Ashford and St. Peter's Hospitals NHS
NHS Trust

ANNUAL ACCOUNTS

2008/09

ASHFORD AND ST. PETER'S HOSPITALS NHS TRUST

DIRECTORS' STATEMENT

Statement of the Chief Executive's responsibilities as the Accountable Officer of the Trust

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

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance;

- value for money is achieved from the resources available to the Trust;

- the expenditure and income of the Trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them;

- effective and sound financial management systems are in place; and

- annual statutory Accounts are prepared in a format directed by the Secretary of State with the approval of the Treasury to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, recognised gains and losses and cash flows for the year.

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

A Liles
Chief Executive
Ashford and St. Peter's Hospitals NHS Trust
8 June 2009

ASHFORD AND ST. PETER'S HOSPITALS NHS TRUST

DIRECTORS' STATEMENT

Statement of Directors' responsibilities in respect of the Accounts

The Directors are required under the National Health Service Act 2006 to prepare Accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these Accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure, recognised gains and losses and cash flows for the year. In preparing those Accounts, the Directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury

- make judgements and estimates which are reasonable and prudent

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Accounts.

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

The Directors confirm to the best of their knowledge and belief that they have complied with the above requirements in preparing the Accounts.

By order of the Board

A Liles
Chief Executive
Ashford and St. Peter's Hospitals NHS Trust
8 June 2009

J Headley
Director of Finance & Information
Ashford and St. Peter's Hospitals NHS Trust
8 June 2009

ASHFORD AND ST. PETER'S HOSPITALS NHS TRUST

DIRECTORS' STATEMENT ON INTERNAL CONTROL 2008/09

Statement of Directors' responsibility in respect of internal control

1. Scope of responsibility

The Board is accountable for internal control. As Accountable Officer and Chief Executive of this Board I have operational responsibility for the delivery of all aspects of governance and the provision, oversight and effective working of the systems of internal control, in particular the risk management process and the financial systems and processes. The Standing Orders, Standing Financial Instructions and Scheme of Delegation outline the accountability arrangements and scope of responsibility of the Board and the Trust Executive Members and officers. The Executive Team and Board have been fully involved in agreeing the strategic priorities for the Trust.

I also have responsibility for safeguarding the public funds and the organisation's assets for which I am responsible as set out in the Accountable Officer Memorandum. I am accountable to the Trust Chairman and to the Trust Board for reporting on internal control.

Scrutiny by the Non Executive Directors and Auditors in the Audit Committee, Non Executive Directors in the Remuneration Committee and Non Executives and Executives in the Integrated Governance Assurance Committee provides me with assurance of internal control including probity in the application of public funds and in the conduct of the organisation's responsibilities. Minutes and reports from these Committees are reviewed in the Board meetings in public.

The terms of reference for Trust committees were fully reviewed and updated during the year to ensure that governance arrangements continue to be fit for purpose, and appropriate for the future demands on the Foundation Trust regime.

I am personally accountable to the Chief Executive of South East Coast SHA, through the Trust Board, for the achievement of national targets. Regular meetings take place with the SHA and the Trust's main commissioner, Surrey PCT, covering performance and strategy. The Trust also meets regularly with Surrey County Council and other statutory and voluntary partners.

2. The purpose of the system of internal control

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

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives;

- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control continued to operate in Ashford and St. Peter's Hospitals NHS Trust throughout the year ended 31 March 2009 and up to the date of the approval of the annual report and accounts.

3. Capacity to handle risk

Risk Management is a corporate responsibility and, accordingly, the Trust Board has ultimate responsibility for ensuring that effective processes are in place. The Board is committed to the continuous development of a framework to manage risks in a structured and focused way in order to protect patients, staff and the public from harm and to protect the Trust from losses or damage to its reputation.

The Trust's approach to risk, including aims and objectives, is explained in the Risk Management Policy. It identifies the roles and responsibilities of directors, managers and staff in relation to risk identification, analysis and control.

Through the Integrated Governance Assurance Committee which I chair and which is attended by a Non-Executive Director, the Head of Internal Audit, Executive Directors and senior managers, the Trust seeks to learn and share good practice through rigorous assessment of the Board Assurance Framework and seeks to cascade this information to relevant directorate teams through training and active support. During 2009/10 increased emphasis on managing risks at operational level are envisaged as the Trust seeks to embed risk management within the management culture of the Trust. I will transfer the chair of the Integrated Governance Assurance Committee to a Non Executive Director during 2009/10 to ensure we continue to follow best practice.

The Board receives assurance from the Audit Committee on processes employed by management with regard to the assessing and evaluating the control and the mitigation of significant risk.

Specifically, the Audit Committee provides the Board with the assurance that the latter is discharging its function to have in place

- Key controls to assist in securing and delivering Trust business objectives as well as those that are defined in the core Health Care Standards;
- Effective and reliable control systems and
- Agreed and timely corrective action plans for any gaps in controls, systems or assurances.

Internal and external audit reports are reviewed by the Audit Committee and references to best practice are identified and adopted wherever possible.

The Trust is committed to supporting its staff in exercising their roles and responsibilities with regard to health and safety risks and all other forms of risk.

Training is provided on an ongoing basis in order to equip staff to carry out their designated responsibilities according to their roles. In addition, risk management awareness is featured in the induction process for all new staff and all staff receive written information on risk, safety and relevant Trust policies. All such policies are available for staff on the Trust's intranet.

4. The risk and control framework

The Clinical Governance and Non Clinical Risk Committees merged during the accounting period into a single integrated structure under the Integrated Governance Assurance Committee. This overarching committee provides me with a better degree of assurance of the robustness of the management control systems in place for risk management, clinical governance and education and training. Through this process I am also aware of the risk management systems in place for the Trust's information management and technological systems requirements.

The Trust's risk management system supports staff in continuously improving their assessments of the risks inherent in their work and workplace, to identify and implement appropriate mitigating actions, and monitor their outcome. During the year and with the active support of the Trust's internal auditors, new risk filtering systems have been put in place by management which has meant that there has been more focus on the key risk issues faced by the Trust.

The Trust Risk Management Strategy is endorsed by the Trust Board and is reviewed annually setting out the organisation's approach to risk management and future objectives. These processes are evidenced within the Care Quality Commission Core Standards declaration.

All Executive/Clinical Directors and Business Centre Managers have a responsibility to lead with a strong risk management approach in all aspects of the Trust's activities. Business priorities and decisions made by the Trust Executive Committee and Board reflect risk management assessments and consideration of high risk factors.

