIC 12	Other	Total		
	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)
	0.0	0.0	0.0	480.6	142.8	11.8	0.0	(0.2)	60.0	33.3	728.3	728.3	Surplus/(Deficit) from continuing operations
	0.0	0.0	0.0	0.0	(0.1)	0.0	0.0	0.6	0.0	0.1	0.6	0.6	Surplus/(deficit) of discontinued operations and the gain/(loss) on disposal of discontinued operations
OPERATING SURPLUS/(DEFICIT)	654.1	0.0	654.1	(654.1)	0.0	0.0	0.0	0.0	0.0	0.0	(654.1)	0.0	
	654.1	0.0	654.1	(173.5)	142.7	11.8	0.0	0.4	60.0	33.4	74.8	728.9	Operating surplus/(deficit)
Depreciation and amortisation	715.9	(5.2)	710.7	0.0	0.5	14.1	0.0	0.0	55.8	4.3	74.7	785.4	Non-cash income and expense: Depreciation and amortisation
Fixed asset impairments	251.4	(17.9)	233.5	0.0	5.8	0.1	0.0	0.6	84.4	2.9	93.8	327.3	Impairments
Fixed asset reversal of impairments	(1.9)	0.0	(1.9)	0.0	0.0	0.0	0.0	0.0	(5.6)	0.0	(5.6)	(7.5)	Reversals of impairments
Transfer from the donated asset reserve	(39.6)	0.1	(39.5)	0.0	0.5	0.0	0.0	0.0	0.0	(9.7)	(9.2)	(48.7)	Transfer from the donated asset reserve
	0.0	0.0	0.0	0.0	(0.3)	0.0	0.0	0.0	0.0	(0.2)	(0.5)	(0.5)	Amortisation of government grants
	0.0	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	(1.8)	0.0	(1.9)	(1.9)	Amortisation of PFI credit
(Increase)/decrease in debtors	(50.6)	1.0	(49.6)	0.0	17.6	(1.5)	0.0	0.0	1.7	(3.2)	14.6	(35.0)	(Increase)/Decrease in Trade and Other Receivables
	0.0	0.0	0.0	0.0	(16.0)	3.9	0.0	0.0	0.0	(4.3)	(16.4)	(16.4)	(Increase)/Decrease in Other Assets
(Increase)/decrease in stocks	(21.3)	0.0	(21.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(21.3)	(Increase)/Decrease in Inventories
Increase/(decrease) in creditors	102.7	(9.3)	93.4	0.0	(25.8)	11.2	0.0	0.0	0.7	21.0	7.1	100.5	Increase/(Decrease) in Trade and other Payables
	0.0	0.0	0.0	0.0	14.0	(5.1)	0.0	0.0	(0.6)	(9.4)	(1.1)	(1.1)	Increase/(Decrease) in Other Liabilities
Increase/(decrease) in provisions	(61.1)	4.1	(57.0)	0.0	(1.2)	0.0	0.0	0.0	0.0	0.0	(1.2)	(58.2)	Increase/(Decrease) in Provisions
	0.0	0.1	0.1	0.0	6.0	0.6	0.0	0.0	0.0	0.9	7.5	7.6	Tax (paid) / received
Other movements *	5.6	12.6	18.2	0.0	0.9	0.1	0.0	0.1	(4.4)	(14.9)	(18.2)	0.0	Other movements in operating cashflows
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.3	Movements in operating cashflow of discontinued operations
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1,555.2	(14.5)	1,540.7	(173.5)	144.6	35.2	0.0	1.1	190.2	21.1	218.7	1,759.4	NET CASH GENERATED FROM/(USED IN) OPERATIONS
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:													
Interest received	113.6	0.0	113.6	0.0	0.0	0.0	0.0	0.0	0.0	(0.2)	(0.2)	113.4	Cash flows from investing activities: Interest received
		0.0	0.0	(3,898.1)	1,798.8	(0.2)	0.0	0.0	0.0	(15.0)	(2,114.5)	(2,114.5)	Purchase of financial assets
		0.0	0.0	2,714.5	(458.8)	0.0	0.0	0.0	0.0	(104.0)	2,151.7	2,151.7	Sales of financial assets
		0.0	0.0	(22.0)	(1.4)	0.0	0.0	0.0	0.0	3.6	(19.8)	(19.8)	Purchase of intangible assets
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Sales of intangible assets
		0.0	0.0	(1,111.3)	(109.5)	(8.4)	0.0	0.0	(13.5)	0.8	(1,241.9)	(1,241.9)	Purchase of Property, Plant and Equipment
		0.0	0.0	74.2	1.8	0.0	0.0	0.0	0.0	(1.5)	74.5	74.5	Sales of Property, Plant and Equipment
Interest paid	(9.7)	0.0	(9.7)	9.7	0.0	0.0	0.0	0.0	0.0	0.0	9.7	0.0	Interest element of finance lease rental payments
	(4.2)	0.0	(4.2)	4.2	0.0	0.0	0.0	0.0	0.0	0.0	4.2	0.0	
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Cash flows attributable to investing activities of discontinued operations
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	cash from acquisitions of business units and subsidiaries
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	cash from (disposals) of business units and subsidiaries
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	99.7	0.0	99.7	(2,228.8)	1,230.9	(8.6)	0.0	0.0	(13.5)	(116.3)	(1,136.3)	(1,036.6)	Net cash generated from/(used in) investing activities

