

Northern Health and Social Care Trust

Annual Accounts

For the year ended 31 March 2012

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For the year ended 31 March 2012

**Laid before the Northern Ireland Assembly under Article 90 (5) of the Health
and Personal Social Services (NI) Order 1972 by the Department of Health,
Social Services and Public Safety.**

on

2nd July 2012

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NORTHERN HSC TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

FOREWORD

These accounts for the year ended 31 March 2012 have been prepared in accordance with Article 90(2) (a) of the Health and Personal Social Services (Northern Ireland) Order 1972, as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003, in a form directed by the Department of Health, Social Services and Public Safety.

NORTHERN HSC TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

STATEMENT OF NORTHERN TRUST'S RESPONSIBILITIES AND CHIEF EXECUTIVE'S RESPONSIBILITIES.

Under the Health and Personal Social Services (Northern Ireland) Order 1972 (as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003), the Northern HSC Trust is required to prepare financial statements for each financial year in the form and on the basis determined by the Department of Health, Social Services and Public Safety. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the Northern HSC Trust, of its income and expenditure and cash flows for the financial year.

In preparing the financial statements the Trust is required to:

- observe the accounts direction issued by the Department of Health, Social Services and Public Safety including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- make judgements and estimates on a reasonable basis.
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements.
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Trust will continue in operation.
- keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust.
- pursue and demonstrate value for money in the services the Trust provides and in its use of public assets and the resources it controls.


The Permanent Secretary of the Department of Health, Social Services and Public Safety as Accounting Officer for health and personal social services resources in Northern Ireland has designated Sean Donaghy of Northern HSC Trust as the Accounting Officer for the Trust. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Accountable Officer Memorandum, issued by the Department of Health, Social Services and Public Safety. The Accounting Officer is also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

NORTHERN HSC TRUST

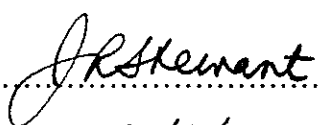
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

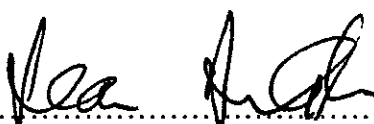
CERTIFICATES OF DIRECTOR OF FINANCE, CHAIRMAN AND CHIEF EXECUTIVE

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 19 - 71) which I am required to prepare on behalf of the Northern Health and Social Care Trust have been compiled from and are in accordance with the accounts and financial records maintained by the Trust and with the accounting standards and policies for HSC Trusts approved by the DHSSPS.


.....Director of Finance
12/6/12
.....Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 19 – 71) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.


.....Chairman
12/6/12
.....Date


.....Chief Executive
12/6/12
.....Date

NORTHERN HSC TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

The Board of the Northern HSC Trust is accountable for internal control. As Accounting Officer and Chief Executive of the Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me by the Department of Health, Social Services and Public Safety.

Partnerships with other HSC Bodies

In addition to DHSSPS, the Trust has a close and positive working relationship with colleague agencies in the HSC, particularly our commissioners / HSC Board and the various directorates of the Business Services Organisation (BSO). The Trust has regular accountability meetings with the HSC Board and DHSSPS and is informed by the Commissioning Plan and Priorities for Action. The Trust prepares a Trust Delivery Plan to reflect its activities for each year. The Trust also participates in a wide range of groups designed to enhance the services provided to its population. The Trust works closely with the community and voluntary sector.

Purpose of the system on 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 organisational policies, aims and objectives, to 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 has been in place in Northern HSC Trust for the year ended 31 March 2012 and up to the date of approval of the annual report and accounts and accords with Department of Finance and Personnel guidance.

The Board, in fulfilling its consideration of the key strategic and managerial issues facing the Trust, maintains and reviews the effectiveness of the system of internal control. The Board exercises strategic control over the operation of the organisation through a system of Corporate Governance which includes:

- A schedule of matters reserved for Board decisions;
- A scheme of delegation, which delegates decision making authority within set parameters to the Chief Executive and other officers;
- Standing Orders and Standing Financial Instructions;

- A Remuneration Committee to oversee Senior Executive's Pay; The Remuneration Committee is a sub-committee of the Trust Board established to advise the Board on appropriate remuneration and terms and conditions of service for the Chief Executive and other directors. The committee comprises the Board Chairman and three nominated Non-Executive Directors, with the Chief Executive and Director of Human Resources in attendance; other Executive Directors may be invited to attend in an advisory capacity.
- A Governance Management Board (GMB);
- Four Sub-Committees of the Trust Board with responsibility for Audit, Risk Management, User Feedback and Involvement, and Charitable Trust Funds.
 - The Audit Committee is composed of three Non-Executive Directors with Executive Directors, including the Director of Finance, the External Auditor and the Internal Auditor in attendance as required. The committee reviews the establishment and maintenance of an effective system of internal control, across the whole of the Trust's activities (both clinical and non clinical) that supports the achievements of the Trust's activities.
 - The Governance Committee comprises three Non-Executive Directors and a public representative. In addition the Chief Executive, Executive Directors, other Trust staff and the Internal Auditor attend as required. The committee provides assurance to the Trust Board that the structures, systems and processes in place will deliver the Trust's key clinical objectives and ensure continuous improvements in the quality and safety of patient care to promote improvement and excellence.
 - The User Feedback and Involvement Committee comprises three Non-Executive Directors and a representative from the Patient Client Council. Directors and Trust governance managers attend as required.
 - The Charitable Trust Funds Committee comprises two Non-Executive Directors with senior staff including the Director of Finance in attendance.

Further, representatives of the Audit Committee and the Governance Committee meet annually with a view to ensuring an integrated approach to governance within the Trust. Each Committee reports back to the Trust Board on a regular basis.

The Trust has an effective recruitment and selection policy which serves to ensure the appointment of suitable staff, and meets statutory and legal requirements in the area of employment.

The system of internal financial control is based on a framework of regular financial information, administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:-

- comprehensive budgeting systems which are monitored by the Trust Board on an ongoing basis;
- regular reviews by the Trust Board of monthly financial reports which indicate financial performance against the forecast;
- setting targets to measure financial and other performances;
- clearly defined capital investment control guidelines;
- formal budget management disciplines as appropriate;
- the Trust having an internal audit function which operates to government international accounting standards and whose work is informed by an analysis of risk to which the Trust is exposed, with annual audit plans based on this analysis.

The BSO Internal Audit function provides an independent and objective opinion to the Accounting Officer, Board and Audit Committee on the adequacy and effectiveness of the system of internal control. In 2011 / 12 Internal Audit reviewed the following areas:

Audit	Level of Assurance
• General Ledger	Substantial
• Absence Management	Satisfactory / Limited
• Cash & Valuables Handling in Social Service Facilities	Satisfactory
• Management of Fire Safety	Limited
• Travel Expenses	Satisfactory
• Children's Directorate – Finance	Satisfactory
• Asset Management	Satisfactory
• Income	Satisfactory
• Non Pay Expenditure	Satisfactory
• Bank and Cash	Satisfactory
• Charitable Trust Funds – Investments	Satisfactory
• Management of Client's Monies in Independent Sector Homes	Satisfactory / Limited
• Payroll	Satisfactory
• Agency Staff	Limited
• Management of Contracts with the Independent / Voluntary sector	Satisfactory
• Incidents and Complaints – follow up	Satisfactory
• Supervision of Social Work	Limited
• PCCOPS – Community Equipment	Limited
• Medicines Management	Satisfactory
• Information Governance – follow up	Satisfactory / Limited

• Risk Management	Satisfactory
• Management of Contracts	Satisfactory
• Efficiency Savings	Satisfactory
• Review of Audit Recommendations 10/11	Satisfactory
• Verification of Controls Assurance Standards	Not applicable

In all cases an independent audit opinion was given by Internal Audit, based on the work undertaken and resultant findings. Agreed recommendations will be monitored by Internal Audit in due course to confirm appropriate implementation by the Trust. Internal Audit categorises its assurance into substantial, satisfactory, limited and unacceptable and gives a conclusion based on the results of its testing.

The overall opinion of the Head of Internal Audit for the year ended 31st March 2012 is that there is a satisfactory system of internal control designed to meet the Trust's objectives. However there were a number of areas where Limited Assurance has been assigned. In each case management have accepted the recommendations, have drawn up plans for their implementation, have designated responsible officers to take forward the resulting actions and will continue to monitor progress. The audits in question are as follows:

Absence Management: There was an identified weakness regarding the accuracy of absence figures reported to SMT and Trust Board as calculated by the Payroll Department. Steps have been taken to ensure that accurate and consistent calculation takes place.

Management of Fire Safety: Identified weaknesses were in the areas of mandatory fire safety training, Deputy Nominated Fire Officers, fire drills, fire safety checks, property plans and emergency evacuation plans. The Estates Services Department have considered the recommendations made and actions to address weaknesses have been initiated.

Management of Client Monies in Independent Sector Homes: There were identified weaknesses regarding the management of client monies in two homes. Trust management has initiated a detailed financial audit of client's financial transactions in the homes in question.

Agency Staff: Internal Audit identified weaknesses that indicated there was evidence that the Trust procedure in relation to the engagement of agency staff was not being followed on a Trust wide basis. The Director of Human Resources and the Director of Finance have accepted the recommendations made and initiated a review of this area.

Supervision of Social Work: Weaknesses were identified for the high percentage of staff for whom supervision was not carried out on a monthly basis as required. Furthermore annual audits of supervision records to ensure compliance with policy were not being carried out in all areas as required by supervision policy. Trust management have accepted the recommendations and will implement a process to address these.

PCCOPS – Community Equipment: This audit report identified weaknesses in regards to the system of internal controls over the management of community equipment. The Assistant Director of PCCOPS and the Assistant Director of Estates Services have accepted the recommendations made and have initiated a comprehensive process of implementation with prioritised completion dates.

Information Governance – follow up: Internal audit provided limited assurance with regard to the control surrounding the archival storage arrangements in Pennybridge Industrial Estate. The accepted recommendations will be implemented by management over the coming months.

The accepted recommendations and subsequent action plans, arising from significant internal control issues identified during audits carried out in 2010/11, have been subject to ongoing implementation by the relevant department, and scrutiny by Internal Audit. The subsequent report has been presented to the Audit Committee and a revised action plan has been agreed for those recommendations that had not been fully implemented.

With regard to the wider corporate governance environment, the Trust has in place a range of organisational controls designed to promote the efficient and effective discharge of its business in accordance with the law and departmental direction. Every effort is made to ensure that the objectives of the Trust are pursued in accordance with recognised and accepted standards of public administration.

The Trust has in place an Anti Fraud Policy, and a Fraud Response Plan which gives details of responsibilities and actioning officers in the event of a suspected or detected fraud. Extensive work has been undertaken in promoting fraud awareness throughout the Trust, including provision of an Internal Control / Fraud Awareness training programme, participation in a pilot e-learning project initiated by Counter Fraud and Probity Services (BSO) which in due course will be formally launched in the Trust, and communication with staff regarding the recent phase of the National Fraud Initiative, with investigation of data matches continuing.

In conjunction with Counter Fraud and Probity Service, a Fraud Awareness Day was held at Antrim Hospital on 7th March 2012. The Trust has also agreed a protocol with Counter Fraud and Probity Services to be applied in investigation of cases in which the Trust seeks their assistance.

Capacity to handle risk

In 2011/12 the Trust operated its governance systems in line with the revised Integrated Governance Strategy. During the year the Risk Management Strategy was reviewed ready for implementation in 2012/13. Subject to regional consensus it is anticipated that the risk grading matrix and associated guidance used by the Trust will be revised during 2012/13.

The Trust's risk management structures and systems continue to encompass all risks including e.g. those relating to financial, corporate, information and clinical and social care governance spanning all aspects of the Trust's activities.