Managers at all levels of the organisation have a responsibility where possible to manage risks at a local level and to develop an environment where staff are encouraged to identify and report risk issues proactively. All managers are expected to ensure that all staff report any near miss incidents, adverse incidents and serious incidents immediately using the Trust Incident Reporting Procedure.

Managers are also responsible for ensuring that staff receive appropriate feedback regarding specific incidents reported, and for ensuring that any recommendations following investigation of an incident are implemented and audited at a later date to ensure they have been effective in reducing the likelihood of the incident happening again.

All members of staff have an important role to play in identifying and minimising risks and hazards as part of their every day work within the Trust. Each individual has a responsibility for their own personal safety and for the safety of their colleagues, patients and all visitors to the Trust. All staff are expected to have an understanding of the Incident Reporting Procedure and knowledge of the corporate categories of incident, which must be reported.

A Trust training needs analysis for risk management has been undertaken and risk management workshops have been attended by Board members, Clinical Directors and senior managers.

All new staff attend Induction training, which covers risk management, incident reporting and complaints. There is ongoing training for risk management, annual fire updates etc. Further training is given to appropriate staff for manual handling, and there is ongoing support from the Clinical Risk Team and the Risk Manager, Health and Safety, Security and Fire Managers. We have a grading system of 1-4 for incident reporting. Incidents of level 3 and 4 require investigation and action plan, which includes learning points and a dissemination strategy.

The Trust submitted a final declaration as to its compliance with the core standards self-assessment for the year ended 31 March 2009. The Trust involved all Trust directors and a cross section of senior managers to undertake the final assessment. The Trust Board reached agreement on these recommendations and the final declaration identifying compliance throughout the year with all standards except in the following cases:

Gap	Action
C4c – Healthcare Organisations keep patients, staff and visitors safe by having systems to ensure that all reusable medical devices are properly decontaminated prior to use and the risks associated with decontamination facilities and processes are well managed.	C4c - Resolved by 30 September 2008
C8b – Healthcare organisations support their staff through having organisational and personal development programmes which recognise the contribution and value of staff, and address, where appropriate, under representation of minority groups.	C8b - Resolved by 31 March 2009
C13a – Healthcare organisations have systems in place to ensure that staff treat patients, their relatives and carers with dignity and respect. C20b – Healthcare services are provided in environments which promote effective care and optimise health outcomes by being supportive of patient privacy and confidentiality.	C13a and C20b - The Trust has had significant difficulties in providing single sex facilities for our patients and recognises this as an issue which compromises our patients' privacy and dignity. The Trust is taking significant steps to eradicate mixed sex bays. This will be complete by March 2010.

The Trust's Board Assurance Framework has been in place for the whole year. In line with national guidance it is structured around the high level risks which were deemed to be the most significant risks to prevent delivery of the corporate objectives in 2008/09. It has been reviewed by the senior management team on six occasions during the year and from January 2009 it has also been

considered by the Trust Board at every meeting. This monthly consideration of the Board Assurance Framework will be a constant theme of Trust Board business as it progresses throughout 2009/10. As in previous years, the process by which the Board Assurance Framework has been constructed and maintained has been reviewed by Audit Committee and it has been cross referenced to the Care Quality Commission Core Standards.

Within his annual opinion, the Head of Internal Audit has reported that "Significant Assurance" can be given to the Board Assurance Framework as part of our system of internal control.

Since the adoption of the Board Assurance Framework, the Executive Team has proactively promoted the embedding of risk management and assurance related activities throughout the activities of the organisation. Directors and managers have been required to identify risks within their areas of responsibility and to establish, in conjunction with the relevant managers, effective control measures and/or systems.

The Board Assurance Framework links the main elements and aims of the Trust's internal control and governance policies. The Framework consists of the following key elements:

- Principal Risks: the risk management policies sought to identify the main risks which might impede the Trust in achieving its objectives and to keep these under review by the Trust Board.

- Key Controls / Treatments: these were the mechanisms for controlling the risks that have been identified.

- Board Assurance: the Board gained assurance that the Trust's objectives were being achieved and the risks controlled through a variety of assurance processes, including performance reports with high level KPIs, audit (internal and external), assessments by regulatory and monitoring agencies (e.g. Care Quality Commission, RPST, CNST, Health and Safety) and reports from its assurance sub committees.

At 31 March 2009, the Board Assurance Framework highlighted the following areas, graded as moderate risk or above, where risks were posed to the Trust's key objectives and where gaps in control had been detected. The associated action plans were also fully detailed.

- Disappointing patient survey results, with a risk that the Trust would fail to respond promptly to feedback. Action plans included embedding the use of patient comment cards for immediate feedback, and the proactive preparation of action plans in response to the 2008 inpatient survey before its results were made available to the public.

- Risks of not achieving single sex accommodation for inpatients before 31 March 2010. Actions included securing funds from the South East Coast Strategic Health Authority to enable work to be carried out on the wards.

- There were a series of risks to the Trust's goal of establishing itself as an employer of choice: including potential failure to improve staff survey outcomes, annual performance reviews not being held for all staff, and the continuing incidence of grievances citing discrimination, bullying and harassment. Actions included training and the monitoring completion of the annual appraisal process.

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

There is an established Information Governance framework within the Trust with the role of Caldicott Guardian being fulfilled by the Medical Director. The Trust has an active Information Governance Steering Group which meets on a quarterly basis. The group is responsible for reviewing all breaches of patient confidentiality and information security incidents recommending appropriate action where necessary. Information Governance policy is overseen ensuring relevant legislation is adhered to, safeguarding patient information at all times.

The Trust also has in place defined and documented information sharing protocols covering other NHS bodies and multi-agencies.

Following recent concerns regarding public sector data protection and in particular the security of information being transferred between locations and organisations, the Trust was required to undertake a series of actions to:

- secure person identifiable data, relating to both patients and staff
- confirm that the methods used for transfer of data are secure and
- take immediate remedial action where this was not the case

As part of this work, an information flow mapping exercise was undertaken reviewing how patient information is handled within the Trust. A means of collating this information was provided through the Information Governance Toolkit with this facility assisting the Information Governance team in identifying any risk areas.

During the 2008/09 accounting period a control policy on the management of patient data using mobile storage devices was approved by the Board.

