

SOUTH EASTERN HEALTH AND SOCIAL CARE TRUST
ANNUAL ACCOUNTS FOR YEAR ENDED 31 MARCH 2011

South Eastern Health and Social Care Trust

Annual Accounts

For the year ended 31 March 2011

*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

27th June 2011

**SOUTH EASTERN HSC TRUST
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011**

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SOUTH EASTERN HSC TRUST ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

FOREWORD

These accounts for the year ended 31 March 2011 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.

SOUTH EASTERN HSC TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

STATEMENT OF SOUTH EASTERN HSC TRUST'S RESPONSIBILITIES AND ACCOUNTING OFFICER'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 Department of Health, Social Services and Public Safety has directed the South Eastern Health and Social Care Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The financial statements are prepared on an accruals basis and must provide a true and fair view of the state of affairs of the South Eastern Health and Social Care Trust, of its income and expenditure, changes in taxpayers equity and cash flows for the financial year.

In preparing the financial statements the Accounting Officer is required to comply with the requirements of Government Financial Reporting Manual (FREM) and in particular 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 as set out in FREM 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.

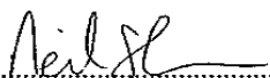
The Permanent Secretary of the Department of Health, Social Services and Public Safety as Accounting Officer for health and personal social services resources in Northern Ireland has designated Hugh McCaughey of South Eastern Health and Social Care Trust as the Accounting Officer for the Trust. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Trust assets, are set out in the Accountable Officer Memorandum, issued by the Department of Health, Social Services and Public Safety.

SOUTH EASTERN HSC TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

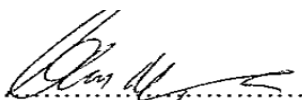
CERTIFICATES OF DIRECTOR OF FINANCE, CHAIRMAN AND CHIEF EXECUTIVE

I certify that the annual accounts set out in the financial statements and notes to the accounts (pages 23 to 92) which I am required to prepare on behalf of the South Eastern Health and Social Care Services Trust have been compiled from and are in accordance with the accounts and financial records maintained by the South Eastern Health and Social Care Trust and with the accounting standards and policies for HSC bodies approved by the DHSSPS.

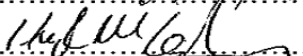
.....Director of Finance and Estates

2 June 2011.....Date

I certify that the annual accounts set out in the financial statements and notes to the accounts (page 23 to 92) as prepared in accordance with the above requirements have been submitted to and duly approved by the Board.

.....Chairman

2/06/11.....Date

.....Chief Executive

2/06/11.....Date

SOUTH EASTERN HSC TRUST

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

The Board of South Eastern Health and Social Care (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 responsible in accordance with the responsibilities assigned to me by the Department of Health, Social Services and Public Safety (DHSSPS).

The Trust has a number of processes in place to ensure effective working with key stakeholders. These include:

- Service and Budget Agreements with the main commissioning body, the Health and Social Care Board, which establish clear specifications for the delivery of health and social care. Performance against these is monitored through a regular schedule of meetings and reporting.
- Compliance with statutory and other requirements set by Department of Health, Social Services and Public Safety and the Minister, to whom the Trust is ultimately accountable.
- Patient and client forums for a wide range of our services, to maximise involvement of patients and clients in determining the manner of delivery of their own treatment and care.
- Public board meetings and public consultations on all major service changes, to ensure active engagement with the community we serve.

The purpose of the system of internal control

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

- identify and prioritise the risks to the achievement of organisational policies, aims and objectives;
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the South Eastern Health and Social Care Trust for the year ended 31 March 2011, and up to the date of the approval of the Annual Report and Accounts, and accords with Department of Finance and Personnel guidance.

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, the establishment of an Audit Committee.

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 with an annual budget which is reviewed and agreed by the Board;
- regular reviews by the Board of periodic annual financial reports which indicate financial performance against the forecast;
- setting targets to measure financial and other performances;
- clearly defined capital investment control guidelines;
- as appropriate, formal budget management disciplines.
- six monthly reporting regarding statutory functions and corporate parenting to the regional Health and Social Care Board

The South Eastern Health and Social Care Trust has an internal audit function which operates to defined standards (Government Internal Auditing Standards) and whose work is informed by an analysis of risk to which the body is exposed and annual audit plans are based on this analysis. In 2010-11 Internal Audit reviewed the following systems.

- Cash management in social services facilities
- Payroll
- Non pay expenditure
- Bank & Cash
- Hospital services directorate
- Budgetary control
- General ledger
- Asset management
- Income
- Management of works/ maintenance contract
- Patients private property -acute setting
- Charitable funds
- Private patients
- Client monies in independent sector
- Performance management
- Risk management
- Governance
- Corporate manslaughter legislation
- Fleet and transport management
- Medical devices and equipment management
- Review of off-site storage calculations
- Stocktaking

In her annual report, the Head of Internal Audit reported that the system of internal control was satisfactory. However limited assurance has been given in the following areas:

- Cash management in social services facilities
- Charitable funds –antenatal donations

- Management of private patients
- Payroll – notification of amendments
- Hospital services – agency spend
- Management of service and maintenance contracts
- Medical devices and equipment management

Cash management in social services facilities

Although assurance for cash management in social services facilities was satisfactory, the limited assurance received related to one facility only where there was evidence of insufficient records of financial transactions being kept. This issue also arose in 2009/10, and intensive training with relevant staff has now been carried out to ensure implementation of new Trust wide procedures. A plan is in place to monitor compliance with procedures on a regular basis.

Charitable funds –antenatal donations

The limited assurance was in respect only of antenatal donations, and in particular the operation of an independent bank account, outside the main Trust accounts. This is in contravention of Trust procedures, and this account has now been closed.

Management of private patients

A number of key recommendations were made in this report regarding the appropriate identification and recording of private patients and private practice throughout the Trust. A multi-disciplinary team involving clinical, finance and administration staff have considered the recommendations and compiled a policy for the management of private practice and this has been issued Trust wide. The Trust intend to review implementation of this policy during 2011/12.

Payroll – notification of amendments

Recommendations were made around the promptness of providing information to payroll regarding amendments to staff details that affect pay, in particular in respect of leavers. All staff within Human resources department have been reminded of the importance of transferring relevant paperwork to the payroll department as soon as possible.

Hospital services – agency spend

Recommendations were made around the process for ensuring the correct rates are being paid for agency staff. The Trust has taken steps to reinforce the system of control regarding this process.

Management of service and maintenance contracts

The limited assurance related to the need to formalise the monitoring of all maintenance and service contracts, as well as the need to formally agree a small number of maintenance contracts. This work is currently being progressed within the Trust.

Management of medical devices

Key recommendations were made with regard to the control and register of medical devices – completion of an integrated medical devices register and the appointment of equipment controllers. This work is currently being undertaken within the Trust.

With regard to the wider control environment the South Eastern Health and Social Care Trust has in place a range of organisational controls, commensurate with the current assessment of risk, designed to ensure 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 South Eastern Health and Social Care Trust are pursued in accordance with the recognised and accepted standards of public administration. Progress towards achievement of Trust objectives is regularly monitored by the Executive Management Team. Each Directorate has a Business Plan which is consistent with the Corporate Plan. Directorate performance against financial, governance and performance objectives is reviewed on a regular basis.

The South Eastern Health and Social Care Trust recruitment and selection policies are based on the principle of equality of opportunity and controls are in place to ensure that all such decisions are taken in accordance with the relevant legislation. All South Eastern Health and Social Care Trust staff are required to be trained in recruitment and selection decisions prior to participating as panel members. The training covers not only interviewing and selection best practice, but also the implications of the legislation. Complaints regarding the process are investigated to identify procedural issues and implement revisions if required.

In light of recent difficulties experienced by other public bodies, the Trust has undertaken to review its continuity arrangements for all service and business critical areas. In the interim, the Trust has identified this as a significant control issue and placed it on the Corporate Risk Register, until appropriate mitigation measures have been implemented.

Capacity to handle risk

During 2010/2011, the Trust continued to develop and implement its Integrated Governance framework which links corporate governance and risk management (including organisational controls), safe and effective care (clinical and social care governance), and financial governance. The extant Governance and Risk Management Strategies continued to be rolled out ensuring a cohesive and integrated approach to the key building blocks of governance and risk management.

A Review of the Trust's Governance and Risk Management arrangements under the chairmanship of the Lead Director, Governance – Mr Eamonn Molloy had been completed in 2009/2010 and approved for implementation by the Trust Board in March 2010. This Review determined that the Governance arrangements which the Trust adopted in the summer of 2007 had served it well in terms of signifying the high profile that Governance plays in all of the activities of the Trust.

The outcome of the Review was the development of a revised Governance structure closely following the four stated domains within the Assurance Framework document issued by the DHSSPS, March 2009. The key changes in the structure are listed below:-

- A revised integrated governance structure which closely follows the four domains within the revised Assurance Framework, published by the DHSSPS (dated April 2009), viz:-
 - Corporate Control;
 - Safety & Quality;
 - Finance; and
 - Operational Performance and Service Improvement;
- Review of Non-Executive Director membership on all Board and other committees;

- The standing down of the Joint Audit & Governance Committee with the chairpersons of the Audit and the new Governance Assurance Committee attending the respective reformed committees;
- The formation of a new Governance Assurance Committee chaired by a Non-Executive Director. Its primary responsibility is to review the development and maintenance of an effective system of integrated governance (ie, risk management, finance and clinical and social care) and internal control, across the whole of the organisation's activities (both clinical and non-clinical) that supports the achievement of the organisation's objectives.
- New terms of reference, membership and chairpersons of the Corporate Control Committee (formerly the Governance and Risk Management Committees) and the Safety & Quality Committee (formerly the Safe & Effective Care Committee);
- The streamlining of a number of sub committees and re-alignment to the new Corporate Control and Safety & Quality Committees (parent committees).

The Board Assurance Framework and the Risk Management Strategy were reviewed and revised in late 2010 and formally approved by the Trust Board at its meeting on 30 March 2011. The continued focus of both these documents was to strengthen and improve the existing systems of internal control. Regular reports on the Board Assurance Framework and Corporate Risk Register were submitted to the Trust Board.