The Trust's capacity to investigate and learn from incidents was enhanced in year with training provided to approximately 50 staff on root cause analysis.

A Serious Incident Review Group was established to help Governance Management Board to have greater corporate oversight of the investigation, learning and change from serious incidents.

The Governance Committee over the past year has met its obligations in securing assurance that risks are effectively managed and communicated to Trust Board within the Board Assurance Framework. Continuing progress has been made to strengthen the structures and processes to embed risk management within the Trust.

During the year the need to move to a web based risk management system was identified and a business case was constructed for this improvement. A web based system would facilitate local inputting and management of risks and promote local ownership of incidents, trends and risks as key officers in local teams can access information specific to their service. This would increase the organisation's capacity to manage risk. The business case has been approved in principle.

Internal audit works closely with the Trust in developing an agreed audit plan to strengthen assurance where gaps in controls have been identified and entered onto the Board Assurance Framework.

The risk and control framework

Over the past year the Governance Accountability Framework has helped to further progress the culture, systems and processes that embed governance as a key component of all organisational activity. The Trust promotes a fair and open culture for safe practice throughout the organisation. The Governance Management Board has put in place a systematic and unified process to ensure the management of risks across all areas of the Trust's activity. This has led to the implementation of functioning Trust Wide Risk Registers at Department, Directorate and Corporate Levels.

The Australian/New Zealand Model (AS/NZS 4360:2004) as adopted by the DHSSPS has been incorporated into the Trust's Risk Management Strategy and Policy. The Trust's Risk Management Strategy was revised in 2011/12 and will be fully implemented in 2012/13. A comprehensive Trust Incident Management Policy and Procedure (including procedure for Serious Adverse Incidents) was developed and approved during 2008/09, and operated throughout 2011/12; this policy will be revised in 2012/2013. Incident reporting analysis facilitates the provision of trend reports to GMB and other groups operating within the Trust's Governance Accountability Framework for their further consideration and action in developing suitable strategies to manage risks identified by this means.

The Trust works closely with the HSCB and PHA in relation to investigating, reporting and learning from SAIs.

The Trust continues to monitor and report on its compliance with the 12 week timeframe for the investigation and reporting of SAIs and awaits with interest issue of revised guidance from the HSCB in this area. In conjunction with the 'sharing learning' process introduced during 2010/2011 the Trust has also now established an SAI Review Group at Director level. One of its functions is facilitating assurance that learning from such serious adverse incidents is being

identified and appropriately cascaded through directorates and shared with other agencies as appropriate.

Considerable progress has been made by the Trust in developing and improving its arrangements for emergency planning including the preparation and issue of a revised Trust Major Incident Plan. The Trust-wide and multi-agency Emergency & Business Continuity Planning Forum met on a regular basis during 2011/12, and the forum continues to review how effectively the Trust responded to several 'real' and simulated major incidents that occurred or were organised during the past year. These and related activities have meant that the Trust comfortably achieved substantive compliance against the standard for emergency planning at 31/3/12.

Also, under the auspices of the Emergency & Business Continuity Planning Forum, the Trust achieved the requirement to have a Trust Business Continuity Policy and Plan completed by 31/3/12 to facilitate recovery and resilience in the event of our capacity to maintain identified critical services being threatened. During 2012/13 the Trust intends to organise an exercise to test the effectiveness of that plan and will also proceed to develop more rigorous Directorate and service plans to complement the corporate plan.

Good progress is maintained in operating the Governance Assurance Framework. This is a developing area and the Trust complies with the DHSSPS guidance relating to it. These processes complement Directorate Performance Review Meetings which continue to ensure that each Directorate Team is accountable for reporting on performance against targets, with Governance and Risk Management issues being discussed at those meetings.

The Trust continues to be in compliance with Departmental guidance (HSS (F) 67/2006) in respect of payments for legal and litigation services.

The Patient Safety Quality Improvement Planning Process has been strengthened by the introduction of a Patient Safety Steering group in the Trust. The Trust is fully engaged in this work and regularly collaborates with internal and external partners to maximise learning and benefits from the safety work.

The Trust's Personal & Public Involvement (PPI) Strategy and Consultation Scheme has been updated to include exceptional circumstances when it may not be possible to comply with the normal consultation time frame. In such circumstances, patient /client safety will be the guiding principle. The PPI Steering Group continues to oversee the implementation of the PPI strategy and action plan. The strategy and action plan will be updated in 2012/13.

Information Risk Management

Information Risk Management is an essential element of broader Information Governance and is an integral part of good management practice. The Trust continues to embed information risk management into existing business processes and functions.

Information risks are managed within the context of the Trust's Risk Management Strategy. Such risks are identified and documented at a number of levels including the Trust Register of

Top Risks, the Directorate Risk Register and, where appropriate, in lower level Risk Registers. Information Incident reporting (including Serious Adverse Incident reporting) is performed using the normal Trust procedures and in addition, IT Security incidents are logged centrally with the Information Technology Services, Business Services Organisation. Robust project management is used to ensure that information governance matters (e.g. access control, contingency) relating to new Information Systems are addressed as part of implementation.

The Trust has identified its Senior Information Risk Owner and a number of Information Asset Owners. Other roles, such as the Trust's Personal Data Guardian, Information Governance staff (includes the Data Protection Officer and the Freedom of Information Practitioner), the ICT Governance Manager and Information System Managers, all contribute to the management of information risk. In addition, the Trust has established an Information Governance Forum which reports, via the Governance Management Board, to the Trust Board. The Information Governance Forum manages a work programme that addresses a number of risk areas.

IT Security training is mandated for all users and a range of wider Information Governance courses is offered in-house. The Trust has drawn up and is providing a comprehensive development programme for System Managers. This is a pivotal staff group that will have a key role as Information Asset Administrators and in the formal implementation of information risk management.

The Trust is reliant to a significant extent on the services provided by BSO ITS, for which Service Level Agreements are in place. BSO ITS also provides formal assurance to DHSSPS as part of the corporate governance process.

The Trust has in place a number of policies that support information risk management including:

- Policy (and associated procedures) on Processing of Personal Information
- Policy (and associated procedures) on Making Information Available to the Public
- Information Systems Security Policy
- Records Management Policy

Substantive compliance with both the Information & Communications Technology (ICT) and the Records Management Controls Assurance Standards provides assurance that information risk management is being addressed.

Compliance with Controls Assurance Standards

The Trust assessed its compliance with the 22 Controls Assurance Standards which were defined by the Department and against which a degree of progress was expected in 2011 / 12.

The Trust achieved the following levels of compliance for 2011 / 12:

Standard	DHSS&PS Expected Level of Compliance	Trust Level of Compliance	Verified by
Buildings, land, plant and non-medical equipment	75% - 99% (Substantive)	Substantive	Self Assessment
Decontamination of medical devices	75% - 99% (Substantive)	Substantive	Self Assessment
Emergency Planning	75% - 99% (Substantive)	Substantive	Self Assessment
Environmental Cleanliness	75% - 99% (Substantive)	Substantive	Self Assessment
Environment Management	75% - 99% (Substantive)	Substantive	Self Assessment
Financial Management (Core Standard)	75% - 99% (Substantive)	Substantive	Internal Audit
Fire safety	75% - 99% (Substantive)	Substantive	Internal Audit
Fleet and Transport Management	75% - 99% (Substantive)	Substantive	Self Assessment
Food Hygiene	75% - 99% (Substantive)	Substantive	Internal Audit
Governance (Core Standard)	75% - 99% (Substantive)	Substantive	Internal Audit
Health & Safety	75% - 99% (Substantive)	Substantive	Self Assessment
Human Resources	75% - 99% (Substantive)	Substantive	Self Assessment
Infection Control	75% - 99% (Substantive)	Substantive	Self Assessment
Information Communication Technology	75% - 99% (Substantive)	Substantive	Self Assessment
Management of Purchasing and Supply	75% - 99% (Substantive)	Substantive	Self Assessment
Medical Devices and Equipment Management	75% - 99% (Substantive)	Substantive	Self Assessment
Medicines Management	75% - 99% (Substantive)	Substantive	Self Assessment

Records Management	75% - 99% (Substantive)	Substantive	Internal Audit
Research Governance	75% - 99% (Substantive)	Substantive	Self Assessment
Risk Management (Core Standard)	75% - 99% (Substantive)	Substantive	Internal Audit
Security Management	75% - 99% (Substantive)	Substantive	Internal Audit
Waste Management	75% - 99% (Substantive)	Substantive	Self Assessment

Significant Internal Control Issues

Carried over from 2010/11

The work to reduce the risk of Healthcare Associated Infection (HCAI) continues. The action plan arising from the C Difficile Enquiry Report (March 2011) has been delivered and the Trust has increased confidence in its capacity to detect and manage outbreaks. The Trust can demonstrate a significant reduction (>20%) in the number of cases of C.Difficile although the PFA target was not achieved (94 cases against a target of 88 cases). The Trust achieved a significant reduction (>30%) in the number of cases of MRSA bacteraemia but did exceed the PFA target (19 cases against a target of 13 cases). In response to the Trust concerns regarding the level of MRSA bacteraemia a MRSA addendum was added to the corporate HCAI Reduction Plan to strengthen the focus on reduced bacteraemia. An expert case review of all MRSA bacteraemia in 2011 generated learning that has been acted on.

A revised accountability structure for HCAI was implemented in 2011/12; this involves the Chief Executive chairing a Strategic Infection Prevention and Control Forum approximately every 6 weeks. In addition, the Chief Executive, Medical Director and Director of Nursing meet on a weekly basis with the relevant clinical team when there has been a case of C.Difficile or MRSA bacteraemia, to discuss the findings from their Root Cause Analysis.

The Independent Review of Incidents of Pseudomonas Aeruginosa Infection in Neonatal units in Northern Ireland issued an interim report at the end of the year. The Trust has already implemented the immediate actions required from the Review and will work with the HSCB and PHA to implement further guidance as it is developed.

The 2010/11 SIC reported control issues related to safely maintaining four A& E departments and then noted increasing pressures in the two main units despite the provision of additional capacity.

In 2011/12 Antrim Emergency Department continued to experience increased pressure with delays in having patients admitted; although the pressure is felt at the front door of the hospital, it is recognised to be a whole system issue. The Trust has had an improvement plan in place from 2010/11 but as other hospitals are experiencing similar problems, the HSCB has introduced a three month remedial plan for all Trusts in N.I.; all necessary actions will be merged into one plan but there will be enhanced reporting to the HSCB. The new A&E

department at Antrim is under construction and will be completed in 2013. At the end of the year Mrs Hinds from the HSCB spent six weeks observing the system for unscheduled care in Antrim and Dr Ian Rutter visited briefly to provide a clinical analysis of the interface issues affecting the service. Both have provided reports which are being carefully considered and will be acted on as a priority for 2012/13 and will inform the single plan referred to above. An SAI investigation of a disabled client in the community raised concerns regarding the application of the care management policy. The Executive Director of Social Work is leading a review of care management across the program to strengthen controls and provide assurance to Trust Board

Improved control

The 2010/11 SIC reported limited assurance for Emergency Planning and there has been a high level of co-ordinated activity in 2011/12 with support from external consultants. Controls have been strengthened and substantive compliance with the Controls Assurance Standard achieved.

New control issues in 2011/12

In 2011/12 medical staffing has been and continues to be an area of concern for the Trust and it is one of the top corporate risks. The Trust is doing everything possible to fill medical vacancies but is operating in a context of regional medical workforce shortages. The Trust recognises the potential for adverse impact on the quality of care when rotas are populated with high numbers of temporary medical staff.