The annual Information Governance toolkit submission was completed in March 2009. The 2009/10 work programme will be defined utilising the scores from this return, identifying key areas for improvement. There were no items or areas of concern that need highlighting in this report.

I can confirm that control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

During the year a number of Executive Director positions (including Chief Executive) became vacant, and Acting Executive Directors were appointed. This process worked smoothly and I do not believe that the internal control of the Trust was adversely affected. By the end of the year, good progress had been made on permanent appointments. Non-executive Director vacancies were also filled promptly as they arose.

5. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways.

In summary,

- The annual head of internal audit opinion provides me with an opinion on the overall arrangements for gaining assurance through the Board Assurance Frameworks and on the effectiveness of controls reviewed as part of the internal audit work;

- Executive Directors within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance; and

- The Board Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed

My review is also informed by detailed major sources of assurance on which reliance has been placed during the year - for example the external auditors, internal audit, clinical audits and the self assessment in respect of the Trust's annual declaration of compliance against the Core Standards for Better Health.

The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the controls reviewed as part of the internal audit work and I can report that they have offered a 'Significant Assurance' opinion for the year ended 31 March 2009.

In 2008/09, I have also received and considered a report on the effectiveness of work undertaken by the Local Counter Fraud Specialist.

I have also been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Audit Committee, Finance Committee, and Integrated Governance Assurance Committee. Control weaknesses that are identified continue to be assessed and addressed to ensure continuous improvement of the system is in place.

6. Significant Control Issues

The Significant Control Issue that has been identified during the 2008/09 accounting period is: -

- The Trust has had significant difficulties in providing single sex facilities for our patients and recognises this as an issue which compromises our patients' privacy and dignity. The Trust is taking significant steps to eradicate mixed sex bays. This will be complete by March 2010.

A Liles
Chief Executive
For and behalf of the Board of Ashford and St. Peter's Hospitals NHS Trust
8 June 2009

ASHFORD AND ST. PETER'S HOSPITALS NHS TRUST

INDEPENDENT AUDITORS' REPORT TO DIRECTORS OF THE BOARD

Opinion on the financial statements

We have audited the financial statements of Ashford & St Peter's Hospitals NHS Trust for the year ended 31 March 2009 under the Audit Commission Act 1998. The financial statements comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service set out therein. We have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Board of Ashford & St Peter's Hospitals NHS Trust, as a body, in accordance with Section 2 of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Board of Ashford & St Peter's Hospitals NHS Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Ashford & St Peter's Hospitals NHS Trust and the Board of Ashford & St Peter's Hospitals NHS Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

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

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

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

We review whether the directors' Statement on Internal Control reflects compliance with the Department of Health's requirements, set out in 'Guidance on Completing the Statement on Internal Control 2008/09' issued 25 February 2009. We report if it does not meet the requirements specified by the Department of Health or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the directors' Statement on Internal Control covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

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

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the

amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that:

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England, of the state of the Trust's affairs as at 31 March 2009 and of its income and expenditure for the year then ended;

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England; and

- information which comprises the commentary on the financial performance included within the Operational and Financial Review, included within the Annual Report, is consistent with the financial statements.

June Awty, for and on behalf of KPMG LLP
Chartered Accountants
London
12 June 2009

ASHFORD AND ST. PETER'S HOSPITALS NHS TRUST

INDEPENDENT AUDITORS' REPORT TO DIRECTORS OF THE BOARD

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

Directors' Responsibilities

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

Auditor's Responsibilities

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

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for NHS bodies specified by the Audit Commission and published in December 2006, we are satisfied that, in all significant respects, Ashford & St Peter's Hospitals NHS Trust made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

Certificate

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

June Awty, for and on behalf of KPMG LLP
Chartered Accountants
London
12 June 2009

FOREWORD TO THE ACCOUNTS

ASHFORD AND ST. PETER'S HOSPITALS NHS TRUST

These Accounts for the year ended 31 March 2009 have been prepared by the Ashford and St. Peter's Hospitals NHS Trust under section 98(2) of the National Health Service Act 1977 (as amended by section 24(2), Schedule 2 of the National Health Service and Community Care Act 1990), in the form which the Secretary of State has, with the approval of the Treasury, directed.

ASHFORD AND ST. PETER'S HOSPITALS NHS TRUST

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED
31 MARCH 2009

	Note	2008/09 £'000	2007/08 £'000
Income from activities	2	193,344	173,376
Other operating income	3	19,922	18,274
Operating expenses	4-5	(201,104)	(182,883)
OPERATING SURPLUS		12,162	8,767
(Loss) on disposal of fixed assets	7	(12)	(80)
SURPLUS BEFORE INTEREST		12,150	8,687
Interest receivable	8	334	290
Interest payable	8	(632)	(789)
SURPLUS FOR THE FINANCIAL YEAR		11,852	8,188
Public dividend capital dividends payable		(6,339)	(5,738)
RETAINED SURPLUS FOR THE YEAR		5,513	2,450

The notes on pages 17 to 42 form part of these accounts.

All income and expenditure is derived from continuing operations.

ASHFORD AND ST. PETER'S HOSPITALS NHS TRUST

BALANCE SHEET
AS AT
31 MARCH 2009

	Note	31/3/09 £'000	31/3/09 £'000	31/3/08 £'000
FIXED ASSETS				
Intangible assets	9		2,125	2,499
Tangible assets	10		185,414	184,269
TOTAL FIXED ASSETS			187,539	186,768
CURRENT ASSETS				
Stocks and work-in-progress	11	2,956		2,176
Debtors	12	21,459		25,043
Cash at bank and in hand		522		450
TOTAL CURRENT ASSETS			24,937	27,669
CREDITORS: Amounts falling due within one year	13		(22,056)	(27,517)
NET CURRENT ASSETS/(LIABILITIES)			2,881	152
TOTAL ASSETS LESS CURRENT LIABILITIES			190,420	186,920
CREDITORS: Amounts falling due after more than one year	13		(7,350)	(9,800)
PROVISION FOR LIABILITIES AND CHARGES	14		(1,205)	(883)
TOTAL ASSETS EMPLOYED			181,865	176,237
FINANCED BY:				
TAXPAYERS' EQUITY				
Public dividend capital	20		85,706	85,571
Revaluation reserve	15		92,588	94,068
Donated asset reserve	15		1,066	842
Income and expenditure reserve	15		2,505	(4,244)
TOTAL TAXPAYERS' EQUITY			181,865	176,237