The newly established Governance Assurance committee was supported in this work by two sub committees – the Corporate Control Committee and the Safety & Quality Committee (both meet on a quarterly basis). These committees are further supported by a range of sub committees aligned to both areas. Each subcommittee has agreed terms of reference and annual work plans approved by its parent committee.

Two operational lead Assistant Directors support the Governance infrastructure (i.e. Risk Management & Governance and Safe & Effective Care). Their key focus during the year was to continue to support the high level and supporting sub committees and the operational Directorates in the delivery of the integrated governance agenda. They also assisted the Lead Director, Governance in further embedding the new governance infrastructure.

The Governance Assurance Committee, under the chairmanship of a Non Executive Director met on a quarterly basis to ensure the continued development of this important and essential agenda. The focus of this committee is to be the overarching strategic committee responsible to the Trust Board on all matters pertaining to Governance issues. Following each meeting, reports were submitted to the Trust Board detailing the key issues discussed at each meeting and highlighting any specific governance issues for the attention of the Trust Board

The new Corporate Control Committee was established in April 2011. Its role is to be the overarching strategic committee responsible to the Governance Assurance Committee on all matters pertaining to integrated Corporate Governance issues ie, Financial, Risk Management and other organisational controls. The Chief Executive chairs this committee, which meets on a quarterly basis, and oversees the work of all specialist risk management groups (which may include both clinical and non-clinical groups), the chairpersons of which report directly to the committee. A standing agenda item on the committee's agenda is the management of Risk Registers both Corporate and Directorate. The chairman of the committee prepares a bi-quarterly report for consideration by the Governance Assurance Committee.

In addition a new Safety & Quality Committee was also established at the same time under the joint chairmanship of the Director of Primary Care, Older People and Executive Director of Nursing, the Medical Director and the Director of Children's Services. Its role is to be the main sub-committee of the Governance Assurance Committee responsible for leading the safe and effective care agenda across the Trust.

The Trust also continued to implement an integrated organisational-wide system of risk management that focused on a single approach to the management of clinical and non-clinical risks. The system is based on the AS/NZS 4360: 2004 standard as directed by the Department of Health, Social Services and Public Safety in July 2002.

A Risk Management Policy and Strategy is available for all staff which details the commitment, process and behaviours expected of Trust staff. There is a clear chain of accountability for risk from the Accounting Officer downwards. The responsibilities of the Executive, Board, Audit Committee and other relevant committees and sub committees are clearly defined. There is regular consultation with key stakeholders and partners on risk – the Department, Health and Social Care Board, Regulation Quality and Improvement Authority and the Northern Ireland Prison Service.

In March 2011, Internal Audit, in accordance with the Internal Audit Plan undertook an audit of the Trust's risk management and governance arrangements. They provided satisfactory assurance on the system of internal control over risk management and governance. Management have provided a response to the audit report and an action plan has been developed to address the recommendations contained therein.

Staff are trained and equipped to manage risk in a way appropriate to their authority and duties. Risk management support and guidance is made available to staff both in paper format and via the intranet. Management are clearly accountable, as per the Risk Management Strategy and Policy, for ensuring that appropriate guidance, support and training is available for their staff. There is ongoing training provided by both the Risk Management Directorate and other specialist advisers to embed risk management concepts and tools into everyday business.

During the year the main focus on risk management training was on the continued embedding of the methodology for Corporate and Directorate Risk Registers. In addition, a range of other training was delivered for e.g. Induction, Root Cause Analysis, General Risk Assessment, Incident Reporting, Consent, Emergency Preparedness, Information Governance and NVQ courses. A range of other health and safety training was provided on an on-going basis by specialist advisers for e.g. fire, manual handling, display screen equipment and waste management etc.

The Trust promotes an open, just, honest and participative culture in which errors or service failures can be admitted, reported and discussed openly. Incident reporting (including near misses) is the cornerstone of the risk management system. Trust staff are encouraged to undertake individual reporting of near misses, errors or mistakes, and to look critically at their own actions and those of their teams to ensure we can provide good quality services for our patients/clients, staff and visitors. Incident reporting is a key mechanism for quality improvement and is a key component of the governance programme. The legacy Trusts' suite of policies on Incident Reporting and Management remained operational during the year however the anticipated review of legacy policies was delayed and this has been made a key priority within the programme of work for the Corporate Control Committee for 2011/2012. Draft policies will be developed for consultation with key stakeholders within the organisation. This will incorporate the new Serious Adverse Incident reporting arrangements introduced post April 2010 by the Health & Social Care Board, the Early Alert Warning System and the new Regional Adverse Incident Learning System arrangements. Reports of all Root Cause Analysis Reports and other relevant incidents are widely disseminated within the Trust (and outside, as appropriate) to ensure that all areas learn from other's mistakes.

In August 2010, the inaugural meeting of a newly established Lessons Learnt Sub Committee chaired by the Chief Executive was held to ensure that lessons from incidents, complaints, litigation and other reports/review are truly embedded within all levels of the organisation.

In compliance with the Trust's duty of quality, it will continue to support the development of risk management and safe and effective care systems in order to provide an environment in which users, staff and other stakeholders are protected and where safe, effective, efficient and high quality health and social care is provided.

The risk and control framework

The Trust developed a Risk Management Strategy in 2007 based on the principles of the AS/NZS 4360:2004 which was endorsed by the Trust Board. It was reviewed and rewritten in December 2010 and subsequently approved by the Trust Board in March 2011. This document includes the identification of the Trust's Risk Management objectives and the leadership, accountability and working arrangements for risk management through the formation of appropriate organisational structures. It also details the application of the Trust's risk matrix and a definition of acceptable risk. All risks, whether resulting from accidents, incidents, adverse events, hazard reports or any form of risk assessment must be graded in accordance with the risk matrix and entered on the appropriate risk register/s.

The strategy is delivered through the work of the Corporate Committee and its supporting sub committees. These sub committees have documented terms of reference and their work plans for 2010/2011 were submitted and endorsed by the Corporate Control Committee. Draft plans for 2011/2012 were received and endorsed by the Corporate Control Committee at its meeting on 20 April 2011. In addition, Directorates in their individual Directorate Management Plans include a range of governance and risk management initiatives based on the Trust's high-level Governance priorities outlined in the Corporate Management Plan. These plans are monitored via the performance management and accountability framework and an audit of the risk management and governance systems was undertaken by Internal Audit in March 2011-satisfactory assurance was reported in both areas.

There is regular risk management reporting at various levels within the organisation and this is managed primarily through the Planning, Performance and Accountability Framework. Governance and Risk Management is a key standing agenda item monitored as part of this performance management process.

Reports on Directorate Risk Registers are submitted and discussed on a quarterly basis by the Corporate Control Committee. A similar process is in place for the Corporate Risk Register with the Governance Assurance Committee. A bi-annual report on both registers is received by the Trust Board. There is a clear method of risk identification using the risk assessment and risk register tools/methodologies and upward identification and reporting of risks. Risk appetite/tolerance levels are included within the risk strategy and risk matrix which clearly demonstrates how to escalate risks from department, Directorate and Corporate levels. All significant risk are assessed and ranked and action plans developed to mitigate the risk. A risk owner (manager) is assigned to each risk and has the authority to allocate actions to specific staff. Employees are made aware of their own responsibilities for managing risk via a range of methods – corporate induction, departmental induction, specific risk management awareness and training courses specific to their job roles.

Risk management organisational structures and reporting procedures are in place for verifying that key risk areas are regularly reviewed and reported on and that risk management has been fully incorporated into the corporate planning and decision making processes of the organisation. The Trust has a wide range of communication and consultation mechanisms in existence with relevant stakeholders, both internal and external.

The Trust continues to implement the extant controls assurance standards as directed by the DHSSPS. Six standards were validated in 2010/2011 by Internal Audit. All twenty two extant controls assurance standards achieved the required level of compliance (see table below for results). Action plans have been developed by the relevant lead Director/Assistant Director to address any areas of shortfall and implementation of these are monitored by the Controls Assurance Project team chaired by the Director of Human Resources and Corporate Affairs. This group reports on a regular basis to the Executive Management Team. Regular reports are also submitted to the Risk Management and Governance Committees.

In terms of risks to information, the Trust established an overarching Information Governance Sub Committee (IGSC) in December 2008 which reports to the Corporate Control Committee and is supported in its work by a range of sub committees. The role of the Information Governance Sub-Committee is to lead, co-ordinate and direct the strategic agenda with regard to Information Governance and Records Management issues within the Trust.

The Director of Human Resources & Corporate Affairs and the Personal Data Guardians i.e. the Trust's Medical Director and Director of Social Work, Regulation & Inspection are the Trust leads for ensuring compliance with the Data Protection Act 1998, the Code of Practice on Protecting the Confidentiality of Service User Information. The Director of Human Resources & Corporate Affairs and the Director of Planning, Performance & Information have been appointed joint Senior Information Risk Owners and all Assistant Directors have been nominated to the roles of Information Asset Owner. The appointment of SIRO and IAO were made under the direction of the DHSSPS as a result of its Data Protection Reviews 2007/08.

During the year the Trust developed a register of 3rd party electronic transfers which is updated on an annual basis. It also undertook in the latter half of the year a survey of Personal Identifiable and Personal Sensitive Data (PID/PSD). The results of the survey are currently being evaluated.

Incidents relating to data loss, breaches of confidentiality, the insecure disposal of information and any other incidents where patient identifiable information may have been at risk are required to be reported to the Trust's Risk Management Department via the IR1 process and escalated to the Information Governance Department as necessary and actioned, as appropriate.

Staff are trained and encouraged to report all incidents to ensure the Trust can investigate the reason for an incident occurring and take measures to prevent the incident happening again. All incidents are reported back to the Information Governance Steering Committee on a quarterly basis.

All reported incidents of data loss or confidentiality breach in 2010/2011 have been assessed. While there were several small scale incidents, the impact was limited and procedures were put in place to address future risk in these areas. The incidents did not require escalation to the DHSSPS or the Information Commissioner's Office. A comprehensive suite of Information Governance policies have been approved and are freely available to staff on the intranet for eg, Data Protection Policy, ICT Security Policy, Code of Practice of Protecting the Confidentiality of Service User Information (DHSSPS), Policy endorsing Code of Practice for Protecting the Confidentiality of Service User Information, Records Management Policy and Records Management Procedures.