	IFRS adjustments											2008/09 IFRS figures	GROUP CASH FLOW STATEMENT
	UK GAAP (£ million)	UK GAAP Adjustment for Errors (£ million)	Adjusted UKGAAP figures (£ million)	IAS 7 (£ million)	IAS 1 (£ million)	IAS 17 IFRIC 4 SIC 15 (£ million)	IAS 18 (£ million)	IFRS 5 (£ million)	IFRIC 12 (£ million)	Other (£ million)	Total (£ million)		
TAXATION PAID / RECEIVED	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURE: (Payments) to acquire tangible fixed assets	(1,229.1)	(121.7)	(1,350.8)	1,350.8	0.0	0.0	0.0	0.0	0.0	0.0	1,350.8	0.0	0.0
Receipts from sale of tangible fixed assets	74.2	0.0	74.2	(74.2)	0.0	0.0	0.0	0.0	0.0	0.0	(74.2)	0.0	0.0
(Payments) to acquire intangible fixed assets	(19.2)	(2.8)	(22.0)	22.0	0.0	0.0	0.0	0.0	0.0	0.0	22.0	0.0	0.0
Receipts from sale of intangible fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Payments)/receipts for fixed asset investments	(0.1)	0.0	(0.1)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE	(1,174.2)	(124.5)	(1,298.7)	1,298.7	0.0	0.0	0.0	0.0	0.0	0.0	1,298.7	0.0	0.0
DIVIDENDS PAID	(504.4)	0.0	(504.4)	504.4	0.0	0.0	0.0	0.0	0.0	0.0	504.4	0.0	0.0
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	(23.7)	(139.0)	(162.7)	(599.2)	1,375.5	26.6	0.0	1.1	176.7	(95.2)	885.5	722.8	722.8
NET CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	(23.7)	(139.0)	(162.7)	(599.2)	1,375.5	26.6	0.0	1.1	176.7	(95.2)	885.5	722.8	722.8
MANAGEMENT OF LIQUID RESOURCES:													
(Purchase) of current asset investments	(3,469.4)	(15.0)	(3,484.4)	3,484.4	0.0	0.0	0.0	0.0	0.0	0.0	3,484.4	0.0	0.0
Sale of current asset investments	3,615.7	83.3	3,699.0	(3,699.0)	0.0	0.0	0.0	0.0	0.0	0.0	(3,699.0)	0.0	0.0
NET CASH INFLOW/(OUTFLOW) FROM MANAGEMENT OF LIQUID RESOURCES	146.3	68.3	214.6	(214.6)	0.0	0.0	0.0	0.0	0.0	0.0	(214.6)	0.0	0.0
Net cash inflow before financing	122.6	(70.7)	51.9	(813.8)	1,375.5	26.6	0.0	1.1	176.7	(95.2)	670.9	722.8	722.8
FINANCING:													
New public dividend capital received	140.6	0.0	140.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	140.6	Cash flows from financing activities Public dividend capital received
Public dividend capital repaid	(23.9)	0.0	(23.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(23.9)	Public dividend capital repaid
Loans received from Foundation Trust Financing Facility	130.4	0.0	130.4	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	130.6	Loans received
Other loans received	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Loans repaid to Foundation Trust Financing Facility	(10.1)	0.0	(10.1)	(16.2)	(4.9)	0.0	0.0	0.0	0.0	4.8	(16.3)	(26.4)	Loans repaid
Other loans repaid	(16.2)	0.0	(16.2)	16.2	0.0	0.0	0.0	0.0	0.0	0.0	16.2	0.0	
Capital element of finance lease rental payments	(1.4)	0.0	(1.4)	0.0	5.5	(3.0)	(0.6)	0.0	0.7	(4.0)	(1.4)	(2.8)	Capital element of finance lease rental payments
	0.0	0.0	0.0	0.0	(0.2)	(0.7)	0.0	0.0	(28.4)	(6.8)	(36.1)	(36.1)	Capital element of Private Finance Obligations
	0.0	0.0	0.0	(9.7)	(12.2)	0.0	0.0	0.0	(0.3)	12.4	(9.8)	(9.8)	Interest paid
	0.0	0.0	0.0	(4.2)	(1.3)	(1.9)	0.0	0.0	2.3	(27.0)	(32.1)	(32.1)	Interest element of finance lease rental payments
	0.0	0.0	0.0	0.0	(2.5)	(2.5)	0.0	0.0	(91.9)	(28.4)	(125.3)	(125.3)	Interest element of Private Finance Initiative obligations
	0.0	0.0	0.0	(504.4)	0.0	0.0	0.0	0.0	(2.5)	5.6	(501.3)	(501.3)	PDC Dividend paid
Other capital receipts	39.2	0.7	39.9	0.0	28.1	0.0	0.0	0.0	(4.5)	(27.7)	(4.7)	35.2	Cash flows from (used in) other financing activities
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	258.6	0.7	259.3	(518.3)	12.5	(8.1)	(0.6)	0.0	(124.6)	(70.9)	(710.6)	(451.3)	Net cash generated from/(used in) financing activities
INCREASE/(DECREASE) IN CASH	381.2	(70.0)	311.2	(1,332.1)	1,388.0	18.5	(0.6)	1.1	52.1	(166.1)	(39.7)	271.5	Increase/(decrease) in cash and cash equivalents

42 Losses and special payments

In the year there were 32832 (2008-09: 33,870) cases of loss with a total value of £12.6 million (2008-09: £12.3 million) and 4286 (2008-09: 3,510) cases of special payments with a total value of £8.7 million (2008-09: £5.8 million).

There was no cases of loss or special payment in excess of £250,000 (2008-09: 1).

The total costs are included in the notes to the accounts.

43 Third Party Assets

The balance of patients' money held within the NHS foundation trusts' bank accounts at 31 March 2010 was £38 million (31 March 2009: £37.8 million). This has been excluded from the balance sheet as it is not an asset of the NHS foundation trusts but is held in trust on behalf of patients.

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