The financial statements on pages 17 to 42 were approved by the Board on 8 June 2009 and signed on its behalf by:

A Liles
Chief Executive
Ashford and St. Peter's Hospitals NHS Trust
8 June 2009

ASHFORD AND ST. PETER'S HOSPITALS NHS TRUST

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

	2008/09 £'000	2007/08 £'000
Surplus/(deficit) for the financial year before dividend payments	11,852	8,188
Fixed asset impairment losses	(244)	-
Unrealised surplus/(deficit) on fixed asset revaluations /indexation	-	12,875
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	402	48
Total recognised gains and losses for the financial year	12,010	21,111
Prior period adjustment	-	-
Total gains and losses recognised in the financial year	12,010	21,111

ASHFORD AND ST. PETER'S HOSPITALS NHS TRUST

CASH FLOW STATEMENT
FOR THE YEAR ENDED
31 MARCH 2009

	Note	2008/09		2007/08
		£'000	£'000	£'000
OPERATING ACTIVITIES				
Net cash inflow from operating activities	16.1		19,271	29,452
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		358		286
Interest paid		(638)		(780)
Net cash (outflow) from returns on investments and servicing of finance			(280)	(494)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets		(10,069)		(7,343)
Receipts from sale of tangible fixed assets		1		-
Payments to acquire intangible assets		(197)		(54)
Net cash (outflow) from capital expenditure			(10,265)	(7,397)
DIVIDENDS PAID			(6,339)	(5,738)
Net cash inflow before management of liquid resources and financing			2,387	15,823
MANAGEMENT OF LIQUID RESOURCES				
Purchase/sale of financial assets		-		-
Net cash inflow / (outflow) from management of liquid resources			-	-
Net cash inflow before financing			2,387	15,823
FINANCING				
Public dividend capital received		135		5,000
Public dividend capital repaid (not previously accrued)		-		(18,457)
Loans repaid to the Department of Health		(2,450)		(2,450)
Net cash inflow from financing			(2,315)	(15,907)
Increase/(decrease) in cash			72	(84)

NOTES TO THE ACCOUNTS
31 MARCH 2009

1. Accounting policies

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

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income Recognition

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

1.4 Intangible fixed assets

Intangible assets are capitalised when they are capable of being used in the Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

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

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

1.5 Tangible fixed assets

<u>Capitalisation</u>

Borrowing costs associated with the construction of new assets are not capitalised.
Tangible assets are capitalised if they are capable of being used for a period which exceeds one year, and they:

- individually have a cost of at least £5,000; or
- collectively have a cost of at least £5,000, and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Expenditure on digital hearing aids in the year ended 31 March 2004 (but not in earlier years) was treated as capital expenditure, in accordance with the amendment to the Capital Accounting Manual issued in July 2003, giving rise to an increase in fixed assets regardless of the cost of the individual hearing aids. Subsequent purchases of digital hearing aids are capitalised only when the total value is greater than £5,000. Where small numbers of appliances are purchased the costs are expensed as incurred.

Valuation

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

All land and buildings are restated to current value using professional valuations in accordance with FRS15 every five years and in intervening years by the use of indices. The buildings index is based on the All in Tender Price Index published by the Building Costs Information Service (BCIS). The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office.

Professional valuations are carried out by the District Valuers of the Revenue and Customs Government Department. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. In accordance with the requirements of the Department of Health, the last asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005 and were applied on the 31 March 2005.

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

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

Gains arising from indexation and valuations are taken to the Revaluation Reserve. Losses arising from revaluation are recognised as impairments and are charged to the revaluation reserve to the extent that a balance exists in relation to the revalued asset. Losses in excess of that amount are charged to the current year's Income & Expenditure account, unless it can be demonstrated that the recoverable amount is greater than the revalued amount in which case the impairment is taken to the revaluation reserve. Diminutions in value when newly constructed assets are brought into use are charged in full to the Income & Expenditure account. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

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

Residual interests in off-balance sheet Private Finance Initiative properties are included in tangible fixed assets as 'assets under construction and payments on account' where the PFI contract specifies the amount, or nil value, at which the assets will be transferred to the Trust at the end of the contract. The residual interest is built up, on an actuarial basis, during the life of the contract by capitalising part of the unitary charge so that at the end of the contract the balance sheet value of the residual value plus the specified amount equal the expected fair value of the residual asset at the end of the contract.

The estimated fair value of the asset on reversion is determined by the District Valuer based on Department of Health guidance. The District Valuer should provide an estimate of the anticipated fair value of the assets on the same basis as the District Valuer values the NHS Trusts estate.

Operational equipment is carried at current value. Where assets are of low value, and/or have short useful economic lives, these are carried at depreciated historic cost as a proxy for current value. Equipment surplus to requirements is valued at net recoverable amount.

Depreciation, amortisation and impairments

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

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

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

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

Where the useful economic life of an asset is reduced from that initially estimated due to the revaluation of an asset for sale, depreciation is charged to bring the value of the asset to its value at the point of sale.

1.6 Donated fixed assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the Donated Asset Reserve. Donated fixed assets are valued and depreciated as described above for purchased assets.

Gains and losses on revaluation 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 the sale of donated assets, the value of the sale proceeds is transferred from the Donated Asset Reserve to the Income and Expenditure Reserve.

1.7 Government grants

Government grants are grants from government bodies other than funds from NHS bodies or funds awarded by Parliamentary Vote. Gains and losses on revaluation are also taken to the Government Grant Reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Government Grant Reserve to the Income and Expenditure account. Similarly, any impairment on grant funded assets charged to the Income and Expenditure account is matched by a transfer from the Reserve.

1.8 Private Finance Initiative (PFI) transactions

Although the Trust has no PFI transactions it has an accounting policy should they arise. The NHS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides practical guidance for the application of the Application Note F to FRS 5 and the guidance 'Land and Buildings in PFI Schemes Version 2'.

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

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

1.9 Stocks and work-in progress

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

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

1.10 Research and development

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

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

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

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

1.11 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is material, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms.

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which in return settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at Note 14.

Non-clinical risk pooling

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

1.12 Pension costs

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

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

a) Full actuarial (funding) valuation

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

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the Scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

b) FRS17 Accounting valuation

In accordance with FRS17, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date by updating the results of the full actuarial valuation.

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

The valuation of the Scheme liability as at 31 March 2009, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2009 with summary global member and accounting data. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

Scheme provisions as at 31 March 2009

The Scheme is a "final salary" scheme.