Financial Position

During 2011/12 the Trust has achieved a breakeven position on its financial performance in accordance with its statutory requirements. The performance outturn reflects the continued implementation of the Modernisation and Recovery Plan Year 2 savings and the identification and release of further savings. The Trust did not require a control total in 2011/12 and is focused on maintaining this position going forward. Effective financial management remains the key objective of the Trust's Directors. As with all of the HSC, NHSCT faces significant financial challenges in 2012/13 and will continue to work closely with HSCB to maintain financial balance.

Performance Management

In the year 11 /12 The Trust performed well against the wide range of targets set out in the Trust Delivery Plan (TDP). There were areas in the TDP where we stated we would not be able to fully meet the target in the timescales or that we would not meet the target by the year end. The Trust performed in line with the Trust Delivery Plan. The Trust did receive additional non-recurring funds to maintain elective access to agreed backstops and these were all achieved and in many cases the Trust achieved a better performance.

A number of Internal Audit reports resulted in limited assurance and further detail on these is included in the section above entitled "Purpose of the system of internal control". The Trust

has considered all of the internal and external audit reports in preparing the statement on internal control.

Review of Effectiveness

The Trust Board has overall responsibility for the effective operation of the systems of internal control. The Board discharges its responsibility through its committee structure, particularly the Audit Committee and the Governance Committee.

The Audit Committee is chaired by a non-executive Director and it has two non-executive members. It receives a three year rolling audit plan on an annual basis, which is developed taking account of the Trust Corporate Risks and objectives. The committee meets four times per annum, at least, and received comprehensive audit reports, as described in the section above. The Chair of the Audit Committee also provides a verbal report periodically during the financial year and highlights any issues of concern. The minutes of Audit Committee are presented to the Trust Board following each meeting. These reports and the Internal Audit Auditor's Annual Statement provide the Board with assurance regarding the on-going effectiveness of the system of internal control.

The Governance Committee is also chaired by a non-executive Director and two additional non-executive Directors are also members. The Committee meets five times per annum. It provides assurance to the Board regarding all non financial aspects of the Statement of Internal Control. The chairs of the Governance and Audit Committees work closely together (including holding an annual meeting) to ensure the integration of financial and non financial controls. Minutes are exchanged to ensure items of current interest are shared.

The Governance Committee monitors and seeks assurance that the Trust has a robust and comprehensive system of risk management and that it can demonstrate continuous improvement in the safety, quality and effectiveness of the services and care it provides. It also seeks assurance that both risk management and quality improvement processes and systems are embedded in the Trust and that they inform business strategy appropriately.

To ensure that risks are being effectively managed and communicated to the Board the adequacy of assurances within the Board assurance framework are monitored and reviewed by the Governance Committee. It also reviews Internal Audit progress reports to receive assurance that required actions/improvements have been introduced. In addition, reports produced by the Regulation and Quality Improvement Authority (RQIA) following reviews or investigations are tabled at the Committee and assurance sought that action plans have been developed and are kept under review.

As Accounting Officer, I have responsibility for the review of effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the executive managers within the Northern HSC Trust who have responsibility for the development and

maintenance of the internal control framework, the Audit and Governance Committees, the Annual Report of the Chief Internal Auditor and comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of the Northern HSC Trust. A plan to address weaknesses and ensure continuous improvement to the system is in place. Board members are members and chairs of committees of the Trust and therefore report to the Board on significant control issues arising. The Board also reviews, on an annual basis, the Terms of Reference of the Audit Committee and the role and membership of all Board committees. The Board receives regular reports through the Board Assurance Framework, which covers the risks faced by the organisation.

Signature of Accounting Officer and date of signature

Two handwritten signatures in black ink. The first signature is on the left and the second is on the right.

12 . 6 . 12 .

NORTHERN HEALTH AND SOCIAL CARE TRUST

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Northern Health and Social Care Trust for the year ended 31 March 2012 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of Northern Health and Social Care Trust's and Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Northern Health and Social Care Trust's affairs as at 31 March 2012 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health, Social Services and Public Safety directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Health, Social Services and Public Safety directions made under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.

KJ Donnelly
 KJ Donnelly
 Comptroller and Auditor General
 Northern Ireland Audit Office
 106 University Street
 Northern
 BT7 1EU

27 June 2012

NORTHERN HSC TRUST

STATEMENT of COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2012

			Restated
	NOTE	2012 £000s	2011 £000s
Expenditure			
Staff costs	3.1	(360,896)	(370,441)
Depreciation	4.0	(14,468)	(13,246)
Other Expenditures	4.0	(251,239)	(228,968)
		<u>(626,603)</u>	<u>(612,655)</u>
Income			
Income from activities	5.1	34,075	33,097
Other Income	5.2	11,637	11,442
Deferred income	5.3	0	0
		<u>45,712</u>	<u>44,539</u>
Net Expenditure		<u>(580,891)</u>	<u>(568,116)</u>
Revenue Resource Limit (RRL)	25.1	580,987	568,173
Surplus / (Deficit) against RRL		<u>96</u>	<u>57</u>

OTHER COMPREHENSIVE EXPENDITURE

	NOTE	2012 £000s	2011 £000s
Net gain/(loss) on revaluation of Property, Plant and Equipment	6.1 / 6.2 / 10	7,661	1,960
Net gain/(loss) on revaluation of Intangibles	7.1 / 7.2 / 10	0	0
Net gain/(loss) on revaluation of available for sales financial assets			
TOTAL COMPREHENSIVE EXPENDITURE for the year ended 31 March 2012		<u>(573,230)</u>	<u>(566,156)</u>

The notes on pages 23 to 71 form part of these accounts.

NORTHERN HSC TRUST

STATEMENT of FINANCIAL POSITION AS AT 31 MARCH 2012

		2012	Restated 2011	Restated 2010
	NOTE	£000s	£000s	£000s
Non Current Assets				
Property, plant and equipment	6.1/6.2	367,325	366,486	368,653
Intangible assets	7.1/7.2	1,935	1,767	1,174
Financial assets	8.0	0	0	0
Trade and other receivables	12.0	0	0	0
Other current assets	12.0	0	0	0
Total Non Current Assets		369,260	368,253	369,827
Current Assets				
Assets classified as held for sale	9.0	340	279	0
Inventories	11.0	2,857	2,849	2,768
Trade and other receivables	12.0	11,896	11,120	9,887
Other current assets	12.0	1,106	1,204	6,770
Financial assets	8.1	0	0	0
Cash and cash equivalents	13.0	3,220	2,562	3,565
Total Current Assets		19,419	18,014	22,990
Total Assets		388,679	386,267	392,817
Current Liabilities				
Trade and other payables	14.0	(93,695)	(81,624)	(62,190)
Other liabilities	14.0	(66)	(56)	(50)
Provisions	16.0	(14,055)	(11,436)	(14,152)
Total Current Liabilities		(107,816)	(93,116)	(76,392)
Non Current Assets plus/less Net Current Assets / Liabilities		280,863	293,151	316,425
Non Current Liabilities				
Provisions	16.0	(2,861)	(2,913)	(944)
Other payables > 1 yr	14.0	(155)	(219)	(275)
Financial liabilities	8.0	0	0	0
Total Non Current Liabilities		(3,016)	(3,132)	(1,219)
Assets less Liabilities		277,847	290,019	315,206
Taxpayers' Equity				
Revaluation reserve		46,535	39,141	37,330
SoCNE Reserve		231,312	250,878	277,876
		277,847	290,019	315,206

The notes on pages 23 to 71 form part of these accounts.

Signed..... (Chairman)

Date..... 12/6/12

Signed..... (Chief Executive)

Date..... 12.6.12

NORTHERN HSC TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2012

Restated

	NOTE	2012 £000s	2011 £000s
Cash flows from operating activities			
Net expenditure after interest		(580,891)	(568,116)
Adjustments for non cash costs		34,349	31,319
(Increase)/decrease in trade and other receivables		(678)	4,333
(Increase)/decrease in inventories		(8)	(81)
Increase/(decrease) in trade payables		12,017	19,384
Movements in payables relating to the purchase of property, plant and equipment		(3,530)	(3,258)
Movements in payables relating to the purchase of intangibles		(328)	0
Movements in payables relating to finance leases		54	50
Movements in payables relating to PFI and other service concession arrangement contracts		0	0
Use of provisions	16	<u>(3,693)</u>	<u>(7,447)</u>
Net cash outflow from operating activities		(542,708)	(523,816)
Cash flows from investing activities			
(Purchase of property, plant & equipment)	6	(17,262)	(17,191)
(Purchase of intangible assets)	7	(387)	(980)
Proceeds of disposal of property, plant & equipment		69	3
Proceeds on disposal of intangibles		0	0
Proceeds on disposal of assets held for resale		<u>0</u>	<u>0</u>
Net cash outflow from investing activities		(17,580)	(18,168)
Cash flows from financing activities			
Grant in aid		561,000	541,031
Cap element of payments - finance leases and on balance sheet (SoFP) PFI and other service concession arrangements		<u>(54)</u>	<u>(50)</u>
Net financing		560,946	540,981
Net increase (decrease) in cash & cash equivalents in the period		658	(1,003)
Cash & cash equivalents at the beginning of the period	13	2,562	3,565
Cash & cash equivalents at the end of the period	13	3,220	2,562

The notes on pages 23 to 71 form part of these accounts.

NORTHERN HSC TRUST

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2012

NOTE	SoCNE Reserve £000s	Revaluation Reserve £000s	Donation reserve £000s	Government Grant Reserve £000s	Total £000s
Balance at 31 March 2010	275,173	37,166	2,867	0	315,206
Changes in accounting policy - removal of donated asset reserves	2,703	164	(2,867)	0	0
Restated balance at 1 April 2010	277,876	37,330	0	0	315,206

Changes in Taxpayers Equity 2010-11

Grant from DHSSPS	541,031	0	0	0	541,031
Transfers between reserves	174	(174)	0	0	0
(Comprehensive expenditure for the year)	(568,157)	2,001	0	0	(566,156)
Transfer of asset ownership	(178)	(16)	0	0	(194)
Non cash charges - auditors remuneration	4 56	0	0	0	56
Clinical Negligence Accounting policy change - net movement	76	0	0	0	76
Balance at 31 March 2011	250,878	39,141	0	0	290,019

Changes in Taxpayers Equity 2011-12

Grant from DHSSPS	561,000	0	0	0	561,000
Transfers between reserves	267	(267)	0	0	0
(Comprehensive expenditure for the year)	(580,891)	7,661	0	0	(573,230)
Transfer of asset ownership	0	0	0	0	0
Non cash charges - auditors remuneration	4 58	0	0	0	58
Balance at 31 March 2012	231,312	46,535	0	0	277,847

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS

STATEMENT OF ACCOUNTING POLICIES

1. Authority

These accounts have been prepared in a form determined by the Department of Health, Social Services and Public Safety based on guidance from the Department of Finance and Personnel's Financial Reporting manual (FReM) and in accordance with the requirements of Article 90(2) (a) of the Health and Personal Social Services (Northern Ireland) Order 1972 No 1265 (NI 14) as amended by Article 6 of the Audit and Accountability (Northern Ireland) Order 2003.

The accounting policies follow IFRS to the extent that it is meaningful and appropriate to HSC bodies. Where a choice of accounting policy is permitted, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The Trust's accounting policies have been applied consistently, unless otherwise stated, in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

1.2 Currency and Rounding

These accounts are presented in UK Pounds sterling. The figures in the accounts are shown to the nearest £1,000.

1.3 Property, Plant and Equipment

Property, plant and equipment assets comprise Land, Buildings, Dwellings, Transport Equipment, Plant & Machinery, Information Technology, Furniture & Fittings, and Assets under Construction.

Recognition

Property, plant and equipment must be capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the entity;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £1,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

On initial recognition property, plant and equipment is measured at cost including any expenditure such as installation, directly attributable to bringing it into working condition. Items classified as “under construction” are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

Valuation of Land and Buildings

Land and buildings are carried at the last professional valuation, in accordance with the Royal Institute of Chartered Surveyors (Statement of Asset Valuation Practice) Appraisal and Valuation Standards in so far as these are consistent with the specific needs of the HSC.