In addition, the ICT Department has rolled out a programme throughout the Trust encrypting all laptops and personal computers. The issue of encrypted memory sticks has also been rolled out by the ICT department.

A follow up Information Governance and Records Management audit was undertaken by Internal Audit in March 2011 following on from an audit completed in October/November 2008. Any outstanding actions have appropriate action plans in place.

The action items arising out of the baseline assessment July 2009 of its information governance arrangements using the DHSSPS guidance document – Managing Information Risk, A Guide for Accounting Officers, Board Members and Senior Information Owners were implemented by the Information Governance Sub Committee. Trust representatives continue to participate in the DHSSPS IGAG which ensures its IG agenda is focused and meets the needs of the DHSSPS strategic agenda. Information Governance was included on the Corporate Risk Register and the IGSC has a specific risk register for 2010/2011 to manage risk issues arising from the work of the IGSC.

The Trust is also committed to ensuring the security of information held in electronic form. During the year, the rollout of the action plans to support the Informatics strategy (June 2009) continued. This strategy clearly defines the Trusts vision for informatics for the period 2009 – 2012 Progress against work plans detailed within the strategy is monitored by the Trusts Informatics Programme Board whose membership is representative of all Trust Directorates.

All legal services to the Trust are currently provided by Directorate of Legal Services as directed by the DHSSPS in July 2008, with the exception of a small number of Employment Law cases which remained with the current provider due to the current stage of claim or background knowledge on a particular matter.

The Trust has extant legacy policies on the management of litigation claims which is line with current DHSSPS circulars. – HSC (SQSD) 5/10 Handling Clinical & Social Care Negligence and Personal Injury Claims (10/3/10). A revised SET policy has been prepared and is awaiting approval.

In line with Circular HSS (F) 67/2006 – Payments in respect of Litigation and Legal Services, a baseline assessment of this circular was undertaken on 4 February 2009 and an action plan developed to address areas of shortfall. This was presented to and endorsed by the Executive Management Team on 5 May 2009. All areas of shortfall have been addressed.

In addition, Internal Audit carried out a follow up Audit of Complaints and Claims in March 2011. All outstanding recommendations were noted as being satisfactorily addressed.

The South Eastern Health and Social Care Trust assessed its compliance with the applicable Controls Assurance Standards which were defined by the Department and against which a degree of progress is expected in 2010/11.

The Organisation achieved the following levels of compliance for 2010/11:

| Standard | DHSS&PS Expected Level of Compliance | Trust Level of Compliance | Verified by Internal Audit |
|--|---|----------------------------------|-----------------------------------|
| Buildings, land, plant and non-medical equipment | 70% - 99% (Substantive) | Substantive 80% | No |
| Decontamination of medical devices | 70% - 99% (Substantive) | Substantive 80% | No |
| Emergency Planning | 70% - 99% (Substantive) | Substantive 80% | Yes |
| Environmental Cleanliness | 70% - 99% (Substantive) | Substantive 85% | No |
| Environment Management | 70% - 99% (Substantive) | Substantive 82% | No |

| | | | |
|---|-----------------------------|--------------------|-----|
| Financial Management (Core Standard) | 70% - 99% (Substantive) | Substantive 89% | Yes |
| Fire safety | 70% - 99% (Substantive) | Substantive 78% | No |
| Fleet and Transport Management | 70% - 99% (Substantive) | Substantive 77% | Yes |
| Food Hygiene | 70% - 99% (Substantive) | Substantive 91% | Yes |
| Governance (Core Standard) | 70% - 99% (Substantive) | Substantive 93% | Yes |
| Health & Safety | 70% - 99% (Substantive) | Substantive 87% | No |
| Human Resources | 70% - 99% (Substantive) | Substantive 80% | No |
| Infection Control | 70% - 99% (Substantive) | Substantive 89% | No |
| Information Communication Technology | 70% - 99% (Substantive) | Substantive 83% | No |
| Management of Purchasing and Supply | 70% - 99% (Substantive) | Substantive 75% | No |
| Medical Devices and Equipment Management | 70% - 99% (Substantive) | Substantive 76% | No |
| Medicines Management | 70% - 99% (Substantive) | Substantive 79% | Yes |
| Records Management | 70% - 99% (Substantive) | Substantive 79% | No |
| Research Governance | 70% - 99% (Substantive) | Substantive 83% | No |
| Risk Management (Core Standard) | 70% - 99% (Substantive) | Substantive 86% | Yes |
| Security Management | 70% - 99% (Substantive) | Substantive 77% | No |
| Waste Management | 70% - 99% (Substantive) | Substantive 81% | No |

Progress on prior year significant internal control issues

Resourcing the increased demand for services

The Trust has maintained its break even position in 2010-11 by reducing costs whilst addressing increased demands for services. This was achieved through a series of recurrent and non-recurrent measures, including the receipt of substantial funding from the HSC Board. The Trust has delivered services above Service and Budget Agreement values.

The longer term financial position remains a significant control issue, and will continue to be closely monitored by the Trust Board on an ongoing basis. Demand for services continues to rise, and expenditure will need to be controlled to maintain financial stability ie address efficiency savings and rising demand.

Unallocated cases within Child Care

The Trust has continued to address unallocated cases within childcare and during 2010/11 have applied the improvements identified in the LEAN Project to this area of work. While the number of unallocated cases has reduced significantly, particularly in the Gateway service, the overall waiting times for allocation has also reduced.

The increased activity in child care will continue to result in financial risk but the volume and complexity also represents a significant professional and practice risk as staff continue to strive to provide and maintain a safe and appropriate response to demand.

Governance in Prison Healthcare

The Trust has established a high level group across Northern Ireland Prison Service (NIPS) and the Trust to progress the transfer of contracts of healthcare staff to the Trust to strengthen the lines of accountability, highlighted as an issue in last year's Statement.

In addition the Service Improvement Board put in place in the last financial year, have continued to drive forward an improvement agenda. The results of this have been the progression of governance plans, and improvement in the Prison key performance indicators, evidenced by a re-audit carried out in November 2010 which showed 24 standards improving from the baseline audit.

The Trust accepts that the Service Improvement Board will have a 3-5 year timeframe to fully implement the improvement agenda.

Pandemic Flu

The Trust developed robust Pandemic flu plans during 2009 which enabled it to respond effectively to the threats posed by the H1N1 virus during that period. These plans were again used during the 2010/11 winter period to deal with a further outbreak of this virus and the increased demands placed on the service by seasonal flu."

New Significant Internal control issues

Maternity and child health

In January 2011 a Coroner's inquest was held into a maternal death which occurred in the Accident and Emergency department of the Ulster Hospital in 2008. The patient died as a result of a massive intra-abdominal haemorrhage secondary to an extrauterine pregnancy, and the baby was stillborn. Whilst the inquest concluded that this was an extremely rare obstetric complication, concerns were raised regarding the continuity of care throughout the mother's pregnancy and confusion as to whether she was under midwifery or consultant led care. In addition the coroner raised concerns regarding the absence of a holistic approach to the mother's obstetric management and felt that mother and unborn baby were treated as two separate patients.

As a result of an internal enquiry following this death, a number of recommendations were made and implemented including introduction of MEWS (modified early warning scoring) for all inpatient obstetric patients, clarity as to the lead professional at any time within a woman's pregnancy and signing of ultrasound scans carried out by midwives in training. The Trust continues to look at new and better ways of assessing risk in any pregnancy at every encounter with the pregnant woman and carer and documenting this in her notes. Ways of doing this are discussed regionally so learning is spread throughout the region.

Elderly community care

In 2010/11 a care worker employed by a private domiciliary provider to the Trust, appeared in court on two charges of ill treatment of a dementia client – evidence of the care worker eating the client's food had been captured by the family on a video camera in October 2009.

The care worker was dismissed from her employment and reported to NISCC (Northern Ireland Social Care Council) and the Independent Safeguarding Authority.

The case was dealt with under Adult Protection Policy and Procedures with the PSNI taking the lead role in the investigation and referring the case to the Public Prosecution Service.

RQIA undertook a case review into the care provided to this client and the Trust is awaiting the final report from RQIA.

This case highlighted the gaps in current legislation to address Adult Protection cases. However, it is hoped that the new Adult Safeguarding Policy being developed by the DHSSPS/ Department of Justice, will address these issues.

Extreme adverse weather conditions

The winter of 2010/11 proved a period of unusual adverse weather which led to the temporary closure of the new theatres at the Ulster Hospital. As a result of the difficulties experienced across all Trusts, a new regional 'Estates Resilience Group' has been established to deliver a holistic approach to the Trusts' susceptibility to all adverse incidents.

Ageing condition of Trust estate

The age of some elements of the Trust's estate, particularly the Ulster Hospital, is leading to increased risks of infections such as legionella, problems with heating and electrical supply and issues around adequate drainage. These risks are being managed on an ongoing basis through a programme of maintenance and bids for funding to carry out more major necessary repairs and replacements. The Trust manages the risks to its services through the risk management process.

Condition of Trust fleet and transport fleet

The Trust endeavours to operate its transport fleet of some 130 vehicles in accordance with the requirements of the Regional transport guidance issued by the Department of Health, Social Services and Public Safety, which contains a stipulation that vehicles should be replaced when they have completed 10 years or 100,000 miles. Due to funding restrictions, the current position is that some 50% of the fleet is being operated outside this guidance. This has led to increased maintenance costs, inefficiencies in fuel usage, and increased unreliability of the fleet.

The Trust continues to seek additional funding to address this issue, and seeks to minimise risks through regular routine maintenance.

Food Hygiene

As a consequence of a number of specific food hygiene inspections the Trust is finding it increasingly difficult to meet the expectations of the Environmental Health Service in respect of our food manufacture, provision and delivery. This is due in the main to raised standards in each one of these three areas. This is a significant concern given that there is potential for non compliance with statutory and Departmental standards. Appropriate mitigation measures are underway.