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

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

Early payment of a pension is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement, less pension already paid, subject to a maximum equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die after retirement, is payable.

Existing members at 1 April 2008

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

New entrants from 1 April 2008

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

1.13 Liquid resources

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

1.14 Valued Added Tax

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

1.15 Foreign Exchange

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

1.16 Third Party Assets

Assets belonging to third parties (such as money held on behalf of Patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 24 to the accounts.

1.17 Leases

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

Other leases are regarded as operating leases and the rentals are charged to the Income and Expenditure Account on a straight-line basis over the term of the lease.

1.18 Public Dividend Capital (PDC) and PDC Dividend

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

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

1.19 Losses and Special Payments

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

Losses and Special Payments are charged to the relevant functional headings in the Income and Expenditure Account on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure). However, Note 26 is compiled directly from the losses and compensations register which is complied on a cash basis.

1.20 Financial Instruments

Financial assets

Financial assets are recognised on the balance sheet when the Trust becomes party to the financial instrument contract or, in the case of trade debtors, when the goods or services have been delivered.

Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through profit and loss

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

Held to maturity investments

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

Available for sale financial assets

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

Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques [specify – see FRS26 AG 74 and following paragraphs]

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

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

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

provision for impairment of debtors.

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

Financial liabilities

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

Financial liabilities are initially recognised at fair value.

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' or other financial liabilities.

Financial liabilities at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Income and Expenditure Account. The net gain or loss incorporates any interest earned on the financial asset.

Other financial liabilities

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

2. Income from Activities

		2008/09 £'000	2007/08 £'000
Primary Care Trusts		161,691	151,153
Local Authorities		108	428
Department of Health		29,505	19,973
Non- NHS	- Private patients	710	715
	- Overseas patients (non reciprocal)	65	97
	- Injury cost recovery	993	724
	- Other	272	286
		193,344	173,376

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

3. Other operating income

	2008/09 £'000	2007/08 £'000
Education, training and research	7,484	6,866
Transfer from Donated Asset Reserve	178	210
Non-patient care services to other bodies	5,634	5,231
Income generation	5,231	4,889
Other income	1,395	1,078
	19,922	18,274

4. Operating expenses

4.1 Operating expenses comprise:

	2008/09 £'000	2007/08 £'000
Services from other NHS Trusts	819	682
Services from PCTs	2,212	1,808
Services from other NHS bodies	108	139
Services from Foundation Trusts	313	564
Purchase of healthcare from non NHS bodies	4,124	2,198
Directors' costs	1,489	911
Staff costs	126,035	116,185
Supplies and services – clinical	34,548	32,203
Supplies and services – general	3,920	3,742
Consultancy services	1,678	1,210
Establishment	2,006	1,781
Transport	407	365
Premises	10,310	7,912
Impairment of debtors	69	175
Depreciation	8,295	8,112
Amortisation	587	528
Fixed asset impairments and reversals	261	-
Audit fees	108	109
Other auditor's remuneration	52	58
Clinical negligence	2,264	2,414
Redundancy costs	426	372
Education and Training	469	330
Other	604	1,085
	201,104	182,883

4.2 Operating Leases

4.2.1 Operating expenses include:

	2008/09 £'000	2007/08 £'000
Hire of plant and machinery	-	-
Other operating lease rentals	415	693
	415	693

4.2.2 Annual commitments under non-cancellable operating leases are:

	Land and buildings		Other leases	
	2008/09	2007/08	2008/09	2007/08
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within 1 year	-	-	311	37
Between 1 and 5 years	-	-	546	296
After 5 years	-	-	-	-
	-	-	857	333

5. Staff costs and numbers

5.1 Staff costs

	Permanently Employed	Other	2008/09	2007/08
	£'000	£'000	£'000	£'000
Salaries and wages	98,621	9,918	108,539	99,338
Social security costs	7,020	915	7,935	7,343
Employer contributions to NHS Business Services Authority – Pensions Division	9,351	1,218	10,569	9,840
Other pension costs	425	0	425	521
	115,417	12,051	127,468	117,042

5.2 Average number of persons employed:

	Permanently Employed	Other	2008/09	2007/08
	Number	Number	Number	Number
Medical and dental	434	11	445	436
Administration and estates	902	70	972	915
Healthcare assistants and other support staff	25	1	26	28
Nursing, midwifery and health visiting staff	1,130	214	1,344	1,223
Nursing, midwifery and health visiting learners	15	-	15	23
Scientific, therapeutic and technical staff	341	53	394	419
	2,847	349	3,196	3,044

5.3 Employee benefits

There were no staff benefit schemes in the year which require separate disclosure.

5.4 Management costs

	2008/09	2007/08
	£'000	£'000
Management costs	9,251	8,234
Income	211,943	190,097
Management costs as percentage of relevant income	4.36%	4.33%

5.5 Retirements due to ill-health

During 2008/09 there were 2 (2007/08 4) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £14,000 (2007/08: £131,000). The cost of these ill-health retirements will be borne by the NHS Business Services Authority – Pensions Division.

6. Better Payment Practice Code

6.1 Better Payment Practice Code - measure of compliance

	Number	£'000
Total Non-NHS trade invoices paid in the year	54,934	71,626
Total Non-NHS trade invoices paid within target	49,926	64,013
Percentage of Non-NHS trade invoices paid within target	90.9%	89.4%
Total NHS trade invoices paid in the year	2,584	23,433
Total NHS trade invoices paid within target	1,490	14,115
Percentage of NHS trade invoices paid within target	57.7%	60.2%

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

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

An amount of £8,000 (2007/08 – £19,000) is included within Finance Costs (Note 8) arising from claims made under this legislation. No compensation was paid to cover debt recovery costs under this legislation.