The last valuation was carried out on 31 January 2010 by Land and Property Services (LPS) which is an independent executive body within the Department of Finance and Personnel. The valuers are qualified to meet the ‘Member of Royal Institution of Chartered Surveyors’ (MRICS) standard.

Professional revaluations of land and buildings are undertaken at least once in every five year period and are revalued annually, between professional valuations, using indices provided by LPS.

Land and buildings used for the Arms Length Body (Trust) services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Fair values are determined as follows:

- Land and non-specialised buildings – open market value for existing use
- Specialised buildings – depreciated replacement cost
- Properties surplus to requirements – the lower of open market value less any material directly attributable selling costs, or book value at date of moving to non current assets.

Modern Equivalent Asset

DFP has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. Land and Property Services (LPS) have included this requirement within the latest valuation.

Assets Under Construction (AUC)

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Short Life Assets

Short life assets are not indexed. Short life is defined as a useful life of up to and including 5 years. Short life assets are carried at depreciated historic cost as this is not considered to be materially different from fair value and are depreciated over their useful life.

Where estimated life of fixtures and equipment exceed 5 years, suitable indices will be applied each year and depreciation will be based on indexed amount.

Revaluation Reserve

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

1.4 Depreciation and Amortization

No depreciation is provided on freehold land since land has unlimited or a very long established useful life. Items under construction are not depreciated until they are commissioned. Properties that are surplus to requirements and which meet the definition of “non current assets held for sale “ are also not depreciated.

Otherwise, depreciation is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. Amortization of intangible assets is carried out by the same method. Assets held under finance leases are also depreciated over the lower of their useful life or the terms of the lease. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. The following asset lives have been used.

Asset Type	Asset Life
Freehold Buildings and Dwellings	25 – 80 years
Leasehold property	Remaining period of lease
IT Assets	4 – 15 years
Intangible assets	4 – 10 years
Transport Equipment	5 – 7 years
Furniture and Fittings	5 – 15 years
Plant, Machinery and Equipment	5 – 15 years

1.5 Impairment loss

If there has been an impairment loss due to a general change in prices, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure within the Statement of Comprehensive Net Expenditure. If the impairment is due to the consumption of economic benefits the full amount of the impairment is charged to the Statement of Comprehensive Net Expenditure and an amount up to the value of the impairment in the revaluation reserve is transferred to the Statement of Comprehensive Net Expenditure Reserve (previously known as General Reserve). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited firstly to the Statement of Comprehensive Net Expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.6 Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure which meets the definition of capital restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

The overall useful life of the Trust's buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on those assets at the same rate as if separate components had been identified and depreciated at different rates.

1.7 Intangible assets

Intangible assets includes any of the following held - software, licences, trademarks, websites, development expenditure, patents, goodwill and intangible Assets under Construction. Software that is integral to the operating of hardware, for example an operating system is capitalised as part of the relevant item of property, plant and equipment.

Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

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

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the Trust business or which arise from contractual or other legal rights. Intangible assets are considered to have a finite life. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Trust; where the cost of the asset can be measured reliably. All single items over £5,000 in value must be capitalised while intangible assets which fall within the grouped asset definition must be capitalised if their individual value is at least £1,000 each and the group is at least £5,000 in value.

The amount recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date of commencement of the intangible asset, until it is complete and ready for use.

Intangible assets acquired separately are initially recognised at fair value

Following initial recognition, intangible assets are carried at fair value by reference to an active market, and as no active market currently exists depreciated replacement cost has been used as fair value.

1.8 Donated assets

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

With effect from 1 April 2011, DFP changed the above policy on donated asset reserves. The donation reserve no longer exists. What used to be contained in the donated asset reserve has moved to the Statement of Comprehensive Net Expenditure Reserve (previously known as General Reserve) and to the Revaluation Reserve. Income for donated assets is now recognised when received. This is a change in accounting policy and the previous year's Statement of Comprehensive Net Expenditure and the two previous year's Statement of Financial Position have been restated.

	2010 -11 Previously £000	2010-11 Restated £000
SoCNE – Net Expenditure	(569,108)	(568,116)
RRL	569,165	568,173
SOCNE – Total Comprehensive Expenditure	(567,148)	(566,156)
Statement of Financial Position – Donated Asset Reserve	3,880	0
Statement of Financial Position – SoCNE Reserve	247,224	250,878
Statement of Financial Position – Revaluation Reserve	38,915	39,141

1.9 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. In order to meet this definition IFRS 5 requires that the asset must be immediately available for sale in its current condition and that the sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset and the sale is considered likely to be concluded within one year. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value, less any material directly attributable selling costs. Fair value is open market value, where one is available, including alternative uses. Assets classified as held for sale are not depreciated.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount. The profit from sale of land which is a non depreciating asset is recognised within income. The profit from sale of a depreciating asset is shown as a reduced expense. The loss from sale of land or from any depreciating assets is shown within operating expenses. On disposal, the balance for the asset on the

revaluation reserve is transferred to the Statement of Comprehensive net Expenditure reserve.

Property, plant or equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to fair value due to the high turnover of inventories. This approximation may be either FIFO (First In First Out) or weighted average depending on the type of inventory.

1.11 Income

Income relates directly to the operating activities of the Trust and is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

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.

Grant in Aid

Funding received from other entities, including the Department and the Health and Social Care Board are accounted for as grant in aid and are reflected through the Statement of Comprehensive Net Expenditure Reserve.

1.12 Investments

The Trust does not have any investments.

1.13 Other expenses

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

1.14 Cash and cash equivalents

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

1.15 Leases

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

The Trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the

lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the Trust's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated. Leased land may be either an operating lease or a Finance lease depending on the conditions in the lease agreement and following the general guidance set out in IAS 17. Leased buildings are assessed as to whether they are operating or finance leases.

The Trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Trust net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.16 Private Finance Initiative (PFI) transactions.

DFP has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The Trust therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including replacement of components and
- c) Payment for finance (interest costs).

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

PFI Assets

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the Trust's approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Net Expenditure.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Trust Statement of Financial Position.

Other assets contributed by the Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the Trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the Trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

1.17 Financial instruments

- Financial assets

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

Financial assets are initially recognised at fair value.

- Financial liabilities

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

Financial liabilities are initially recognised at fair value.

- Financial risk management

IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more limited role within HSC bodies in creating risk than would apply to a non public sector body of a similar size, therefore Trust's are not exposed to the degree of financial risk faced by business entities. Trust's have 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's in undertaking activities. Therefore the HSC is exposed to little credit, liquidity or market risk.

- 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 HSC bodies have no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

- Interest rate risk

The Trust has limited powers to borrow or invest and therefore has low exposure to interest rate fluctuations.

- Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk.

- Liquidity risk

Since the Trust receives the majority of its funding through its principal Commissioner which is voted through the Assembly, it is therefore not exposed to significant liquidity risks.

1.18 Provisions

In accordance with IAS 37, Provisions are recognised when the Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using DFP's discount rate of 2.2% in real terms.

The Trust has also disclosed the carrying amount at the beginning and end of the period, additional provisions made, amounts used during the period, unused amounts reversed during the period and increases in the discounted amount arising from the passage of time and the affect of any change in the discount rate.

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

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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

1.19 Contingencies

Under IAS 37, the Trust discloses contingent liabilities where there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.20 Employee benefits

Short-term employee benefits

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been estimated using average staff numbers and costs applied to the average untaken leave balance determined from the results of a survey to ascertain leave balances as at 31st March 2012. It is not anticipated that the level of untaken leave will vary significantly from year to year. Flexi leave is not operationally available to the majority of Trust staff and no Trust wide scheme exists for those staff groups who do avail of flexi leave, therefore any benefit accrued is deemed to be immaterial.

Retirement benefit costs

The Trust participates in the HSC Pension Scheme. Under this multi-employer defined benefit scheme both the Trust and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DHSSPS. The Trust is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis. Further information regarding the HSC Pension Scheme can be found in the HSC Pension Scheme Statement in the Departmental Resource Account for the Department of Health, Social Services and Public Safety.

The costs of early retirements are met by the Trust and charged to the Statement of Comprehensive Net Expenditure at the time the Trust commits itself to the retirement.

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the statement of financial position date and updates it to reflect current conditions. The 31 March 2008 valuation will be used in the 2011/12 accounts.

1.21 Reserves

Statement of Comprehensive Net Expenditure Reserve

Accumulated surpluses are accounted for in the Statement of Comprehensive Net Expenditure Reserve.

Revaluation Reserve

The Revaluation Reserve reflects the unrealised balance of cumulative indexation and revaluation adjustments to assets.

1.22 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non current assets.

1.23 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.

1.24 Government Grants

Government assistance for capital projects whether from UK, or Europe, were treated as a Government grant even where there were no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain regions or industry sectors. Such grants (not including grant-in-aid) were previously credited to a government grant reserve and were released to income over the useful life of the asset.

DFP has issued new guidance effective from 1 April 2011. Government grant reserves are no longer permitted. Income is generally recognised when it is received. In exceptional cases where there are conditions attached to the use of the grant, which, if not met, would mean the grant is repayable, the income should be deferred and released when obligations are met.

The Trust had no Government Grants.

1.25 Losses and Special Payments

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

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had HSC bodies not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.26 Accounting standards that have been issued but have not yet been adopted

Under IAS 8 there is a requirement to disclose those standards issued but not yet adopted.

Management has reviewed the new accounting policies that have been issued but are not yet effective, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the accounts in the period of the initial application.

Change in Accounting Policy / Prior Year Restatement

There was one change in accounting policy during the year (See 1.8 Donated Assets and 1.24 Government Grants). The prior year figures have been changed in the accounts to reflect the change in accounting policy. In the Statement of Financial Position the previous two years have been restated to comply with IAS 1 paragraph 29.

1.27 Segmental Reporting

The Trust's approach to the segmental analysis of expenditure is reflective of the integrated provision of healthcare by the Trust and the associated centralised management via a directorate structure.

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

ANALYSIS of NET EXPENDITURE by SEGMENT

NOTE 2

The Trust is managed by way of a directorate structure, each led by a Director, providing an integrated healthcare service for the resident population. The Directors along with Non Executive Directors, Chairman and Chief Executive form the Trust Board which coordinates the activities of the Trust and is considered to be the Chief Operating Decision Maker. The information disclosed in this statement does not reflect budgetary performance and is based solely on expenditure information provided from the accounting system used to prepare the accounts. The requirements of IFRS have been met in full.

Directorate	2012		Restated 2011		Total Expenditure £000s
	Staff Costs £000s	Other Expenditure £000s	Staff Costs £000s	Other Expenditure £000s	
Children's Services	53,847	24,806	53,281	22,955	76,236
Acute Hospital Services	133,289	42,483	134,785	35,751	170,536
Older People's Services	67,398	61,724	69,286	60,577	129,863
Mental Health and Disability Services	54,807	68,264	54,618	67,182	121,800
Planning, Performance Management and Support Services	11,438	11,698	27,624	12,995	40,619
Research and Development	20	653	0	823	823
Nursing and User Experience	19,389	3,460	0	0	0
Other Trust Directorates	20,708	17,742	30,847	10,689	41,536
Expenditure for Reportable Segments net of Non Cash Expenditure	360,896	230,830	370,441	210,972	581,413
Non Cash Expenditure		34,877			31,242
Total Expenditure per Net Expenditure Account		626,603			612,655
Income Note 5		45,712			44,539
Net Expenditure		580,891			568,116
Revenue Resource Limit		580,987			568,173
Surplus / (Deficit) against RRL		96			57

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 3 STAFF NUMBERS AND RELATED COSTS

3.1 Staff Costs

	2012			2011
	Total £000s	Permanently employed staff £000s	Others £000s	Total £000s
Staff costs comprise:				
Wages and salaries	306,940	299,608	7,332	318,700
Social security costs	21,431	21,431	0	20,276
Other pension costs	32,595	32,595	0	32,266
Sub-Total	360,966	353,634	7,332	371,242
Capitalised staff costs	70	70	0	801
Total staff costs reported in Statement of Comprehensive Expenditure	360,896	353,564	7,332	370,441
Less recoveries in respect of outward secondments	2,383			2,258
Total net costs	358,513			368,183

Staff Costs exclude £70K charged to capital projects during the year (2011 £801K)

The Trust participates in the HSC Pension Scheme. Under this multi-employer defined benefit scheme both the Trust and employees pay specified percentages of pay into the scheme and the liability to pay benefit falls to the DHSSPS. The Trust is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reliable basis.