Review of Effectiveness

As Accounting Officer, I have responsibility for the review of effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the South Eastern Health and Social Care Trust who have responsibility for the development and maintenance of the internal control framework, 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 relevant internal mechanisms, Audit Committee, Governance Assurance Committee, Corporate Control Committee and the Safety & Quality Committee, and a plan to address weaknesses and ensure continuous improvement to the system is in place.

The Trust has a robust system of internal control in place within the organisation that supports the achievement of the policies, aims and objectives of the organisation. It is built on a comprehensive set of committees covering all aspects of governance including clinical and social care governance, risk management (including organisational controls) and financial controls.

The Trust Board regularly considers reports contained in the Assurance Framework/Corporate Risk Register faced by all areas within the Trust. This report contains information on levels of assurances, gaps in assurances and controls and actions plans to mitigate any shortfalls.

The Audit Committee meets at least five times per year and regularly considers the effectiveness of internal controls. It approves and endorses the Internal Audit programme of work which is risk based. Regular progress and follow up reports are provided to the Audit Committee. The Audit Committee provides an Annual Report on the effectiveness of the committee to the Board. It also receives the draft Head of Internal Audit Opinion and recommends approval of the draft Statement of Internal Control to the Board. In addition, it reviews progress on implementing internal and external audit recommendations.

The new Governance Assurance Committee meets four times per year and considers the effectiveness of the Trust's governance arrangements. The chairman of this committee is a member of the Audit Committee. Likewise, the Audit Committee Chairman sits on the Governance Assurance Committee. This committee reports to the Trust Board on a quarterly basis and provides assurances on all aspects of Governance (except financial controls). The Governance Assurance Committee will also provide an Annual Report on the effectiveness of the committee to the Board. The Audit Committee is responsible for the financial systems of internal control, and oversees the work and outputs of Internal Audit. It also reports direct to the Trust Board. The Corporate Control and Safety & Quality Committees and their associated committees form the main strands within the governance framework for the delivery of governance and risk agendas and report to the Governance Assurance Committee.

Non-Executive Directors sit on the Corporate Control and Safety & Quality, Committee, Governance and the Audit Committees. The minutes of all sub committees are shared with the respective parent committee and the minutes of the Audit and Governance Committees are circulated to the Trust Board.

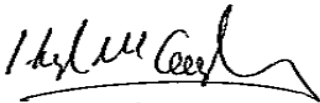
In September 2010, the Audit Committee undertook a self assessment exercise using the NAO self assessment checklist for Audit Committees. One minor area of shortfall was identified and this has now been addressed.

The Trust has in place a process for reviewing receipt of external reports/inquiries to ensure that lessons are learnt and actions implemented, as necessary. During the year, two key reports were received – Mid Staffordshire NHS Foundation Trust and the Western HSC Trust Governance Report. Baseline assessments were completed for both and the action plans arising from these are tracked via the Safety & Quality Committee.

An Internal Audit programme was agreed at the outset of the year and its work plan was informed by an analysis of risk to which the Trust was exposed. Internal Audit undertook 7 Controls Assurance audits – the results are detailed in the table above. The Audit Committee has agreed the internal audit plan for period April 2011 to March 2012.

The Board Secretary maintains a Register of Declaration of Interests and Register of Interests which is reviewed on annual basis (or sooner, if changes are notified by Board members) and is available on request for members of the public. In addition, Board members provided an annual statement confirming compliance with the Code of Conduct and Accountability.

In conclusion, as Accounting Officer, I am satisfied with the system of internal control within South Eastern Health and Social Care Trust.



Hugh McCaughey
Accounting Officer

Date: 2/06/11

SOUTHEASTERN HEALTH AND SOCIAL CARE TRUST

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

I certify that I have audited the financial statements of the South Eastern Health & Social Care Trust for the year ended 31 March 2011 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 Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within 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 Trust, Accounting Officer and auditor

As explained more fully in the Statement of Trust and Accounting Officer's Responsibilities, the Trust and Accounting Officer are 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 South Eastern Health & Social Care Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the South Eastern Health & 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 the South Eastern Health & Social Care Trust's affairs as at 31 March 2011 and of its 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 & 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 the Health and Personal Social Services (Northern Ireland) Order 1972, as amended and Department of Health, Social Services & Public Safety directions issued thereunder; and
- the information given in the Directors' Report 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 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

My observations on these financial statements are detailed at pages 98 to 99.



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

23 June 2011

SOUTH EASTERN HSC TRUST

STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2011

| | NOTE | 2011 £000s | Restated 2010 £000s |
|--|------|-------------------------|---------------------------|
| Expenditure | | | |
| Staff costs | 3.1 | (297,350) | (288,021) |
| Depreciation | 4.0 | (14,468) | (14,385) |
| Other Expenditures | 4.0 | (205,516) | (227,585) |
| | | <u>(517,334)</u> | <u>(529,991)</u> |
| Income | | | |
| Income from activities | 5.1 | 23,617 | 22,304 |
| Other Income | 5.2 | 8,881 | 10,024 |
| Transfers from reserves for donated property, plant, equipment & intangibles | 5.3 | 2,488 | 5,267 |
| Reimbursements receivable | 5.4 | 0 | 0 |
| | | <u>34,986</u> | <u>37,595</u> |
| Net Expenditure | | <u>(482,348)</u> | <u>(492,396)</u> |
| Revenue Resource Limit (RRL) | 25.1 | 482,392 | 492,424 |
| Surplus / (deficit) against RRL | | <u>44</u> | <u>28</u> |

OTHER COMPREHENSIVE EXPENDITURE

| | NOTE | 2011 £000s | Restated 2010 £000s |
|---|---------------|-------------------------|---------------------------|
| Net gain/(loss) on revaluation of Property, Plant and Equipment | 6.1/10/6.2/10 | 733 | (542) |
| Net gain/(loss) on revaluation of Intangibles | 7.1/10/7.2/10 | 0 | 0 |
| Net gain/(loss) on revaluation of available for sales financial assets | | 0 | 0 |
| TOTAL COMPREHENSIVE EXPENDITURE for the year ended 31 March 2011 | | <u>(481,615)</u> | <u>(492,938)</u> |

The notes on pages 27 to 92 form part of these accounts.

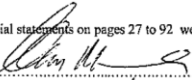
SOUTH EASTERN HSC TRUST

STATEMENT OF FINANCIAL POSITION as at 31 March 2011

| | | 2011 | | Restated 2010 | | Restated 2009 | |
|--|--------------|----------|----------------|------------------|----------------|------------------|----------------|
| | NOTE | £000s | £000s | £000s | £000s | £000s | £000s |
| Non Current Assets | | | | | | | |
| Property, Plant and Equipment | 6.0/6.2/6.4 | 397,170 | | 379,569 | | 391,688 | |
| Intangible Assets | 7.0 /7.2/7.4 | 0 | | 0 | | 0 | |
| 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 | | | 397,170 | | 379,569 | | 391,688 |
| Current Assets | | | | | | | |
| Assets classified as held for sale | 9.0 | 3,503 | | 5,700 | | 580 | |
| Inventories | 11.0 | 2,292 | | 2,327 | | 1,822 | |
| Trade and other Receivables | 12.0 | 14,779 | | 19,377 | | 13,764 | |
| Other Current Assets | 12.0 | 0 | | 0 | | 0 | |
| Financial Assets | 8.0 | 0 | | 0 | | 0 | |
| Cash and cash equivalents | 13.0 | 792 | | 1,884 | | 1090 | |
| Total Current Assets | | | 21,366 | | 29,288 | | 17,256 |
| Total Assets | | | 418,536 | | 408,857 | | 408,944 |
| Current Liabilities | | | | | | | |
| Trade and other Payables | 14.0 | (57,781) | | (59,048) | | (63,308) | |
| Other Liabilities | 14.0 | 0 | | 0 | | 0 | |
| Total Current Liabilities | | | (57,781) | | (59,048) | | (63,308) |
| Non Current Assets plus/less Net Current Assets / Liabilities | | | 360,755 | | 349,809 | | 345,636 |
| Non Current liabilities | | | | | | | |
| Provisions | 16.0 | (27,704) | | (23,898) | | (28,363) | |
| Other Payables > 1 yr | 14.0 | 0 | | 0 | | 0 | |
| Financial Liabilities | 8.0 | 0 | | 0 | | 0 | |
| Total Non Current Liabilities | | | (27,704) | | (23,898) | | (28,363) |
| Assets less Liabilities | | | 333,051 | | 325,911 | | 317,273 |
| Taxpayers' equity | | | | | | | |
| Donated Asset Reserve | | 15,727 | | 17,778 | | 23,141 | |
| Revaluation Reserve | | 29,886 | | 27,446 | | 22,826 | |
| General Reserve | | 287,438 | | 280,687 | | 271,306 | |
| | | | 333,051 | | 325,911 | | 317,273 |

The financial statements on pages 27 to 92 were approved by the Board on (date) and were signed on its behalf by:

The financial statements on pages 27 to 92 were approved by the Board on (date) and were signed on its behalf by:

Signed:  (Chairman) Date: 2/06/11

Signed:  (Chief Executive) Date: 2/06/11

The notes on pages 27 to 92 form part of these accounts

The notes on pages 27 to 92 form part of these accounts

SOUTH EASTERN HSC TRUST

STATEMENT OF CASHFLOWS For the year ended 31 March 2011

| | Note | 2011 £000s | Restated 2010 £000s |
|--|------|---------------|---------------------------|
| Cashflows from operating activities | | | |
| Net expenditure after interest | | (482,348) | (492,396) |
| Adjustments for non cash costs | | 29,684 | 47,942 |
| (Increase)/decrease in trade and other receivables | | 4,598 | (5,615) |
| <i>Less movements in receivables relating to items not passing through the NEA</i> | | | |
| Movements in receivables relating to the sale of property, plant and equipment | | 0 | 0 |
| Movements in receivables relating to finance leases | | 0 | 0 |
| Movements in receivables relating to PFI and other service concession arrangement contracts | | 0 | 0 |
| (Increase)/decrease in inventories | | 35 | (505) |
| Increase/(decrease) in trade payables | | (1,267) | (4,260) |
| <i>Less movements in payables relating to items not passing through the NEA</i> | | | |
| Movements in payables relating to the purchase of property, plant and equipment | | (4,603) | 3,710 |
| Movements in payables relating to finance leases | | 0 | 0 |
| Movements in payables relating to PFI and other service concession arrangement contracts | | 0 | 0 |
| Use of provisions | 16 | (6,144) | (5,524) |
| Net cash outflow from operating activities | | (460,045) | (456,648) |
| Cashflows from investing activities | | | |
| (Purchase of property, plant & equipment) | 6 | (30,055) | (44,732) |
| (Purchase of intangible assets) | 7 | 0 | 0 |
| Proceeds of disposal of property, plant & equipment | | 8 | 702 |
| Proceeds on disposal of intangibles | | 0 | 0 |
| Proceeds on disposal of assets held for resale | | 0 | 0 |
| Net Cash (Outflow) from investing activities | | (30,047) | (44,030) |
| Cash flows from financing activities | | | |
| Grant in aid | | 489,000 | 501,472 |
| Cap element of payments - finance leases and on balance sheet (SoFP) PFI and other service concession arrangements | | 0 | 0 |
| Net financing | | 489,000 | 501,472 |
| Net increase (decrease) in cash & cash equivalents in the period | | (1,092) | 794 |
| Cash & cash equivalents at the beginning of the period | 13 | 1,884 | 1,090 |
| Cash & cash equivalents at the end of the period | 13 | 792 | 1,884 |
| The notes on pages 27 to 92 form part of these accounts | | | |

SOUTH EASTERN HSC TRUST

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY for the year ended 31 March 2011

| | Note | General Reserve £000s | Revaluation Reserve £000s | Donation Reserve £000s | Total £000s |
|---|------|-----------------------------|---------------------------------|------------------------------|----------------|
| Balance at 31 March 2009 | | 291,113 | 22,826 | 23,141 | 337,080 |
| Changes in accounting policy | | 0 | 0 | 0 | 0 |
| Change in accounting policy - clinical negligence | | (19,807) | 0 | 0 | (19,807) |
| Restated balance at 1 April 2009 | | 271,306 | 22,826 | 23,141 | 317,273 |
| Changes in taxpayers equity 2009-10 | | | | | |
| Grant from DHSSPS | | 501,471 | 0 | 0 | 501,471 |
| Transfers between reserves | | 241 | (241) | 0 | 0 |
| (Comprehensive expenditure for the year) | | (492,396) | 4,861 | (5,403) | (492,938) |
| Donated asset receipts | | 0 | 0 | 677 | 677 |
| Donated asset reserve - transfer to net expenditure for depreciation | | 0 | 0 | (637) | (637) |
| Donated asset reserve – transfer from / (to) net expenditure for profit / (loss) on sale of donated asset | | 0 | 0 | 0 | 0 |
| Non cash charges - auditors remuneration | 4 | 65 | 0 | 0 | 65 |
| Balance at 31 March 2010 | | 280,687 | 27,446 | 17,778 | 325,911 |
| Changes in taxpayers equity 2010-11 | | | | | |
| Grant from DHSSPS | | 489,000 | 0 | 0 | 489,000 |
| Transfers between reserves | | 43 | (43) | 0 | 0 |
| (Comprehensive expenditure for the year) | | (482,348) | 2,483 | (1,750) | (481,615) |
| Donated asset receipts | | 0 | 0 | 89 | 89 |
| Donated asset reserve - transfer to net expenditure for depreciation | | 0 | 0 | (385) | (385) |
| Donated asset reserve – transfer from / (to) net expenditure for profit / (loss) on sale of donated asset | | 0 | 0 | (5) | (5) |
| Non cash charges - auditors remuneration | 4 | 56 | 0 | 0 | 56 |
| Balance at 31 March 2011 | | 287,438 | 29,886 | 15,727 | 333,051 |

The notes on pages 27 to 92 form part of these accounts

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 1 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 Trusts. 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 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 trust;
- 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 are measured at cost including any expenditure such as installation, directly attributable to bringing them 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 trust's 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 have included this requirement within the latest valuation.

Assets Under Construction

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.

Fixtures and Equipment

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation. From 1 April 2008 HSC entities had the option to elect to cease indexing all short life assets (other than IT). Short life IT assets are not indexed. Short life is defined as a useful life of up to and including 5 years. The carrying value of existing assets at that date were written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

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. 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 | 25 – 60 years |
| Leasehold property | Remaining period of lease |
| IT Assets | 3 – 10 years |
| Intangible assets | 3 – 10 years |
| Other Equipment | 3 – 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. If the impairment is due to the consumption of economic benefits the full amount of the impairment is charged to the Net Expenditure account and an amount up to the value of the impairment in the revaluation reserve is transferred to the General fund. 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 to 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 comprise software and licences. 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's 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 are capitalised at their fair value on receipt, with a matching credit to the donated asset reserve. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to offset the expenditure. On sale of donated assets, the net book value is transferred from the donated asset reserve to the General Reserve.

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 loss from sale of land or profit/loss from sale of depreciating assets is shown within operating expenses. On disposal, the balance for the asset on the revaluation reserve is transferred to the general reserve. For donated and government-granted assets, a transfer is made to or from the relevant reserve to the profit/loss on disposal account so that no profit or loss is recognised in income or expenses. The remaining surplus or deficit in the donated asset or government grant reserve is then transferred to general 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 stocks.

1.11 Income

Operating 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.

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 reserves.

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's 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's 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.

The South Eastern Health and Social Care Trust had no PFI transactions during the year.

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 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 too 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 Trust has 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 31 March 2008. It is not anticipated that the level of untaken leave will vary significantly from year to year. Untaken flexi leave is estimated to be immaterial to the Trust and has not been included.

Retirement benefit costs

The Trust participates in the HSC Superannuation 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 Superannuation Scheme can be found in the HSC Superannuation 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 is used in the 2010/11 accounts.

1.21 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 fixed assets.

1.22 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.

1.23 Government Grants

Government assistance for capital projects whether from UK, or Europe, is treated as a Government grant even where there are 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 (does not include grant-in-aid) are credited to a government grant reserve and are released to income over the useful life of the asset.

1.24 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 trusts 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.

1.25 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.

Standards Issued by IASB not included in 2010-11 FREM

IFRSs

- [IFRS 9](#) Financial Instruments

Financial Assets

IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting 1 January 2013.

All financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For subsequent measurement IFRS 9 divides all financial assets that are currently in the scope of IAS 39 into two classifications – those measured at amortised cost and those measured at fair value. Classification is made at the time the financial asset is initially recognised, namely when the entity becomes a party to the contractual provisions of the instrument.

Financial assets held by the public sector generally fall into the following categories:

- trade receivables and similar debts
- loans held for policy purposes (e.g. student loans, loans in connection with economic development)
- loans to sponsored bodies

These would appear to meet the tests in IFRS 9 to be subsequently measured at amortised cost, namely that they are held to maturity and that the cash flows are in relation to the payment of principal and interest only.

Equity instruments

All equity investments in scope of IFRS 9 are to be measured at fair value in the Statement of Financial Position, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to report value changes in 'other comprehensive income'. There is no 'cost exception' for unquoted equities.

Notwithstanding the above, the standard contains guidance on when cost may be the best estimate of fair value and also when it might not be representative of fair value.

Given that IAS 39 is currently interpreted by FREM to require that equity investments in public bodies outside the departmental boundary are to be measured at historical cost less any impairment, there does not appear to be any basis to conclude that this interpretation would not continue when IFRS 9 is introduced.

However, the method of valuation of other investments would potentially need to be reviewed to ascertain if any change will be required.

Embedded derivatives

The embedded derivative concept of IAS 39 is not included in IFRS 9. It is unlikely that any of these have been identified in the financial assets of the public sector, but if they have, they will no longer be required to be separated and separately disclosed. Instead the fair value of the financial

asset will be assessed based on the cash flows including the embedded derivative.

Revisions to Accounting Standards which are not effective for 2010-11

The below table summarises the amendments to accounting standards that come into effect after the 2010-11 period.

| Standard | Description of Revision | Application date | Comments |
|----------|---|---|--|
| IFRS 1 | First-time Adoption of International Financial Reporting Standards — Amendments resulting from May 2010 Annual Improvements to IFRSs | Annual periods beginning on or after 1 January 2011 | Updates disclosures required for interim financial statements where there has been a change in accounting policies. Clarifies that IFRS 1, rather than IAS 8, is the applicable standard for accounting policy changes until after its first set of IFRS financial statements is published. Clarifies the treatment of "deemed cost" for assets brought forward in cases where the measurement date is after the date of transition to IFRS but before the first IFRS Statement of Financial Position date. Not applicable in the public sector context as our adoption date is prior to these amendments. |
| IFRS 1 | First-time Adoption of International Financial Reporting Standards — Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs' | Annual periods beginning on or after 1 July 2011 | Relating to privatisation. Unlikely to apply to public sector bodies |
| IFRS 1 | First-time Adoption of International Financial Reporting Standards — Additional exemption for entities ceasing to suffer from severe hyperinflation | Annual periods beginning on or after 1 July 2011 | Unlikely to apply to public sector bodies |
| IFRS 3 | Business Combinations— Amendments resulting from May 2010 Annual Improvements to IFRSs | Annual periods beginning on or after 1 July 2010 | A partial acquisition refers to the acquisition of a controlling interest, but with a proportion of acquiree equity interests held by other investors referred to as 'non-controlling interests' (formerly 'minority interests'). A choice is available, on an acquisition by acquisition basis, to measure such non-controlling interests either at their proportionate interest in |