7. Other gains and losses

	2008/09 £'000	2007/08 £'000
Loss on disposal of land and buildings	-	(80)
Loss on disposal of plant and equipment	(12)	-
	(12)	(80)

8. Finance costs and interest receivable

	2008/09 £'000	2007/08 £'000
Finance costs		
Late payment of commercial debt	8	19
Loans	622	755
Other interest and finance costs	2	15
Total	632	789
Interest receivable		
Bank accounts	334	290

9. Intangible fixed assets

	Software Licences	Total
	£'000	£'000
Gross cost at 1 April 2008	3,567	3,567
Indexation	-	-
Reclassifications	7	7
Additions purchased	197	197
Additions donated	9	9
Gross cost at 31 March 2009	3,780	3,780
Amortisation at 1 April 2008	1,068	1,068
Indexation	-	-
Charged during the year	587	587
Amortisation at 31 March 2009	1,655	1,655
Net book value		
- Purchased at 1 April 2008	2,499	2,499
- Donated at 1 April 2008	-	-
Total at 1 April 2008	2,499	2,499
- Purchased at 31 March 2009	2,117	2,117
- Donated at 31 March 2009	8	8
Total at 31 March 2009	2,125	2,125

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10. Tangible fixed assets

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

	Land	Buildings excluding dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2008	37,018	136,787	2,512	24,906	31	5,368	3,283	209,905
Additions								
- purchased	-	1375	5,353	1,689	-	1,015	140	9,572
- donated	-	22	-	364	-	-	7	393
Impairment	-	(244)	-	-	-	-	-	(244)
Reclassifications	-	667	(1,515)	645	-	196	-	(7)
Indexation	-	-	-	-	-	-	-	-
Disposals	-	-	-	(1,360)	(9)	(179)	(8)	(1,556)
At 31 March 2009	37,018	138,607	6,350	26,244	22	6,400	3,422	218,063
Depreciation at 1 April 2008	-	-	-	19,534	26	3,991	2,085	25,636
Charged during the year	-	5,704	-	1,809	1	577	204	8,295
Impairments	-	261	-	-	-	-	-	261
Indexation	-	-	-	-	-	-	-	-
Disposals	-	-	-	(1,347)	(9)	(179)	(8)	(1,543)
Depreciation at 31 March 2009	-	5,965	-	19,996	18	4,389	2,281	32,649
Net book value								
- Purchased at 1 April 2008	37,018	136,567	2,512	4,803	5	1,363	1,159	183,427
- Donated at 1 April 2008	-	220	-	569	-	14	39	842
Total at 1 April 2008	37,018	136,787	2,512	5,372	5	1,377	1,198	184,269
- Purchased at 31 March 2009	37,018	132,409	6,350	5,474	4	2,001	1,100	184,356
- Donated at 31 March 2009	-	233	-	774	-	10	41	1,058
Total at 31 March 2009	37,018	132,642	6,350	6,248	4	2,011	1,141	185,414

Of the totals at 31 March 2009 £2,509,000 related to land valued at open market value and £nil related to buildings and dwellings valued at open market value.

10.2 Asset financing

All of the net book value of tangible fixed assets shown in note 10.1 is owned, with none on finance leases or PFI contracts.

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

	31/3/09 £'000	31/3/08 £'000
Information technology	-	-

The total amount of depreciation charged in the Income and Expenditure account in respect of assets held under finance leases and hire purchase contracts was £nil (2007/08 - £nil).

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

	31/3/09 £'000	31/3/08 £'000
Freehold	169,148	173,267
Long leasehold	512	538
Short leasehold	-	-
	169,660	173,805

11. Stocks and work-in-progress

	31/3/09 £'000	31/3/08 £'000
Raw materials and consumables	2,091	1,453
Finished goods	865	723
	2,956	2,176

12. Debtors

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

	31/3/09 £'000	31/3/08 £'000
Amounts falling due within one year:		
NHS Debtors	10,539	12,394
Non NHS Trade Debtors	1,976	2,058
Provision for impairments of debtors	(271)	(202)
Other prepayments and accrued income	3,324	4,689
Other debtors	4,942	6,104
	20,510	25,043
Amounts falling due after more than one year:		
NHS Debtors	-	-
Other Debtors	949	-
Total debtors	21,459	25,043

There are no prepaid pension contributions or prepayments from the buyout of early retirements at 31 March 2009 (31 March 2008 - £nil).

The Trust signed a contract in March 2007 to sell the West Wing of Ashford Hospitals to a property developer. Payments were made of £365,000 in April 2007 and £1,460,000 in March 2008, with the balance of £5,475k payable on 27 March 2009.

The Trust has agreed a variation to this contract, to defer part of this last payment for three months due to the effect of the credit crunch on the property developer. Under the variation agreement, £2,500,000 was paid on 30 March 2009, with the balance of £2,975,000 deferred to 30 June 2009. The Trust has three sources of security:
- a parent company guarantee
- a first charge over the Ashford land subject of the original sale contract
- a second charge over an additional plot of land owned by the property developer.

We have obtained advice from external advisers that the market value of the two plots, after meeting the first charge on the second plot, is approximately £6,000,000. Hence no provision has been made against this debt.

12.2 Provision for impairment of debtors

	31/03/09 £'000
Balance at 1 April 2008	202
Amount written off during the year	-
Amount recovered during the year	-
(Increase)/decrease in debtors impaired	69
Balance at 31 March 2009	271

12.3 Debtors past due date but not impaired

	31/03/09 £'000
By up to 3 months	1,333
By 3 to 6 months	546
By more than 6 months	2,793
Total	4,672

13. Creditors

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

	31/3/09 £'000	31/3/08 £'000
Amounts falling due within one year:		
Current instalments due on loans	2,450	2,450
Interest payable	23	29
Payments received on account	2	-
NHS creditors	2,040	5,600
Non-NHS trade creditors – revenue	5,434	3,895
Non-NHS trade creditors – capital	578	1,075
Tax	75	1,456
Social security costs	99	1,072
Other creditors	1,565	1,473
Accruals and deferred income	9,790	10,467
	22,056	27,517
Amounts falling due after more than one year:		
Long term loans	7,350	9,800
	7,350	9,800
Total creditors	29,406	37,317

Other creditors include £nil for payments due in future years under arrangements to buy out liabilities for early retirements over five years and £1,383,000 for outstanding pensions contributions at 31 March 2009 (31 March 2008 - £1,260,000).

13.2 Loans

	31/3/09 £'000	31/3/08 £'000
Department of Health Loan **Amounts falling due:**		
In one year or less	2,450	2,450
Between one and two years	2,450	2,450
Between two and five years	4,900	7,350
Over five years	-	-
Total	9,800	12,250

	31/3/09 £'000	31/3/08 £'000
Wholly or partially repayable after five years, by instalments	9,800	12,250
Of which total repayable after five years	-	-

The loan was taken out in March 2007 for a period of six years. Repayments of principal and interest are made in September and March each year and the last repayment is due in March 2013.

13.3 Finance lease obligations

The Trust has no finance lease obligations at 31 March 2009 (31 March 2008 - £nil).