As per the requirements of IAS 19, full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years. The actuary reviews the most recent actuarial valuation at the Statement of Financial Position date and updates it to reflect current conditions. A full valuation as at 31 March 2008 was completed in 2010-11.

3.2 Average number of persons employed

The average number of whole time equivalent persons employed during the year was as follows;

	2012			2011
	Total No.	Permanently employed staff No.	Others No.	Total No.
Medical and Dental	545	514	31	556
Nursing and Midwifery	2,996	2,959	37	3,090
Professions Allied to Medicine	803	783	20	791
Ancillaries	888	840	48	923
Administrative & Clerical	1,773	1,754	19	1,748
Ambulance Staff	0	0	0	0
Works	117	117	0	124
Other Professional and Technical	321	321	0	317
Social Services	1,839	1,783	56	1,888
Other	0	0	0	0
Total average number of persons employed	9,282	9,071	211	9,437
Less average staff number relating to capitalised staff costs	2	2	0	16
Less average staff number in respect of outward secondments	63	63	0	73
Total net average number of persons employed	9,217	9,006	211	9,348

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 3 STAFF NUMBERS AND RELATED COSTS

3.3 Senior Employees' Remuneration

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Trust were as follows:

Name	2011-12			2010-11			2011-12				
	Salary £000s	Bonus / Performance pay £000	Benefits in Kind (Rounded to nearest £100)	Salary £000s	Bonus / Performance pay £000	Benefits in Kind (Rounded to nearest £100)	Real increase in pension and related lump sum at age 60 £000s	Total accrued pension at age 60 and related lump sum £000s	CETV at 31/03/11 £000s	CETV at 31/03/12 £000s	Real increase in CETV £000s
Non-Executive Members											
J Stewart	25-30	0	0	25-30	0	0	0	0	0	0	0
C Ackah	5-10	0	0	5-10	0	0	0	0	0	0	0
R McCann	5-10	0	0	5-10	0	0	0	0	0	0	0
S Forsythe	5-10	0	0	5-10	0	0	0	0	0	0	0
P Montgomery	5-10	0	0	5-10	0	0	0	0	0	0	0
J Moore	5-10	0	0	5-10	0	0	0	0	0	0	0
M Rankin	5-10	0	0	5-10	0	0	0	0	0	0	0
D Whittingham	5-10	0	0	5-10	0	0	0	0	0	0	0
Executive Members											
S Donaghy	120-125	0	0	70-75	0	0	0 to 2.5 plus lump sum 0 to 2.5	35 to 40 plus lump sum 110 to 115	604	684	80
L O'Neill	85-90	0	0	35-40	0	0	0 to -2.5 plus lump sum 0 to -2.5	40 to 45 plus lump sum 125 to 130	850	907	57
P Flanagan	145-150	0	0	145-150	0	0	0 to -2.5 plus lump sum 0 to -2.5	65 to 70 plus lump sum 195 to 200	1,315	1,406	91
M Sloan	90-95	0	0	85-90	0	0	0 to 2.5 plus lump sum 0 to 2.5	25 to 30 plus lump sum 85 to 90	435	515	80
J McLaugh	75-80	0	0	70-75	0	0	0 to 2.5 plus lump sum 0 to 2.5	30 to 35 plus lump sum 95 to 100	546	612	66
O Donnelly	70-75	0	0	65-70	0	0	0 to 2.5 plus lump sum 0 to 2.5	25 to 30 plus lump sum 80 to 85	509	567	58
C Worthington (1)	80-85	0	0	80-85	0	300	0 to -2.5 plus lump sum 0 to -2.5	30 to 35 plus lump sum 100 to 105	713	761	48
U Cuning	70-75	0	0	60-65	0	0	0 to -2.5 plus lump sum 0 to -2.5	25 to 30 plus lump sum 75 to 80	448	496	48
V Jackson (2)	95-100	0	0	85-90	0	0	0 to 2.5 plus lump sum 5 to 7.5	25 to 30 plus lump sum 85 to 90	352	461	109
O Macleod (3)	45-50	0	0	0	0	0	0 to 2.5 plus lump sum 5 to 7.5	10 to 15 plus lump sum 35 to 40	184	251	67
C Donaghy (4)	0	0	0	70-75	0	0	0	0	0	0	0
M Dillon (5)	0	0	0	50-55	0	0	0	0	0	0	0
B Scott (6)	0	0	0	10-15	0	0	0	0	0	0	0

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the HSC Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated within the guidelines prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV - this reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

(1) The disclosed benefit in kind for 2010/11 relates to a leased car.

(2) Permanently appointed 01/04/11

(3) Appointed 15/08/11 - estimated full year equivalent salary £70 - 75K

(4) Secondment ended 19/9/10

(5) Secondment ended 30/9/10

(6) Left 31/5/10

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 3 STAFF NUMBERS AND RELATED COSTS

3.4 Reporting of early retirement and other compensation scheme - exit packages

Exit package cost band	Number of compulsory		Number of other departures		Total number of exit	
	2012	2011	2012	2011	2012	2011
<£10,000	0	0	3	6	3	6
£10,000 - £25,000	0	0	7	13	7	13
£25,000 - £50,000	0	0	9	18	9	18
£50,000 - £100,000	0	0	26	40	26	40
£100,000- £150,000	0	0	5	5	5	5
£150,000- £200,000	0	0	0	2	0	2
> £200,000	0	0	0	0	0	0
Total number of exit packages by type	0	0	50	84	50	84
	£000s	£000s	£000s	£000s	£000s	£000s
Total resource cost	0	0	2,850	4,610	2,850	4,610

Redundancy and other departure costs have been paid in accordance with the provisions of the HSC Pension Scheme Regulations and the Compensation for Premature Retirement Regulations, statutory provisions made under the Superannuation Act 1972. The above exit costs were met from existing RPA and/or CSR provisions created some years ago. These costs were accounted for when the provisions were created and are therefore reflected as utilisations within the provisions note and have no impact upon net expenditure. The table shows exits approved and agreed during the year which have been charged to the provision account. Where early retirements have been agreed, the additional costs are met by the employing authority and not by the HSC pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 3 STAFF NUMBERS AND RELATED COSTS

	2012	2011
	£000s	£000s
3.5 Staff Benefits		
Staff benefits	0	0
3.6 Trust Management Costs		Restated
	2012	2011
	£000s	£000s
Trust Management Costs	24,797	23,632
Income:		
RRL	580,987	568,173
Income per Note 5	45,712	44,539
Non cash RRL for movement in clinical negligence provision	(4,829)	(6,017)
Less interest receivable	0	0
Total Income	621,870	606,695
% of total income	3.99%	3.90%

The above information is based on the Audit Commission's definition "M2" Trust management costs, as detailed in HSS (THR) 2/99.

3.7 Retirements due to ill-health

During 2011/12 there were 28 early retirements from the Trust (31 in 2010/11), agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £91K (2010/11 £205K). These costs are borne by the HSC Pension Scheme.

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 4 OPERATING EXPENSES

4.0 Operating Expenses are as follows:-

	2012 £000s	2011 £000s
Purchase of care from non-HSC bodies	116,435	112,465
Revenue grants to voluntary organisations	0	0
Capital grants to voluntary organisations	0	0
Personal Social Services	12,262	10,721
Recharges from other HSC organisations	1,704	598
Supplies and services - Clinical	36,858	33,004
Supplies and services - General	5,896	5,791
Establishment	13,886	15,313
Transport	1,571	1,377
Premises	20,905	17,605
Bad Debts	240	(4)
Rentals under operating leases	2,117	2,034
Rentals under finance leases	(93)	(93)
Finance cost of finance leases	37	44
Interest charges	0	0
PFI and other service concession arrangements service charges	1,245	1,192
Research and Development expenditure	653	823
Clinical Negligence - other expenditure	0	0
BSO Charges	2,336	2,135
Training	846	641
Professional fees	1,478	1,081
Patients travelling expenses	555	783
Costs of exit packages provided for	2,349	0
Costs of exit packages not provided for	331	0
Elective care	6,149	2,699
NFI Audit Fee	0	3
Miscellaneous expenditure	3,072	2,760
Non cash items		
Depreciation	14,468	13,246
Amortisation	586	387
Impairments	13,317	10,856
(Profit) on disposal of property, plant & equipment (excluding profit on land)	0	(3)
(Profit) on disposal of intangibles	0	0
Loss on disposal of property, plant & equipment (including land)	186	0
Loss on disposal of intangibles	0	0
Provisions provided for in year	6,233	6,632
Cost of borrowing of provisions (unwinding of discount on provisions)	27	68
Auditors remuneration	58	56
Total	265,707	242,214

During the year the Trust purchased no non audit services from its external auditor (NIAO) (2010/11 £3K).

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 5 INCOME

5.1 Income from Activities

	2012 £000s	2011 £000s
GB/Republic of Ireland Health Authorities	0	0
HSC Trusts	0	0
Non-HSC:- Private Patients	191	187
Non-HSC:- Other	1,877	1,845
Clients contributions	32,007	31,065
Total	34,075	33,097

5.2 Other Operating Income

	2012 £000s	Restated 2011 £000s
Other income from non-patient services	8,728	7,924
Seconded staff	2,383	2,258
Charitable and other contributions to expenditure	0	0
Donations / Government grant / Lottery funding for non current assets	526	1,260
Profit on disposal of land	0	0
Interest receivable	0	0
Total	11,637	11,442

5.3 Deferred income

	2012 £000s	Restated 2011 £000s
Income released from conditional grants	0	0
Total	0	0

TOTAL INCOME

45,712	44,539
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NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 6.1 Property, plant & equipment - year ended 31 March 2012

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Cost or Valuation									
At 1 April 2011	95,108	225,412	22,633	6,284	46,422	8,413	10,323	1,233	415,828
Indexation	0	7,504	634	0	2,570	0	0	0	10,708
Additions	0	8,279	402	4,824	4,894	788	1,549	56	20,792
Donations / Government grant / Lottery	0	0	0	155	252	0	0	96	503
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	(48)	0	(142)	0	(16)	0	0	0	(206)
Revaluation	0	0	0	0	0	0	0	0	0
(Impairments)	(14,280)	0	(577)	(638)	0	0	0	0	(15,495)
Reversal of impairments (Indexation)	0	730	193	0	0	0	0	0	923
(Disposals)	0	(7)	0	0	(5,367)	(1,216)	(3,881)	2	(10,469)
At 31 March 2012	80,780	241,918	23,143	10,625	48,755	7,985	7,991	1,387	422,584
Accumulated Depreciation									
At 1 April 2011	0	7,304	780	0	28,592	5,626	6,589	451	49,342
Indexation	0	239	23	0	1,404	0	0	0	1,666
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
(Impairments)	0	0	(37)	0	0	0	0	0	(37)
Reversal of impairments (Indexation)	0	28	6	0	0	0	0	0	34
(Disposals)	0	0	0	0	(5,123)	(1,210)	(3,881)	0	(10,214)
Provided during the year	0	7,914	826	0	3,572	889	1,167	100	14,468
At 31 March 2012	0	15,485	1,598	0	28,445	5,305	3,875	551	55,259
Carrying Amount									
At 31 March 2012	80,780	226,433	21,545	10,625	20,310	2,680	4,116	836	367,325
At 31 March 2011	95,108	218,108	21,853	6,284	17,830	2,787	3,734	782	366,486
Asset financing									
Owned	80,780	226,433	21,545	10,625	20,103	2,680	4,116	836	367,118
Finance Leased	0	0	0	0	207	0	0	0	207
On b/s PFI and other service concession arrangements contracts	0	0	0	0	0	0	0	0	0
Carrying Amount									
At 31 March 2012	80,780	226,433	21,545	10,625	20,310	2,680	4,116	836	367,325

The total amount of depreciation charged in the Statement of Comprehensive Net Expenditure Account in respect of assets held under finance leases and hire purchase contracts is £69K (2011 £16K).