| | | | |
|--------|--|--|---|
| | | | <p>the net identifiable assets of the</p> <p>acquiree (which is the previous IFRS 3 requirement) or at fair value (which is a new option and is mandatory under US GAAP). The amendment restricts the first option to those situations where those interests are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. The option to recognise at fair value continues in these cases, and becomes the only option for the recognition of non-controlling interests which do not meet the "present ownership" and "proportionate share on liquidation" criteria. Also clarifies that adjustments to liabilities or equity on the assumption of an acquiree's share-based payment transactions must be performed at the acquisition date, and provides replacement guidance on how to measure the value of share-based payment transactions acquired which rely on market prices.</p> <p>Unlikely to apply to public sector bodies.</p> |
| IFRS 7 | <p>Financial Instruments: Disclosures</p> <p>— Amendments resulting from May 2010 Annual Improvements to IFRSs</p> | <p>Annual periods beginning on or after 1 January 2011</p> | <p>Explains the reason for providing qualitative and quantitative disclosures on risks and the benefits to users of financial statements of being able to link the two. On credit risk, the amendment:</p> <ul style="list-style-type: none"> - removes the option to omit disclosure of quantitative disclosures on credit risk etc. where the impact is not material (leaving this judgement to the auditors); - removes the requirement to disclose maximum exposure to credit risk if that risk is limited to the carrying amounts of the relevant assets; - adds the requirement to disclose the effect of any collateral held on the maximum exposure to credit risk, even where the unmitigated risk is (as above) equal to the carrying amount of the relevant assets; and - removes the requirement to make disclosures on assets where credit terms which would otherwise have |

| | | | |
|--------|--|---|---|
| | | | been breached have been renegotiated. Unlikely to have significant impact. |
| IFRS 7 | Financial Instruments: Disclosures — Amendments enhancing disclosures about transfers of financial assets | Annual periods beginning on or after 1 July 2011 | In response to the credit crisis, IFRS 7 has been strengthened to require more disclosure on transfer transactions (e.g. securitisations) involving financial assets, including the extent of any risks which may remain with the entity following the transfer. See further details of enhanced disclosures relating to transfers of financial assets below. |
| IFRS 9 | Financial Instruments — Classification and Measurement | Annual periods beginning on or after 1 January 2013 | See detail above – Standard issued but not included in 2010/11 FREM |
| IAS 1 | Presentation of Financial Statements — Amendments resulting from May 2010 Annual Improvements to IFRSs | Annual periods beginning on or after 1 January 2011 | Very minor amendment allowing items of other comprehensive income for respective elements of equity to be presented in the notes rather than in the SOCE itself. Unlikely to have a significant impact. |
| IAS 12 | Income Taxes — Limited scope amendment (recovery of underlying assets) | Annual periods beginning on or after 1 January 2012 | Unlikely to apply to public sector bodies |
| IAS 24 | Related Party Disclosures — Revised definition of related parties | Annual periods beginning on or after 1 January 2011 | Inclusion of a partial exemption for government-related entities. Given that the FREM interprets the related party requirements significantly to reduce the disclosure on transactions between public sector entities it is unlikely that this will have significant impact. |
| IAS 27 | Consolidated and Separate Financial Statements — Amendments resulting from May 2010 Annual Improvements to IFRSs | Annual periods beginning on or after 1 July 2010 | Consequential amendments to IAS 21 (The Effect of Changes in Foreign Exchange Rates), IAS 28 Investments in Associates and IAS 31 Investments in Joint Ventures clarifying whether the consequential amendments to those standards require retrospective or prospective application. Unlikely to apply to public sector bodies |
| IAS 34 | Interim Financial Reporting — Amendments resulting from May 2010 Annual Improvements to IFRSs | Annual periods beginning on or after 1 January 2011 | Strengthens requirement to include an explanation of events and transactions since the last full report (previously based on evidence only) including a |

| | | | |
|----------|---|---|--|
| | Annual Improvements to IFRSs | | list of those events and transactions required by their nature to be disclosed. Several such categories have been added:- changes in the business or economic circumstances that affect the fair value of the entity's financial assets and financial liabilities, whether they are recognised at fair value or amortised cost; - transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments; - changes in the classification of financial assets as a result of a change in the purpose or use of those assets; and - changes in contingent liabilities or contingent assets. The "where material" exemption for other information required in interim financial statements is also removed, leaving the materiality judgement to the auditor. Unlikely to apply to public sector bodies who produce full interim accounts. |
| IFRIC 13 | Customer Loyalty Programmes — Amendments resulting from May 2010 Annual Improvements to IFRSs | n/a – clarification only | Minor redrafting to clarify measurement basis for award credits accrued by customers, and to provide an expanded example. Unlikely to apply to public sector bodies |
| IFRIC 14 | Prepayments of a Minimum Funding Requirement | Annual periods beginning on or after 1 January 2011 | The amendment allows, in certain circumstances, an entity to treat the prepayment of future contributions to a pension scheme where there is a minimum funding requirement as an asset. |

IFRS 7 - Amendments enhancing disclosures about transfers of financial assets

Transfers of Financial Assets [IFRS 7.42A-H]

An entity shall disclose information that enables users of its financial statements:

to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities; and

to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognised financial assets. [IFRS 7 42B]

Transferred financial assets that are not derecognised in their entirety

Required disclosures include description of the nature of the transferred assets, nature of risk and rewards as well as description of the nature and quantitative disclosure depicting relationship between transferred financial assets and the associated liabilities. [IFRS 7.42D]

Transferred financial assets that are derecognised in their entirety

Required disclosures include the carrying amount of the assets and liabilities recognised, fair value of the assets and liabilities that represent continuing involvement, maximum exposure to loss from the continuing involvement as well as maturity analysis of the undiscounted cash flows to repurchase the derecognised financial assets. [IFRS 7.42E]

Additional disclosures are required for any gain or loss recognised at the date of transfer of the assets, income or expenses recognise from the entity's continuing involvement in the derecognised financial assets as well as details of uneven distribution of proceed from transfer activity throughout the reporting period. [IFRS 7.42G]

Significant FREM changes expected for 2011-12 (representing best practice disclosures in the spirit of IAS 8.30)

| FREM ref | Subject | Description of change |
|-----------------|------------------------------|--|
| Ch 3 | Parliamentary Accountability | Estimates from 2011-12 should be based on departmental budgets, and the structure of the Estimates should reflect the split between the Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME), with consequential adjustments to the Statement of Parliamentary Supply. Not applicable to Northern Ireland as we are not yet fully aligned. |
| Ch 4 | Accounting Boundaries | Revises the departmental resource accounting boundary to include non-departmental public bodies and other bodies classified to central government by the Office for National Statistics. The FREM also interprets IAS 27 in relation to the consolidation boundary Not applicable to Northern Ireland as we are not yet fully aligned. |
| Ch 11 | Income and Expenditure | Reflects the proposed changes to the treatment of income in (Westminster) Estimates, whereby voted totals will be net of income and the concept of 'appropriations-in-aid' disappears. Distinction drawn that Northern Ireland is treated differently. |
| Chs 11 & 13 | Accounting for Tax Credit | Accounting requirements have been clarified so that: <ul style="list-style-type: none"> • Use of tax revenues to fund tax credits (rather than be surrendered to the Consolidated Fund) is recorded in the HMRC Trust Statement as an appropriation of the revenue received (in the same way as other payments which are not Consolidated Fund surrenders); • Expenditure on tax credits is recorded in the Consolidated Statement of Comprehensive Net Expenditure of HMRC (or any other departments which may, in future, be responsible for tax credit expenditure); • Funding appropriated from the HMRC Trust Statement for tax credits (in accordance with (a) above) is recorded in the departmental resource accounts as financing. |

| | | |
|------------------|--|--|
| Chs 5, 6, 7 & 11 | Accounting for Capital Government Grants and Similar Financing from Non-Government Sources | <p>Adapts IAS 20 - so that the accounting treatment is extended to all capital non-exchange transactions (including donated assets). Non-exchange revenue relating to capital items should be recognised immediately, except where the funding is subject to a condition.</p> <p>Adapts IAS 16 – to supplement disclosure requirements to show how additions have been financed, i.e. own capital budget, government grant, donation, lottery funding.</p> |
|------------------|--|--|

Change in Accounting policy / Prior Year Restatement –

There were three changes in Accounting policy during the year. The prior year figures have been changed in the accounts (where material) 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. The changes were;

(i) Capital charges

One of the impacts of the HM Treasury alignment project to closer align budgets, estimates and accounts has resulted in the removal of cost of capital. Therefore from 2010-11 onwards the HSC body is no longer required to reflect a notional cost of capital within its accounts. Expenditure, reserves and non cash RRL have been restated in the comparative years to reflect this.

(ii) Clinical negligence

As a result of new budgetary arrangements for the HSC, following changes in HM Treasury budgeting guidance, cash funding to HSC bodies is now treated as grant in aid, and financial performance is measured with reference to a Revenue Resource Limit (RRL). The relevant changes were first introduced to Trust accounts in 2008/09, and then to the HSCB accounts in 2009/10.

However, as a result of the specific circumstances and more complex accounting arrangements relating to clinical negligence transactions and balances, the Department obtained dispensation from DFP which allowed HSC bodies to continue to cover clinical negligence costs by match funding. This was managed through the clinical negligence Central Fund such that re-imbursements receivable from the Central Fund in respect of clinical negligence provisions and liabilities were accounted for as income and reflected within debtors.

Clinical negligence provision continues to be fully funded but rather than being re-imbursed by Central fund, it is now matched by RRL non cash cover. The Central Fund will no longer be used to administer settlement of clinical negligence claims; rather HSC bodies will draw cash to cover clinical negligence settlements as grant in aid directly from the Department.

HSC bodies are now required to adopt this policy in full and have therefore restated any debtors in respect of amounts reimbursable from the Central Fund.

Income, receivables and non cash RRL have been restated in the comparative years to reflect this.

(iii) Impairment

Previously all impairments were charged to the Revaluation Reserve if one existed before the remaining amount was charged to the Statement of Comprehensive Net Expenditure. Treasury/DFP guidance for 2010-11 and future periods is that economic impairments should be charged in full to

the Statement of Comprehensive Net Expenditure with a corresponding transfer being made from the Revaluation Reserve to the General Fund. This is considered to be more transparent than the IFRS approach to impairments. There is no change in policy in respect of price impairments. Expenditure, reserves and non cash RRL have been restated in the comparative years to reflect this.

This change did not have any significant impact on the accounts and a prior year restatement was not required.