13.4 Finance lease commitments

The Trust has not entered into any finance lease whereby the asset will be made available for use and rental payments commence in 2009/10.

14. Provisions for liabilities and charges

	Pensions relating to other staff	Legal claims	Other	Total 31/3/09	Total 31/3/08
	£'000	£'000	£'000	£'000	£'000
At 1 April 2008	678	29	176	883	753
Arising during the year	-	171	381	552	386
Utilised during the year	(198)	(16)	(13)	(227)	(71)
Reversed unused	-	(3)	-	(3)	(185)
Unwinding of discount	-	-	-	-	-
At 31 March 2009	480	181	544	1,205	883
Expected timing of cashflows:					
Within 1 year	53	181	383	617	239
Between1-5 years	209	-	53	262	244
After 5 years	218	-	108	326	400

Of the provisions a total of £168,000 (31 March 2008 - £173,000) is recoverable from PCT's under back to back arrangements.

Clinical negligence provisions

Included in the provisions of the NHS Litigation Authority at 31 March 2009 is £24,407,000 in respect of clinical negligence liabilities of the Trust (31 March 2008 - £12,956,000).

Legal claim provisions

The majority of these provisions relate to claims under the Liabilities to Third Parties Scheme and Property Expenses Scheme, and are calculated based on information provided by the NHS Litigation Authority. The amounts involved and the timing of the payments represents their best estimate of the outcome of each claim against the Trust.

In addition to these provisions, contingent liabilities in respect of the claims are given in note 19.

Also included in legal claim provisions is the amount of £144,000 in respect of a claim submitted against the Trust as a result of exposure to asbestosis.

Other provisions

Other provisions at 31 March 2009 include: -

- two injury benefit cases of £174,000 as notified to the Trust by the NHS Business Services Authority - Pensions Division;
- redundancy costs of £219,000; and
- unpaid salary arrears for medical staff transferring to a new contract of £151,000.

15. Movements on reserves

Movements on reserves in the year comprised the following:

	Revaluation reserve	Donated asset reserve	Income and expenditure reserve	Total
	£'000	£'000	£'000	£'000
At 1 April 2008 as previously stated	94,068	842	(4,244)	90,666
Transfer from the income and expenditure account	-	-	5,513	5,513
Fixed asset impairment	(244)	-	-	(244)
Surplus on other revaluations/ indexation of fixed assets	-	-	-	-
Transfer of realised profits to the income and expenditure reserve	(146)	-	146	-
Receipt of donated assets	-	402	-	402
Transfers to the income and expenditure account for depreciation of donated assets	-	(178)	-	(178)
Other transfers between reserves	(1,090)	-	1,090	-
At 31 March 2009	92,588	1,066	2,505	96,159

16. Notes to the cash flow statement

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

	2008/09	2007/08
	£'000	£'000
Total operating surplus	12,162	8,767
Depreciation and amortisation charge	8,882	8,640
Asset impairments and reversals, and movement in financial instruments	261	-
Transfer from Donated Asset Reserve	(178)	(210)
(Increase)/decrease in stocks	(780)	131
(Increase)/decrease in debtors	3,560	10,061
Increase/(decrease) in creditors	(4,958)	1,933
Increase/(decrease) in provisions	322	130
Net cash inflow from operating activities	19,271	29,452

16.2 Reconciliation of net cash flow to movement in net debt

	31/3/09		31/3/08
	£'000	£'000	£'000
Increase/(decrease) in cash in the period	72		(84)
Cash (inflow) from new debt	-		-
Cash outflow from debt repaid and finance lease capital payments	2,450		2450
Change in net debt resulting from cash flows		2,522	2,366
Net debt at 1 April 2008		(11,800)	(14,166)
Net debt at 31 March 2009		(9,278)	(11,800)

16.3 Analysis of changes in net debt:

	31/3/09	Cash Transferred (to)/from Other NHS Bodies	Cash Changes in year	1/4/08
	£'000	£'000	£'000	£'000
OPG cash at bank	501	-	67	434
Commercial cash at bank and in hand	21	-	5	16
Loan from the Department of Health due within one year	(2,450)	-	-	(2,450)
Loan from the Department of Health due after one year	(7,350)	-	2,450	(9,800)
	(9,278)	-	2,522	(11,800)

17. Capital commitments

Commitments under capital expenditure contracts at 31 March 2009 were £691,000 (31 March 2008 £3,324,000).

18. Post balance sheet events

The Trust is in the process of applying for Foundation Trust status and hopes to attain this in early 2010. There were no other post balance sheet events having a material effect on the accounts.

19. Contingent assets/(liabilities)

Other

Other Contingent Liabilities for non-clinical negligence incidents total £(14,000) (2007/08- £(7,000)).

The Trust has an ongoing case of race discrimination. The Trust is unable to assess the cost of this case should it lose so no amount is included in the above total for contingent liabilities.

20. Movements in Public Dividend Capital

	2008/09	2007/08
	£'000	£'000
Public Dividend Capital as at 1 April 2008	85,571	99,028
New Public Dividend Capital received	135	5,000
Public Dividend Capital repaid in year	-	(18,457)
Public Dividend Capital as at 31 March 2009	85,706	85,571

21. Financial Performance Targets

21.1 Breakeven Performance

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

	To 2003	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover		151,095	163,630	169,011	179,522	191,650	213,266
Retained surplus/(deficit) for the year		5	61	(7,560)	1,068	2,450	5,513
Adjustments for impairments		-	-	-	-	-	261
Other agreed adjustment – reversal of RAB deduction		3,250	-	-	-	-	-
Breakeven in year position		3,255	61	(7,560)	1,068	2,450	5,774
Breakeven cumulative position	(7,471)	(4,216)	(4,155)	(11,715)	(10,647)	(8,197)	(2,423)
Anticipated financial year of recovery							2009/10
Materiality test:							
Breakeven in-year position		2.15%	0.04%	(4.47%)	0.59%	1.28%	2.71%
Breakeven cumulative position	(5.35%)	(2.79%)	(2.54%)	(6.93%)	(5.93%)	(4.28%)	(1.14%)

The Trust was granted an extension from three to five years to achieve its cumulative breakeven duty. This was due to be met by 31 March 2005 however was not and the Trust failed this duty. The Trusts external auditor reported this event to the Department of Health at that time.

Historically the Trust was normally only able to plan to breakeven on an annual basis. However the Trust is now planning for the next three to five years and is forecasting further surpluses for these years. It is planned for the remaining amount of the breakeven deficit to be eliminated in the 2009/10 financial year.