The fair value of assets funded from the following sources during the year was:

	2012 £000s	2011 £000s
Donations	503	1,260
Government grant	0	0
Lottery funding	0	0

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 6.2 Property, plant & equipment - year ended 31 March 2011

	Land £000s	Buildings (excluding dwellings) £000s	Dwellings £000s	Assets under Construction £000s	Plant and Machinery (Equipment) £000s	Transport Equipment £000s	Information Technology (IT) £000s	Furniture and Fittings £000s	Total £000s
Cost or Valuation									
At 1 April 2010	112,746	210,640	21,990	2,147	42,576	7,124	8,076	969	406,268
Indexation	(42)	7,231	632	0	627	0	0	0	8,448
Additions	0	6,974	535	3,092	4,630	1,410	2,299	249	19,189
Donations / Government grant / Lottery	0	0	0	1,045	200	0	0	15	1,260
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	(279)	22	(22)	0	0	0	(52)	0	(331)
Revaluation	0	0	0	0	0	0	0	0	0
(Impairments)	(17,263)	750	(502)	0	0	0	0	0	(17,015)
Reversal of impairments (Indexation)	0	0	0	0	0	0	0	0	0
(Disposals)	(54)	(205)	0	0	(1,611)	(121)	0	0	(1,991)
At 31 March 2011	95,108	225,412	22,633	6,284	46,422	8,413	10,323	1,233	415,828
Accumulated Depreciation									
At 1 April 2010	0	0	0	0	26,498	4,794	5,946	377	37,615
Indexation	0	0	0	0	336	0	0	0	336
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	(52)	0	(52)
Revaluation	0	0	0	0	0	0	0	0	0
(Impairments)	0	0	(7)	0	0	0	0	0	(7)
Reversal of impairments (Indexation)	0	0	0	0	0	0	0	0	0
(Disposals)	0	(64)	0	0	(1,611)	(121)	0	0	(1,796)
Provided during the year	0	7,368	787	0	3,369	953	695	74	13,246
At 31 March 2011	0	7,304	780	0	28,592	5,626	6,589	451	49,342
Carrying Amount									
At 1 April 2010	112,746	210,640	21,990	2,147	16,078	2,330	2,130	592	368,653
At 31 March 2011	95,108	218,108	21,853	6,284	17,830	2,787	3,734	782	366,486
Asset financing									
Owned	95,108	218,108	21,853	6,284	17,577	2,787	3,734	782	366,233
Finance Leased	0	0	0	0	253	0	0	0	253
On b/s PFI and other service concession arrangements contracts	0	0	0	0	0	0	0	0	0
Carrying Amount									
At 31 March 2011	95,108	218,108	21,853	6,284	17,830	2,787	3,734	782	366,486
Asset financing									
Owned	112,746	210,640	21,990	2,147	15,768	2,330	2,130	592	368,343
Finance Leased	0	0	0	0	310	0	0	0	310
On b/s PFI and other service concession arrangements contracts	0	0	0	0	0	0	0	0	0
Carrying Amount									
At 1 April 2010	112,746	210,640	21,990	2,147	16,078	2,330	2,130	592	368,653

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 7.1 Intangible assets - year ended 31 March 2012

Cost or Valuation	Software Licenses £000s	Information Technology £000s	Websites £000s	Development Expenditure £000s	Licences, Trademarks & Artistic Originals £000s	Patents £000s	Goodwill £000s	Payments on Account & Assets under Construction £000s	Total £000s
At 1 April 2011	3,906	0	0	0	0	0	0	0	3,906
Indexation	0	0	0	0	0	0	0	0	0
Additions	715	0	0	0	0	0	0	0	715
Donations / Government grant / Lottery funding	23	0	0	0	0	0	0	0	23
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	16	0	0	0	0	0	0	0	16
Revaluation	0	0	0	0	0	0	0	0	0
(Impairments)	0	0	0	0	0	0	0	0	0
(Disposals)	(137)	0	0	0	0	0	0	0	(137)
At 31 March 2012	4,523	0	0	0	0	0	0	0	4,523

Accumulated

Amortisation

At 1 April 2011	2,139	0	0	0	0	0	0	0	2,139
Indexation	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
(Impairments)	0	0	0	0	0	0	0	0	0
(Disposals)	(137)	0	0	0	0	0	0	0	(137)
Provided during the year	586	0	0	0	0	0	0	0	586
At 31 March 2012	2,588	0	0	0	0	0	0	0	2,588

Carrying Amount

At 31 March 2012	1,935	0	0	0	0	0	0	0	1,935
At 31 March 2011	1,767	0	0	0	0	0	0	0	1,767

Asset financing

Owned	1,935	0	0	0	0	0	0	0	1,935
Finance Leased	0	0	0	0	0	0	0	0	0
On b/s PFI and other service concession arrangements contracts	0	0	0	0	0	0	0	0	0
Carrying Amount	1,935	0	0	0	0	0	0	0	1,935
At 31 March 2012	1,935	0	0	0	0	0	0	0	1,935

The fair value of assets funded from the following sources during the year was

	2012 £000s	2011 £000s
Donations	23	0
Government grant	0	0
Lottery funding	0	0

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 7.2 Intangible assets - year ended 31 March 2011

Cost or Valuation	Software Licenses £000s	Information Technology £000s	Websites £000s	Development Expenditure £000s	Licences, Trademarks & Artistic Originals £000s	Patents £000s	Goodwill £000s	Payments on Account & Assets under Construction £000s	Total £000s
At 1 April 2010	2,874	0	0	0	0	0	0	0	2,874
Indexation	0	0	0	0	0	0	0	0	0
Additions	980	0	0	0	0	0	0	0	980
Donations / Government grant / Lottery funding	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	52	0	0	0	0	0	0	0	52
Revaluation	0	0	0	0	0	0	0	0	0
(Impairments)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	0	0	0	0	0
At 31 March 2011	3,906	0	0	0	0	0	0	0	3,906

Accumulated Amortisation

At 1 April 2010	1,700	0	0	0	0	0	0	0	1,700
Indexation	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Transfers	52	0	0	0	0	0	0	0	52
Revaluation	0	0	0	0	0	0	0	0	0
(Impairments)	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	0	0	0	0	0
Provided during the year	387	0	0	0	0	0	0	0	387
At 31 March 2011	2,139	0	0	0	0	0	0	0	2,139

Carrying Amount

At 1 April 2010	1,174	0	0	0	0	0	0	0	1,174
At 31 March 2011	1,767	0	0	0	0	0	0	0	1,767

Asset financing

Owned	1,767	0	0	0	0	0	0	0	1,767
Finance Leased	0	0	0	0	0	0	0	0	0
On b/s PFI and other service concession arrangements contracts	0	0	0	0	0	0	0	0	0
Carrying Amount	1,767	0	0	0	0	0	0	0	1,767
At 31 March 2011									

Asset financing

Owned	1,174	0	0	0	0	0	0	0	1,174
Finance Leased	0	0	0	0	0	0	0	0	0
On b/s PFI and other service concession arrangements contracts	0	0	0	0	0	0	0	0	0
Carrying Amount	1,174	0	0	0	0	0	0	0	1,174
At 1 April 2010									

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 8 FINANCIAL INSTRUMENTS

8.1 Financial instruments

The financial instruments held by the Trust as at 31 March 2012 are trade receivables, cash and trade payables. Details of these can be seen in Notes 12, 13 and 14 respectively. This situation also applied in 2010/11 and 2009/10.

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 9 ASSETS CLASSIFIED AS HELD FOR SALE

	Land			Buildings			Total		
	2012 £000s	2011 £000s	2010 £000s	2012 £000s	2011 £000s	2010 £000s	2012 £000s	2011 £000s	2010 £000s
Cost									
At 1 April	279	0	0	0	0	0	279	0	0
Transfers from non current assets	48	279	0	142	0	0	190	279	0
(Disposals)	0	0	0	0	0	0	0	0	0
Impairment	(129)	0	0	0	0	0	(129)	0	0
At 31 March	<u>198</u>	<u>279</u>	<u>0</u>	<u>142</u>	<u>0</u>	<u>0</u>	<u>340</u>	<u>279</u>	<u>0</u>
Depreciation									
At 1 April	0	0	0	0	0	0	0	0	0
Transfers from non current assets	0	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
At 31 March	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Carrying amount at 31 March	<u>198</u>	<u>279</u>	<u>0</u>	<u>142</u>	<u>0</u>	<u>0</u>	<u>340</u>	<u>279</u>	<u>0</u>

Non current assets held for sale comprise non current assets that are held for resale rather than for continuing use within the business.

The amounts disclosed in 2011/12 refer to land at Carnview and Princes Gardens Children's Homes and the Princes Gardens Children's Home building.

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 10 IMPAIRMENTS

	2012		
	Property, plant & equipment £000s	Intangibles £000s	Total £000s
Total value of impairments for the period	14,698	0	14,698
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	(1,381)	0	(1,381)
Impairments charged / (credited) to Statement of Comprehensive Net Expenditure	13,317	0	13,317

	2011		
	Property, plant & equipment £000s	Intangibles £000s	Total £000s
Total value of impairments for the period	17,008	0	17,008
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	(6,152)	0	(6,152)
Impairments charged / (credited) to Statement of Comprehensive Net Expenditure	10,856	0	10,856

	2010		
	Property, plant & equipment £000s	Intangibles £000s	Total £000s
Total value of impairments for the period	21,222		21,222
Impairments which revaluation reserve covers (shown in Other Comprehensive Expenditure Statement)	(8,771)	0	(8,771)
Impairments charged / (credited) to Statement of Comprehensive Net Expenditure	12,451	0	12,451

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 11 INVENTORIES

	2012	2011	2010
	£000s	£000s	£000s
Classification			
Pharmacy supplies	1,867	1,744	1,676
Building and Engineering supplies	112	178	281
Laboratory materials	261	251	240
Heat, light and power	334	325	328
Other	283	351	243
Total	2,857	2,849	2,768

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2012 £000s	2011 £000s	2010 £000s
Amounts falling due within one year			
Trade receivables	5,982	5,355	5,368
Deposits and advances	8	6	13
VAT receivable	4,303	4,024	2,627
Other receivables - not relating to fixed assets	1,603	1,735	1,879
Other receivables - relating to property plant and equipment	0	0	0
Other receivables - relating to intangibles	0	0	0
Trade and other receivables	11,896	11,120	9,887
Prepayments and accrued income	1,106	1,204	6,770
Current part of PFI and other service concession arrangements	0	0	0
Other current assets	1,106	1,204	6,770
Amounts falling due after more than one year			
Trade receivables	0	0	0
Deposits and advances	0	0	0
Other receivables	0	0	0
Trade and other receivables	0	0	0
Prepayments and accrued income	0	0	0
Other current assets falling due after more than one year	0	0	0
TOTAL TRADE AND OTHER RECEIVABLES	11,896	11,120	9,887
TOTAL OTHER CURRENT ASSETS	1,106	1,204	6,770
TOTAL RECEIVABLES AND OTHER CURRENT ASSETS	13,002	12,324	16,657