The table below shows the effect of all prior year adjustments

| 2009-10 | Cost of Capital | Clinical negligence | Impairment | Total |
|-------------|-----------------|---------------------|------------|----------|
| Income | 0 | (1,351) | 0 | (1,351) |
| Expenditure | (11,261) | 0 | 0 | (11,261) |
| Receivables | 0 | (21,158) | 0 | (21,158) |
| Payables | 0 | 0 | 0 | 0 |
| Reserves | 0 | (21,158) | 0 | (21,158) |
| RRL | (11,261) | 1,351 | 0 | (9,910) |

| 2008-09 | Cost of Capital | Clinical negligence | Impairment | Total |
|-------------|-----------------|---------------------|------------|----------|
| Receivables | 0 | (19,807) | 0 | (19,807) |
| Payables | 0 | 0 | 0 | 0 |
| Reserves | 0 | (19,807) | 0 | (19,807) |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

ANALYSIS OF NET EXPENDITURE BY SEGMENT

Note 2

The Trust is managed by the 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.

| | 2011 | | | Restated 2010 | | |
|--|--------------------------|--------------------------------|--------------------------------|--------------------------|--------------------------------|--------------------------------|
| | Staff Costs £000's | Other Expenditure £000's | Total Expenditure £000's | Staff Costs £000's | Other Expenditure £000's | Total Expenditure £000's |
| Directorate | | | | | | |
| Hospital Services | (129,395) | (33,376) | (162,771) | (125,990) | (39,523) | (165,513) |
| Adult Services | (37,909) | (32,922) | (70,831) | (36,126) | (31,421) | (67,547) |
| Children's Services & Social Work | (31,207) | (19,748) | (50,955) | (30,422) | (18,985) | (49,407) |
| Primary & Elderly Services | (61,509) | (75,288) | (136,797) | (61,507) | (73,179) | (134,686) |
| Support Services | (36,645) | (26,478) | (63,123) | (34,819) | (28,058) | (62,877) |
| Unallocated Expenditure | (685) | (2,488) | (3,173) | 843 | (1,248) | (405) |
| Expenditure for Reportable Segments net of Non Cash RRL per Note 25 | (297,350) | (190,300) | (487,650) | (288,021) | (192,414) | (480,435) |
| Non Cash RRL | | | (29,684) | | | (49,556) |
| Total Expenditure per Net Expenditure Account | | | (517,334) | | | (529,991) |
| Income Note 5 | | | 34,986 | | | 37,595 |
| Net Expenditure | | | (482,348) | | | (492,396) |
| Revenue Resource Limit | | | 482,392 | | | 492,424 |
| Surplus / (Deficit) against RRL | | | 44 | | | 28 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 3 STAFF NUMBERS AND RELATED COSTS

3.1 Staff Costs

| | 2011 | | | 2010 Restated |
|---|----------------|-------------------------|-----------------|------------------|
| | | Permanently employed | | |
| Staff costs comprise: | Total £000s | staff £000s | Others £000s | Total £000s |
| Wages & Salaries | 255,934 | 246,648 | 9,286 | 248,739 |
| Social Security costs | 17,155 | 17,155 | 0 | 16,515 |
| Other pension costs | 25,108 | 25,108 | 0 | 23,586 |
| Sub-Total | 298,197 | 288,911 | 9,286 | 288,840 |
| Capitalised staff costs | 847 | 847 | 0 | 819 |
| Total staff costs reported in Statement of Comprehensive Net Expenditure | 297,350 | 288,064 | 9,286 | 288,021 |
| Less recoveries in respect of outward secondments | 2,247 | | | 1,613 |
| Total net costs | 295,103 | | | 286,408 |

Staff Costs exclude £847k charged to capital projects during the year (2010 £819k)

The Trust participates in the HSC Superannuation 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 10-11.

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 3 STAFF NUMBERS AND RELATED COSTS

3.2 Average number of persons employed

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

| | | 2011 | | 2010 |
|---|--------------|--------------|------------|--------------|
| | Total | Permanently | Others | Total |
| | No. | employed | No. | No. |
| | | staff | | |
| | | No. | | |
| Medical and dental | 529 | 508 | 21 | 524 |
| Nursing and Midwifery | 2,785 | 2,621 | 164 | 2,816 |
| Professions Allied to medicine | 589 | 581 | 8 | 559 |
| Ancillaries | 1,198 | 1,187 | 11 | 1,227 |
| Administrative & Clerical | 1,368 | 1,303 | 65 | 1,454 |
| Ambulance Staff | 0 | 0 | 0 | 0 |
| Works | 91 | 91 | 0 | 86 |
| Other Professional and technical | 306 | 305 | 1 | 298 |
| Social Services | 1,101 | 1,075 | 26 | 1,123 |
| Other | 0 | 0 | 0 | 0 |
| Total average number of persons employed | 7,967 | 7,671 | 296 | 8,087 |
| Less average staff number relating to capitalised staff costs | 19 | 19 | | 13 |
| Less average staff number in respect of outward secondments | 83 | 83 | | 56 |
| Total net average number of persons employed | 7,865 | 7,569 | 296 | 8,018 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

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:

| 2010-11 | | | | 2009-10 | | | 2010-11 | | | | |
|--------------------------|-----------------|---------------------------------------|--|-----------------|---------------------------------------|--|--|--|------------------------------|------------------------------|--------------------------------------|
| Name | 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 31/03/10 £000s | CETV at 31/03/11 £000s | Real increase in CETV £000s |
| | | | | | | | | | | | |
| Non-Executive Members | | | | | | | | | | | |
| C McKenna | 25-30 | 0 | 0 | 30-35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| P Davidson | 5-10 | 0 | 0 | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| D Flanagan | 5-10 | 0 | 0 | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| F Graham | 5-10 | 0 | 0 | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| D Mann-Kler | 5-10 | 0 | 0 | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| N Mansley | 5-10 | 0 | 0 | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| D O’Hara | 5-10 | 0 | 0 | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| J Trethowen | 5-10 | 0 | 0 | 5-10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

3.3 Senior Employees' Remuneration (continued)

| 2010-11 | | | | 2009-10 | | |
|------------------------------------|-----------------|---------------------------------------|--|-----------------------------------|---------------------------------------|---|
| Name | 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) |
| Executive Members | | | | | | |
| H McCaughey | 120-125 | 0-5 | 400 | 95-100 (115-120 full year effect) | 0-5 | 300 |
| D Bannon | 65-70 | 0-5 | 1300 | 65-70 | 0-5 | 1500 |
| P Cummings | 0 | 0 | 0 | 15-20 (95-100 full year effect) | 0-5 | 600 |
| N Guckian | 80-85 | 0-5 | 300 | 40-45 (85-90 full year effect) | 0-5 | 0 |
| C Martyn (incs clinical duties) | 180-185 | 0 | 500 | 180-185 | 0 | 300 |
| C McArdle | 70-75 | 0-5 | 0 | 70-75 | 0-5 | 0 |
| S McGoran | 85-90 | 0-5 | 2700 | 85-90 | 0-5 | 3000 |
| E Molloy | 90-95 | 0-5 | 0 | 90-95 | 0-5 | 0 |
| N J Simpson | 85-90 | 0-5 | 0 | 85-90 | 0-5 | 300 |
| K Thompson | 85-90 | 0-5 | 0 | 85-90 | 0-5 | 0 |
| S Christie | 0 | 0 | 0 | 25-30 (60-65 full year effect) | 0-5 | 0 |

| 2010-11 | | | | |
|--|---|---------------------------|---------------------------|--------------------------------|
| 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 31/03/10 £000s | CETV at 31/03/11 £000s | Real increase in CETV £000s |
| 0-2.5 plus lump sum 0-2.5 | 35-40 plus lump sum 110-115 | 635 | 577 | (58) |
| -0-2.5 plus lump sum -2.5-5 | 30-35 plus lump sum 95-100 | 702 | 646 | (56) |
| 0 | 0 | 0 | 0 | 0 |
| 0-2.5 plus lump sum 0-2.5 | 15-20 plus lump sum 50-55 | 271 | 251 | (20) |
| 0-2.5 plus lump sum 0-2.5 | 45-50 plus lump sum 145-150 | 1,013 | 984 | (29) |
| 0-2.5 plus lump sum 0-2.5 | 15-20 plus lump sum 50-55 | 242 | 216 | (26) |
| 0-2.5 plus lump sum 0-2.5 | 25-30 plus lump sum 80-85 | 466 | 427 | (39) |
| -0-2.5 plus lump sum -0-2.5 | 35-40 plus lump sum 110-115 | 729 | 676 | (53) |
| n/a | n/a | n/a | n/a | n/a |
| 0-2.5 plus lump sum 0-2.5 | 25-30 plus lump sum 80-85 | 611 | 590 | (21) |
| 0 | 0 | 0 | 0 | 0 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

3.3 Senior Employees' Remuneration (continued)

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 HPSS 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.

Please note that the actuarial factors that are used in the CETV calculation were changed during 2010, due to changes in the demographic assumptions and the move from Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to update HPSS Pensions. This means that the CETV in this year's report 31/03/11 will not be the same as the corresponding figure shown in last year's report.

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.

NJ Simpson – As this member is over the age of 60, a CETV cannot be provided. Members over the age of 60 are not allowed to transfer from the scheme and therefore factors are not available to calculate a CETV value.

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 3 STAFF NUMBERS AND RELATED COSTS

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

| Exit package cost band | 2011 | | | 2010 | | |
|--|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|--|
| | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band |
| <£10,000 | 0 | 11 | 11 | 0 | 10 | 10 |
| £10,000 - £25,000 | 0 | 26 | 26 | 0 | 12 | 12 |
| £25,000 - £50,000 | 0 | 28 | 28 | 0 | 8 | 8 |
| £50,000 - £100,000 | 0 | 25 | 25 | 0 | 9 | 9 |
| £100,000- £150,000 | 0 | 6 | 6 | 0 | 5 | 5 |
| £150,000- £200,000 | 0 | 2 | 2 | 0 | 2 | 2 |
| >£200,000 | 0 | 0 | 0 | 0 | 2 | 2 |
| Total number of exit packages by type | 0 | 98 | 98 | 0 | 48 | 48 |
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Total resource cost | 0 | 4,327 | 4,327 | 0 | 2,643 | 2,643 |

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 (except for £96k of two exit packages which was funded through an invest to save scheme in 2010/11. This cost is disclosed in note 4 of the accounts.) 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.