21.2 Capital cost absorption rate

The Trust is required to absorb the cost of capital at a rate of 3.5% of average relevant net assets. The rate is calculated as the percentage that dividends paid on public dividend capital, totalling £6,339,000 bears to the average relevant net assets of £177,630,000 that is 3.6%. This rate falls within the permitted tolerance of +/- 0.5%.

21.3 External financing

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

	2008/09		2007/08
	£'000	£'000	£'000
External financing limit		(2,387)	(15,823)
Cash flow financing	(2,387)		(15,823)
External financing requirement		(2,387)	(15,823)
Undershoot /(overshoot)		-	-

21.4 Capital resource limit

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

	2008/09	2007/08
	£'000	£'000
Gross capital expenditure	10,171	7,198
Less: book value of assets disposed of	(13)	(80)
Plus: loss on disposal of donated assets	-	-
Less: donations towards the acquisition of fixed assets	(402)	(48)
Charge against the CRL	9,756	7,070
Capital resource limit	9,893	8,251
Underspend against the CRL	137	1,181

22. Related party transactions

Ashford and St. Peter's Hospitals NHS Trust is a body corporate established by order of the Secretary of State for Health. During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Ashford and St Peter's Hospitals NHS Trust.

The Department of Health is regarded as a related party. During the year Ashford and St Peter's Hospitals NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

South East Coast Strategic Health Authority
London Strategic Health Authority
Surrey PCT
Hounslow PCT
Ealing PCT
Berkshire East PCT
Richmond & Twickenham PCT
Hampshire PCT
West Kent PCT
Lambeth PCT
Surrey and Borders NHS Trust
Royal Surrey County Hospital NHS Trust
West Middlesex University Hospital NHS Trust
NHS Business Services Authority
NHS Blood and Transport
NHS Professionals
NHS Litigation Authority
NHS PASA
NHS Pensions Scheme

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with H M Revenue and Customs, Surrey County Council, Runnymede Borough Council and Spelthorne Borough Council.

The Trust has also received revenue and capital payments from the Ashford and St. Peter's Hospitals Charitable Fund. The Board members of the Trust are also Trustees of this charity. The audited annual report and accounts of the Charity are available to the public on request.

The Trust paid Costain Limited £3.6m in 2008/09 for work carried out at the Trust during the financial year. One of the Non-Executive Directors of the Trust is a part-time consultant with Costain International. Although the Trust Board approved the award of the contract to Costain Limited, the Non-Executive Director was not involved in any of the discussions or decision making leading up to the approval by the Trust Board. In addition that individual has had no involvement in any contractual discussions since the contract award

23. Financial Instruments

Financial Reporting Standard 29 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with local Primary Care Trusts and the way those Primary Care Trusts are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies, to which these standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

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

Currency Risk

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

Interest Rate Risk

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

Credit Risk

Because of the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposure as at 31 March 2009 are in receivables form customers, as disclosed in the debtors note.

Liquidity risk

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

23.1 Financial Assets

					Fixed rate		Non-interest bearing
Currency	**Total**	**Floating rate**	**Fixed rate**	**Non-interest bearing**	**Weighted ave interest rate**	**Weighted ave period for which fixed**	**Weighted average term**
	£000	£000	£000	£000	%	Years	Years
At 31 March 2009							
Sterling	522	522	-	-			
Other	-	-	-	-			
Gross financial assets	522	522	-	-			
At 31 March 2008							
Sterling	450	450	-	-			
Other	-	-	-	-			
Gross financial assets	450	450	-	-			

23.2 Financial Liabilities

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate Weighted ave interest rate	Fixed rate Weighted ave period for which fixed	Non-interest bearing Weighted average term
	£000	£000	£000	£000	%	Years	Years
At 31 March 2009							
Sterling	(9,961)	-	(9,961)	-	5.40	5	-
Other	-	-	-	-	-	-	-
Gross financial liabilities	(9,961)	-	(9,961)	-			
At 31 March 2008							
Sterling	(12,414)	-	(12,414)	-	5.40	5	-
Other	-	-	-	-	-	-	-
Gross financial liabilities	(12,414)	-	(12,414)	-			

23.3 Fair Values

Set out below is a comparison, by category, of book values and fair values of the Trust's financial assets and liabilities as at 31 March 2009.

	At fair value through profit and loss	Loans and receivables	Available for sale	Total
	£000s			£000s
Financial assets				
Embedded derivatives	-	-	-	-
NHS debtors	-	-	-	-
Non NHS debtors	-	-	-	-
Cash at bank and in hand	522	-	-	522
Other financial assets	-	-	-	-
Total	522	-	-	522

	At fair value through profit and loss	Other	Total
	£000s	£000s	£000s
Financial liabilities			
Embedded derivatives	-	-	-
NHS creditors	-	-	-
Non NHS creditors	-	-	-
Borrowings	9,800	-	9,800
PFI & Finance lease obligations	-	-	-
Other financial liabilities	161	-	161
Total	9,961	-	9,961

24. Third Party Assets

The Trust held £9,000 cash at bank and in hand at 31 March 2009 (31 March 2008 - £9,000) which relates to monies held by the Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

25. Intra-Government and Other Balances

	Debtors: amounts falling due within one year	Debtors: amounts falling due after more than one year	Creditors: amounts falling due within one year	Creditors: Amounts falling due after more than one year
	£000	£000	£000	£000
Balances with other Central Government Bodies	9,181	-	2,250	7,350
Balance with Local Authorities	10	-	31	-
Balances with NHS Trusts and Foundation Trusts	1,949	-	759	-
Balances with Public Corporations and Trading Funds	-	-	-	-
Balance with bodies external to Government	9,370	949	19,016	-
At 31 March 2009	20,510	949	22,056	7,350
Balances with other Central Government Bodies	11,267	-	20,529	9,800
Balance with Local Authorities	27	-	35	-
Balances with NHS Trusts and Foundation Trusts	1,613	-	1,109	-
Balances with Public Corporations and Trading Funds	-	-	-	-
Balance with bodies external to government	12,136	-	5,844	-
At 31 March 2008	25,043	-	27,517	9,800

26. Losses and Special Payments

There were 374 cases of losses and special payments (2007/08: 81 cases) totalling £121,000 (2007/08: £116,000) paid during 2008/09.

There were no cases where the net payment exceeded £250,000 (2007/08 – nil)