The balances are net of a provision for bad debts of £639K (2011 £399K 2010 £403K)

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

12.1 Trade receivables and other current assets: Intra-Government balances

Name			Restated			Restated
	Amounts falling due within 1 year 2011/12 £000s	Amounts falling due within 1 year 2010/11 £000s	Amounts falling due within 1 year 2009/10 £000s	Amounts falling due after more than 1 year 2011/12 £000s	Amounts falling due after more than 1 year 2010/11 £000s	Amounts falling due after more than 1 year 2009/10 £000s
Balances with other central government bodies	405	244	6,492	0	0	0
Balances with local authorities	1	0	0	0	0	0
Balances with NHS /HSC Trusts	467	639	541	0	0	0
Balances with public corporations and trading funds	0	0	0	0	0	0
Intra-Government Balances	873	883	7,033	0	0	0
Balances with bodies external to government	12,129	11,441	9,624	0	0	0
Total Receivables and other current assets at 31 March	13,002	12,324	16,657	0	0	0

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 13 CASH AND CASH EQUIVALENTS

	2012 £000s	2011 £000s	2010 £000s
Balance at 1st April	2,562	3,565	4,206
Net change in cash and cash equivalents	658	(1,003)	(641)
Balance at 31st March	3,220	2,562	3,565

The following balances at 31 March were held at	2012 £000s	2011 £000s	2010 £000s
Commercial banks and cash in hand	3,220	2,562	3,565
Balance at 31st March	3,220	2,562	3,565

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2012 £000s	2011 £000s	2010 £000s
Amounts falling due within one year			
Other taxation and social security	7,920	7,568	7,330
VAT payable	0	0	0
Bank overdraft	0	0	0
Trade capital payables - property, plant and equipment	9,595	6,065	2,807
Trade capital payables - intangibles	328	0	0
Trade revenue payables	31,043	19,677	16,243
Payroll payables	31,620	34,700	24,074
BSO payables	10,441	13,520	11,702
VR / VER payables	2,621	0	0
Other payables	127	94	34
Accruals and deferred income	0	0	0
Trade and other payables	93,695	81,624	62,190
Current part of finance leases	66	56	50
Current part of long term loans	0	0	0
Current part of imputed finance lease element of on balance sheet (SoFP) PFI and other service concession arrangements contracts	0	0	0
Other current liabilities	66	56	50
Total payables falling due within one year	93,761	81,680	62,240
Amounts falling due after more than one year			
Other payables, accruals and deferred income	0	0	0
Trade and other payables	0	0	0
Finance leases	155	219	275
Imputed finance lease element of on balance sheet (SoFP) PFI and other service concession arrangements contracts	0	0	0
Long term loans	0	0	0
Total non current other payables	155	219	275
TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES	93,916	81,899	62,515

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

14.1 Trade payables and other current liabilities - Intra-government balances

Name	Amounts falling due within 1 year 2011/12 £000s	Amounts falling due within 1 year 2010/11 £000s	Amounts falling due within 1 year 2009/10 £000s	Amounts falling due after more than 1 year 2011/12 £000s	Amounts falling due after more than 1 year 2010/11 £000s	Amounts falling due after more than 1 year 2009/10 £000s
Balances with other central government bodies	22,593	21,646	21,795	0	0	0
Balances with local authorities		0	0	0	0	0
Balances with NHS /HSC Trusts	1,188	1,089	2,195	0	0	0
Balances with public corporations and trading funds	0	0	0	0	0	0
Intra-Government Balances	23,781	22,735	23,990	0	0	0
Balances with bodies external to government	69,980	58,945	38,250	155	219	275
Total Payables and other liabilities at 31 March	93,761	81,680	62,240	155	219	275

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

14.2 LOANS

The Trust did not have any loans payable at either 31 March 2012 or 31 March 2011.

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 15 PROMPT PAYMENT POLICY

15.1 Public Sector Payment Policy - Measure of Compliance

The Department requires that Trusts pay their non HSC trade creditors in accordance with the Better Payments Practice Code and Government Accounting Rules. The Trust's payment policy is consistent with the Better Payments Practice Code and Government Accounting rules and its measure of compliance is:

	2012 Number	2012 Value £000s	2011 Number	2011 Value £000s
Total bills paid	135,096	162,952	137,673	161,565
Total bills paid within 30 day target or under agreed payment terms	126,822	156,010	131,636	156,376
% of bills paid within 30 day target or under agreed payment terms	93.88%	95.74%	95.61%	96.79%

15.2 The Late Payment of Commercial Debts Regulations 2002

	£
Amount of Compensation paid for payment(s) being late	0
Amount of Interest paid for payment(s) being late	0
Total	<u>0</u>

Compensation and interest payments are reflected as fruitless payments in Note 26

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 16 PROVISIONS FOR LIABILITIES AND CHARGES - 2012

	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical Negligence £000s	CSR Restructuring £000s	RPA Restructuring £000s	Other £000s	Total £000s
Balance at 1 April 2011	0	342	11,399	0	0	2,608	14,349
Provided in year	0	340	6,718	0	0	1,325	8,383
(Provisions not required written back)	0	0	(1,916)	0	0	(234)	(2,150)
(Provisions utilised in the year)	0	(38)	(3,263)	0	0	(392)	(3,693)
Cost of borrowing (unwinding of discount)	0	0	27	0	0	0	27
At 31 March 2012	0	644	12,965	0	0	3,307	16,916

RPA / CSR £000s

RPA / CSR utilised costs include the following;

Pension costs for early retirement reflecting
the single lump sum to buy over the full liability

Redundancy costs

0

0

0

0

Provisions have been made for 5 types of potential liability: Clinical Negligence, Employer's and Occupier's Liability, Early Retirement, Injury Benefit and Employment Law. The provision for Early Retirement and Injury Benefit relates to the future liabilities for the Trust based on information provided by the HSC Pensions Branch. For Clinical Negligence, Employer's and Occupier's claims and Employment Law the Trust has estimated an appropriate level of provision based on professional legal advice. Note 4 reflects the total charge within the Operating Costs and Note 26 Losses and Special Payments will reflect the relevant amounts utilised.

Comprehensive Net Expenditure Account charges

	2012 £000s	2011 £'000
Arising during the year	8,383	8,157
Reversed unused Cost of borrowing (unwinding of discount)	(2,150)	(1,525)
	27	68
Total charge within Operating Expenses	6,260	6,700

Analysis of expected timing of discounted cash flows

	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical negligence £000s	CSR restructuring £000s	RPA restructuring £000s	Other £000s	Total £000s
Not later than one year	0	38	12,200	0	0	1,817	14,055
Later than one year and not later than five years	0	152	765	0	0	376	1,293
Later than five years	0	454	0	0	0	1,114	1,568
At 31 March 2012	0	644	12,965	0	0	3,307	16,916

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

16 PROVISIONS FOR LIABILITIES AND CHARGES - 2011

	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical Negligence £000s	CSR Restructuring £000s	RPA Restructuring	Other £000s	Total £000s
Balance at 1 April 2010	0	292	7,131	4,319	664	2,690	15,096
Provided in year	0	87	7,091	0	0	979	8,157
(Provisions not required written back)	0	(18)	(1,107)	0	0	(400)	(1,525)
(Provisions utilised in the year)	0	(27)	(1,749)	(4,319)	(664)	(688)	(7,447)
Cost of borrowing (unwinding of discount)	0	8	33	0	0	27	68
At 31 March 2011	0	342	11,399	0	0	2,608	14,349

Provisions have been made for 6 types of potential liability: Clinical Negligence, Employer's and Occupier's Liability, Early Retirement, Injury Benefit, Employment Law and Restructuring (RPA and CSR). The provision for Early Retirement and Injury Benefit relates to the future liabilities for the Trust based on information provided by the HSC Superannuation Branch. For Clinical Negligence, Employer's and Occupier's claims and Employment Law the Trust has estimated an appropriate level of provision based on professional legal advice. The estimate for the Restructuring provisions is based on information available from HR and the DHSSPS as at 31/3/11. Note 4 reflects the total charge within the Operating Costs and Note 26 Losses and Special Payments will reflect the relevant amounts utilised.

Analysis of expected timing of discounted cash flows

	Pensions relating to former directors £000s	Pensions relating to other staff £000s	Clinical negligence £000s	CSR restructuring £000s	RPA restructuring	Other £000s	Total £000s
Not later than one year	0	27	9,917	0	0	1,492	11,436
Later than one year and not later than five years	0	108	1,482	0	0	477	2,067
Later than five years	0	207	0	0	0	639	846
At 31 March 2011	0	342	11,399	0	0	2,608	14,349

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 17 CAPITAL COMMITMENTS

	2012 £000s	2011 £000s	2010 £000s
Contracted capital commitments at 31 March not included in these financial statements			
Property, plant & equipment	14,505	7,536	2,956
Intangible assets	0	0	0
	<u>14,505</u>	<u>7,536</u>	<u>2,956</u>

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 18 COMMITMENTS UNDER LEASES

18.1 Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2012	2011	2010
	£000s	£000s	£000s
Obligations under operating leases comprise			
Land			
Not later than 1 year	0	0	0
Later than 1 year and not later than 5 years	0	0	0
Later than 5 years	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Buildings			
Not later than 1 year	678	861	972
Later than 1 year and not later than 5 years	1,188	1,850	2,353
Later than 5 years	404	319	605
	<u>2,270</u>	<u>3,030</u>	<u>3,930</u>
Other			
Not later than 1 year	179	203	163
Later than 1 year and not later than 5 years	143	138	200
Later than 5 years	0	0	0
	<u>322</u>	<u>341</u>	<u>363</u>

The Trust leases a range of accommodation to deliver health and social care throughout the Trust area. The Trust leases a number of items of office equipment - mainly small value photocopiers and multifunctional devices. The Trust also operates a car leasing scheme for qualifying staff.

18.2 Finance Leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods.

	2012	2011	2010
	£000s	£000s	£000s
Obligations under finance leases comprise			
Buildings			
Not later than 1 year	0	0	0
Later than 1 year and not later than 5 years	0	0	0
Later than 5 years	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Less interest element	0	0	0
Present Value of obligations	<u>0</u>	<u>0</u>	<u>0</u>
Other			
Not later than 1 year	93	93	93
Later than 1 year and not later than 5 years	187	281	374
Later than 5 years	0	0	0
	<u>280</u>	<u>374</u>	<u>467</u>
Less interest element	61	99	142
Present Value of obligations	<u>219</u>	<u>275</u>	<u>325</u>

The Trust leases a small number of items of clinical, renal and laboratory equipment.

Present Value of Future Obligations

	2012	2011	2010
	£000s	£000s	£000s
Present Value of obligations under finance leases for the following periods comprise:			
Buildings			
Not later than one year	0	0	0
Later than one year and not later than five years	0	0	0
Later than five years	0	0	0
Total Present Value of obligations	<u>0</u>	<u>0</u>	<u>0</u>
Other			
Not later than one year	64	56	50
Later than one year and not later than five years	155	219	275
Later than five years	0	0	0
Total Present Value of obligations	<u>219</u>	<u>275</u>	<u>325</u>

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 18 COMMITMENTS UNDER LESSOR AGREEMENTS

18.3 Operating Leases

Total future minimum lease income under operating leases are given in the table below for each of the following periods.

	2012	2011	2010
Obligations under operating leases issued by the Trust comprise	£000s	£000s	£000s
Land & Buildings			
Not later than 1 year	7	23	26
Later than 1 year and not later than 5 years	13	0	21
Later than 5 years	0	0	0
	20	23	47
Other			
Not later than 1 year	50	45	37
Later than 1 year and not later than 5 years	47	34	35
Later than 5 years	0	0	0
	97	79	72

The Trust acts as a lessor in the following arrangements: 1) **SRCL Ltd** - whereby the Trust has a leasing arrangement until 2015 with the Trust receiving 386,000kgs of clinical waste treated annually, without charge, in return for the leasing of part of the service yard in Antrim Hospital. In 2011/12 this benefit was estimated to be valued at £321K. 2) **Car Leasing Scheme** - for qualifying employees whereby the Trust leases vehicles from a private sector provider then in turn leases these to employees. There are 40 car leasing agreements in place at present. 3) **Grazing Land** - leased to private individuals..

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 19 COMMITMENTS UNDER PFI AND OTHER SERVICE CONCESSION ARRANGEMENT CONTRACTS

19.1 Off balance sheet PFI and other service concession arrangements schemes

	2012 £000s	2011 £000s	2010 £000s
Estimated capital value of the PFI schemes	2,877	2,877	2,877
	2,877	2,877	2,877

Contract start date 17/04/2000

Contract end date 16/04/2015

The Trust has a PFI arrangement for the provision of a renal dialysis service at Antrim Hospital. Under the agreement the Trust will make a single payment for each dialysis session commenced with the private sector partner providing the building, equipment and certain services.

	2012 £000s	2011 £000s	2010 £000s
Obligations off balance sheet (SoFP) Service Concessions for the following periods comprise			
Not later than one year	1,300	0	0
Later than one year and not later than five years	2,700	5,200	0
Later than five years	0	0	5,750
	4,000	5,200	5,750

19.2 On balance sheet (SoFP) PFI Schemes

The Trust has no on balance sheet (SoFP) PFI and other service concession arrangements schemes

19.3 Charge to the Statement of Comprehensive Net Expenditure account and future commitments

	2012 £000s	2011 £000s	2010 £000s
Amounts included within operating expenses in respect of off balance sheet (SoFP) PFI and other service concession arrangement transactions	1,245	1,192	1,133
	1,245	1,192	1,133

The payments to which the Trust is committed is as follows:

	2012 £000s	2011 £000s	2010 £000s
Not later than one year	1,300	0	0
Later than one year and not later than five years	2,700	5,200	0
Later than five years	0	0	5,750
	4,000	5,200	5,750

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 20 OTHER FINANCIAL COMMITMENTS

The Trust did not have any other financial commitments at either 31 March 2012 or 31 March 2011.

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 21 FINANCIAL GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT

Because of the relationships with HSC Commissioners, and the manner in which they are funded, financial instruments play a more limited role within Trusts in creating risk than would apply to a non public sector body of a similar size, therefore Trusts are not exposed to the degree of financial risk faced by business entities. Trusts have 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 Trusts in undertaking activities. Therefore the HSC is exposed to little credit, liquidity or market risk.

The Trust did not have any financial instruments at either 31 March 2012 or 31 March 2011.

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 22 CONTINGENT LIABILITIES

Material contingent liabilities are noted in the table below, where there is a 50% or less probability that a payment will be required to settle any possible obligations. The amounts or timing of any outflow will depend on the merits of each case.

	2012 £000s	2011 £000s	2010 £000s
Clinical Negligence	3,347	2,844	2,366
Public liability	0	0	0
Employers' liability	0	0	0
Accrued leave	0	0	0
Injury benefit	0	0	0
Other	0	0	0
Total	3,347	2,844	2,366

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 23 RELATED PARTY TRANSACTIONS

During the year the Northern HSC Trust entered into the following material transactions. These interests were declared by Non-Executive and Executive Directors and recorded in the Trusts Register of Interests.

The interests declared and the value of the related party transactions were as follows:-

Mr Sean Donaghy, Chief Executive of the Northern HSC Trust is the brother of Mr Colm Donaghy, Chief Executive of the Belfast HSC Trust. During the period 1/4/11 - 31/03/12 it is estimated that the Northern HSC Trust received income of £1,016K and made payments of £4,146K from and to the Belfast HSC Trust.

Mr. Mervyn Rankin, Trust Non-Executive Director, also held a position as Director of Ballymena Business Development Centre. The value of transactions between related parties was £48K - being payments made by the Trust.

Dr. Peter Flanagan, Trust Executive Director of Medical and Governance, also held a position as Chairperson of Northern Area Cruse Bereavement Care. The value of transactions between related parties was £51K - being payments made by the Trust.

Mr. Jim Stewart, Trust Chairman, also held a position as Non-Executive Director with Northern Ireland Water. The value of transactions between related parties was £725K - being payments made by the Trust.

NOTE 24 THIRD PARTY ASSETS

The Trust held £1,792K cash at bank and in hand at 31/3/12 which relates to monies held by the Trust on behalf of patients. This has been excluded from the cash at bank and in hand amounts reported in the accounts. A separate audited account of these monies is maintained by the Trust. In 2010/11 the amount held for third party assets in relation to patients amounted to £1,646K.

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 25 Financial Performance Targets

25.1 Revenue Resource Limit

The Trust is given a Revenue Resource Limit which it is not permitted to overspend

The Revenue Resource Limit (RRL) for Northern HSC Trust is calculated as follows:

	2012	Restated
	Total	Total
	£000s	£000s
HSCB	536,190	527,894
PHA	5,319	4,942
NIMDTA	5,127	5,237
DHSSPS (excludes non cash)	0	0
Other Government Departments	0	118
Non cash RRL (from DHSSPS)	34,877	31,242
Adjustment for Income received re Donations / Government grant / Lottery funding for non current assets	(526)	(1,260)
Total Revenue Resource Limit to Statement of Comprehensive Net Expenditure	580,987	568,173

25.2 Capital Resource Limit

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

	2012	2011
	Total	Total
	£000s	£000s
Gross capital expenditure	21,507	20,168
(Receipts from sales of land)	0	0
Net capital expenditure	21,507	20,168
Capital Resource Limit	21,510	20,168
Overspend/(Underspend) against CRL	(3)	0

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 25.3 Financial Performance Targets

The Trust is required to ensure that it breaks even on an annual basis by containing its net expenditure to within 0.25 % of RRL limits

	2011/12 £000s	Restated 2010/11 £000s
Net Expenditure	(580,891)	(568,116)
RRL	580,987	568,173
Surplus / (Deficit) against RRL	96	57
Break Even cumulative position(opening)	(666)	(723)
Break Even cumulative position (closing)	<u>(570)</u>	<u>(666)</u>

Materiality Test:

	2011/12 %	2010/11 %
Break Even in year position as % of RRL	<u>0.02%</u>	<u>0.01%</u>
Break Even cumulative position as % of RRL	<u>-0.10%</u>	<u>-0.12%</u>

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 26 LOSSES & SPECIAL PAYMENTS

TYPE OF LOSS		NO. OF CASES	VALUE £
1	Cash Losses - Theft, fraud etc	4	3,380
2	Cash Losses - Overpayments of salaries, wages and allowances	1	117
3	Cash Losses - Other causes (including unvouched and incompletely vouched payments)	5	22
4	Nugatory and fruitless payments		
	i. Abandoned capital Schemes		
	ii. Late Payment of Commercial Debt		
	iii. Other		
5	Bad debts and claims abandoned	34	14,085
6	Stores and Inventory Losses - Theft, fraud, arson (whether proved or suspected) etc		
	i. Bedding and linen		
	ii. Other equipment and property	40	15,635
7	Stores and Inventory Losses - Incidents of the service (result of fire, flood, etc)		
8	Stores and Inventory Losses - Deterioration in store	51	70,625
9	Stores and Inventory Losses - Stocktaking discrepancies	3	2,497
10	Stores and Inventory Losses - Other causes		
	i. Bedding and linen		
	ii. Other equipment and property	4	1,042
11	Compensation payments (legal obligation)		
	i. Clinical Negligence	103	3,262,578
	ii. Public Liability	4	46,838
	iii. Employers Liability	55	288,368
12	Ex-gratia payments - Compensation payments (including payments to patients and staff)	39	12,534
13	Ex-gratia payments - Other payments		
14	Extra statutory payments		
15	a. Losses sustained as a result of damage to buildings and fixtures arising from bomb explosions or civil commotion.		
	b. Damage to vehicles	29	22,339
TOTAL		372	3,740,060

There were 5 cases which exceeded £250K and these related to Clinical Negligence settlements.

26.1 Special Payments

There were no special payments or gifts made during the year.

NORTHERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE 27 POST BALANCE SHEET EVENTS

There are no post balance sheet events having a material effect on the accounts.

NOTE 28 DATE AUTHORISED FOR ISSUE

The Accounting Officer authorised these financial statements for issue on 27th June 2012

Northern HSC Trust

ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS / RESIDENTS

YEAR ENDED 31 MARCH, 2012

STATEMENT OF TRUST'S RESPONSIBILITIES IN RELATION TO PATIENTS' / RESIDENTS' MONIES

The Trust is required by the Health and Personal Social Services (Northern Ireland) Order 1991 to prepare and submit accounts in such form as the Department may direct.

The Trust is also required to maintain proper and distinct accounting records and is responsible for safeguarding the monies held on behalf of patients / residents and for taking reasonable steps to prevent and detect fraud and other irregularities.

Northern HSC Trust

Year Ended 31 March, 2012

ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS / RESIDENTS

Previous Year	RECEIPTS		
£		£	£
0	Balance at 1 April, 2011		
1,339,893	1. Investments (at cost)	1,400,000	
4,145	2. Cash at Bank	241,323	
	3. Cash in Hand	4,245	1,645,568
1,167,117	Amounts Received in the Year		1,085,993
14,944	Interest Received		40,637
2,526,099	TOTAL		2,772,198
	PAYMENTS		
£880,531	Amounts Paid to or on behalf of Patients/Residents		980,390
	Balance at 31 March, 2012		
£1,400,000	1. Investments (at cost)	1,400,000	
£241,323	2. Cash at Bank	384,983	
£4,245	3. Cash in Hand	6,825	1,791,808
£2,526,099	TOTAL		2,772,198

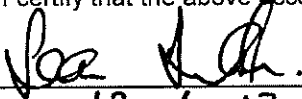
Schedule of Investments held at 31 March, 2012

		Nominal Value £	Cost Price £
£1,400,000	Investment	1,400,000	1,400,000

I certify that the above account has been compiled from and is in accordance with the financial records of the Trust.


 12/6/12
 Director of Finance
 Date

I certify that the above account has been submitted to and duly approved by the Board.


 12.6.12.
 Chief Executive
 Date

NORTHERN HEALTH AND SOCIAL CARE TRUST

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited Northern Health and Social Care Trust's account of Monies held on behalf of Patients/ Residents for the year ended 31 March 2012 under the Health and Personal Social Services (Northern Ireland) Order 1972, as amended.

Respective responsibilities of the Trust and auditor

As explained more fully in the Statement of Trust Responsibilities in relation to Patients' and Residents' Monies, the Trust is responsible for the preparation of the account in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health, Social Services and Public Safety's directions made thereunder. My responsibility is to audit the account in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the account

An audit involves obtaining evidence about the amounts and disclosures in the account sufficient to give reasonable assurance that the account is free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Health and Social Care Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Northern Health and Social Care Trust; and the overall presentation of the account. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Patient's and Resident's Monies account. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the financial transactions conform to the authorities which govern them.

Opinion on account

In my opinion:

- the account properly presents the receipts and payments of the monies held on behalf of the patients and residents of Northern Health and Social Care Trust for the year ended 31 March 2012 and balances held at that date; and


27/6/12

- the account has been properly prepared in accordance with the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health, Social Services and Public Safety directions issued thereunder.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the account is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on this account.

K J Donnelly
 KJ Donnelly
 Comptroller and Auditor General
 Northern Ireland Audit Office
 106 University Street
 Northern
 BT7 1EU

27 June 2012