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 3 STAFF NUMBERS AND RELATED COSTS

| | 2011 | 2010 |
|--|----------------|----------------|
| | £000s | £000s |
| 3.5 Staff Benefits | | |
| Staff benefits | 0 | 0 |
| 3.6 Trust Management Costs | | Restated |
| | 2011 | 2010 |
| | £000s | £000s |
| Trust Management Costs | 17,777 | 17,345 |
| Income: | | |
| RRL | 482,392 | 492,424 |
| Income per Note 5 | 34,986 | 37,595 |
| Non cash RRL for movement in clinical negligence provision | (9,511) | (1,351) |
| Less interest receivable | 0 | 0 |
| Total Income | 507,867 | 528,668 |
| % of total income | 3.5% | 3.3% |

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 2010/11 there were 38 early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £182k. These costs are borne by the HSC Pension Scheme.

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 4 OPERATING EXPENSES

Operating Expenses

4.0 Operating Expenses are as follows:-

| | 2011 £000s | Restated 2010 £000s |
|---|----------------|---------------------------|
| Purchase of care from non-HPSS bodies | 92,386 | 95,914 |
| Revenue Grants to voluntary organisations | 9,101 | 8,597 |
| Capital Grants to voluntary organisations | 0 | 500 |
| Personal social services | 8,844 | 8,218 |
| Recharges from other HSC organisations | 9,008 | 8,909 |
| Supplies and services - Clinical | 28,314 | 27,061 |
| Supplies and services - General | 5,236 | 6,065 |
| Establishment | 9,673 | 10,618 |
| Transport | 1,052 | 813 |
| Premises | 17,363 | 15,818 |
| Bad debts | (318) | (40) |
| Rentals under operating leases | 1,753 | 612 |
| Rentals under finance leases | 0 | 0 |
| Finance cost of finance leases | 0 | 0 |
| Interest charges | 0 | 0 |
| PFI and other service concession arrangements service charges | 0 | 0 |
| Research & Development expenditure | 0 | 0 |
| Clinical Negligence - other expenditure | 0 | 0 |
| BSO services | 0 | 0 |
| Training | 0 | 0 |
| Professional Fees | 0 | 0 |
| Patients Travelling Expenses | 0 | 0 |
| Costs of exit packages not provided for | 96 | 0 |
| Elective Care | 0 | 0 |
| Miscellaneous expenditure | 5,304 | 5,678 |
| Non cash items | | |
| Depreciation | 14,468 | 14,385 |
| Amortisation | 0 | 0 |
| Impairments | 7,538 | 37,812 |
| (Profit) on disposal of assets (excluding profit on land) | 0 | (114) |
| Loss on disposal of assets (including land) | 160 | 0 |
| Cost of Capital | 0 | 0 |
| Provisions provided for in year | 9,353 | 583 |
| Unwinding of discount on provisions | 597 | 476 |
| Auditors remuneration | 56 | 65 |
| Total | 219,984 | 241,970 |

During the year £3k was paid to the Northern Ireland Audit Office (NIAO) in respect of work carried out in respect of the National Fraud Initiative. This amount is reflected within miscellaneous expenditure. Other than this, the Trust purchased no non audit services from its external auditor (NIAO).

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 5 INCOME

5.1 Income from Activities

| | 2011 £000s | 2010 £000s |
|---|---------------|---------------|
| GB/Republic of Ireland Health Authorities | 0 | 0 |
| HSC Trusts | 858 | 935 |
| Non-HSC:- Private patients | 347 | 385 |
| Non-HSC:- Other | 2,393 | 2,297 |
| Clients contributions | 20,019 | 18,687 |
| Total | 23,617 | 22,304 |

5.2 Other Operating Income

| | 2011 £000s | 2010 £000s |
|---|---------------|---------------|
| Other income from non-patient services | 6,634 | 8,411 |
| Seconded staff | 2,247 | 1,613 |
| Charitable and other contributions to expenditure | 0 | 0 |
| Profit on disposal of land | 0 | 0 |
| Interest receivable | 0 | 0 |
| Total | 8,881 | 10,024 |

5.3 Transfers from reserves for donated property, plant, equipment and intangibles

| | 2011 £000s | 2010 £000s |
|--|---------------|---------------|
| Donated asset reserve transfer for Impairment | 2,098 | 4,630 |
| Donated asset reserve transfer for Depreciation & amortisation | 385 | 637 |
| Donated asset reserve transfer for (profit)/loss on disposal | 5 | 0 |
| Total | 2,488 | 5,267 |

5.4 Reimbursements receivable in respect of provisions

| | 2011 £000s | Restated 2010 £000s |
|---|---------------|---------------------------|
| Movements in reimbursable income from Clin Neg Central Fund | | |
| Total | 0 | 0 |
| TOTAL INCOME | 34,986 | 37,595 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 6 Property, Plant & Equipment

Summary

| | Purchased £000s | Donated £000s | 2011 Total £000s |
|----------------------------------|----------------------------|--------------------------|---------------------------------|
| Net book value: | | | |
| Land | 52,135 | 12,187 | 64,322 |
| Buildings (excluding dwellings) | 251,136 | 2,991 | 254,127 |
| Dwellings | 34,215 | 0 | 34,215 |
| Assets under construction | 11,664 | 0 | 11,664 |
| Plant and machinery (Equipment) | 20,398 | 510 | 20,908 |
| Transport Equipment | 766 | 26 | 792 |
| Information Technology (IT) | 8,798 | 13 | 8,811 |
| Furniture & Fittings | 2,331 | 0 | 2,331 |
| Total PPE - 31 March 2011 | 381,443 | 15,727 | 397,170 |

| | Purchased £000s | Donated £000s | 2010 Total £000s |
|----------------------------------|----------------------------|--------------------------|---------------------------------|
| Net book value: | | | |
| Land | 56,416 | 14,220 | 70,636 |
| Buildings (excluding dwellings) | 189,773 | 2,805 | 192,578 |
| Dwellings | 33,465 | 0 | 33,465 |
| Assets under construction | 53,845 | 0 | 53,845 |
| Plant and machinery (Equipment) | 19,615 | 698 | 20,313 |
| Transport Equipment | 621 | 32 | 653 |
| Information Technology (IT) | 6,017 | 23 | 6,040 |
| Furniture & Fittings | 2,039 | 0 | 2,039 |
| Total PPE - 31 March 2010 | 361,791 | 17,778 | 379,569 |

Professional revaluations of land and buildings are undertaken by Land and Property Services (LPS) at least once in every five year period and are revalued annually, between professional valuations, using indices provided by LPS. See Accounting Policy Note 1, Section 1.3 for more details of valuation of Property, Plant and Equipment.

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 6.1 Property, Plant & Equipment - Purchased assets - 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 | 56,416 | 189,773 | 33,465 | 53,845 | 36,087 | 3,276 | 14,131 | 3,032 | 390,025 |
| Indexation | 0 | 3,272 | 1,045 | 0 | 889 | 0 | 0 | 0 | 5,206 |
| Additions | 2,318 | 11,540 | 535 | 10,675 | 3,799 | 288 | 4,476 | 626 | 34,257 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 1,863 | 50,462 | 16 | (50,627) | 60 | 89 | 0 | 0 | 1,863 |
| Revaluation | 0 | (478) | 0 | 0 | 0 | 0 | 0 | 0 | (478) |
| (Impairments) | (8,462) | 3,923 | 224 | (2,229) | 0 | 0 | 0 | 0 | (6,544) |
| (Disposals) | 0 | 0 | 0 | 0 | (799) | 0 | 0 | 0 | (799) |
| At 31 March 2011 | 52,135 | 258,492 | 35,285 | 11,664 | 40,036 | 3,653 | 18,607 | 3,658 | 423,530 |
| Depreciation | | | | | | | | | |
| At 1 April 2010 | 0 | 0 | 0 | 0 | 16,472 | 2,655 | 8,114 | 993 | 28,234 |
| Indexation | 0 | 0 | 0 | 0 | 407 | 0 | 0 | 0 | 407 |
| 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 | (1) | 0 | (1) |
| (Impairments) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Disposals) | 0 | 0 | 0 | 0 | (636) | 0 | 0 | 0 | (636) |
| Provided during the year | 0 | 7,356 | 1,070 | 0 | 3,395 | 232 | 1,696 | 334 | 14,083 |
| At 31 March 2011 | 0 | 7,356 | 1,070 | 0 | 19,638 | 2,887 | 9,809 | 1,327 | 42,087 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 6.1 (continued) Property, Plant & Equipment - Purchased assets - 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 |
|---|---------------|--|--------------------|---------------------------------------|--|---------------------------------|--|------------------------------------|----------------|
| Net Book Value | | | | | | | | | |
| At 31 March 2011 | 52,135 | 251,136 | 34,215 | 11,664 | 20,398 | 766 | 8,798 | 2,331 | 381,443 |
| At 31 March 2010 | 56,416 | 189,773 | 33,465 | 53,845 | 19,615 | 621 | 6,017 | 2,039 | 361,791 |
| Asset financing | | | | | | | | | |
| Owned | 52,135 | 251,136 | 34,215 | 11,664 | 20,398 | 766 | 8,798 | 2,331 | 381,443 |
| 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 |
| Net Book Value | | | | | | | | | |
| At 31 March 2011 | 52,135 | 251,136 | 34,215 | 11,664 | 20,398 | 766 | 8,798 | 2,331 | 381,443 |

The total amount of depreciation charged in the Statement of Comprehensive Net Expenditure in respect of assets held under finance leases and hire purchase contracts is £0 (2010 £0)

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 6.2 Property, Plant & Equipment - Purchased assets - year ended 31 March 2010

| | 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 2009 | 78,614 | 176,120 | 39,540 | 92,640 | 28,141 | 3,074 | 11,593 | 2,045 | 431,767 |
| Indexation | (3,816) | (9,575) | (1,934) | 0 | 894 | 259 | 0 | 0 | (14,172) |
| Additions | 0 | 4,678 | 275 | 24,592 | 7,901 | 46 | 2,531 | 1,000 | 41,023 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | (5,700) | 53,656 | 303 | (53,954) | 26 | (26) | 7 | (12) | (5,700) |
| Revaluation | (3,584) | (22,932) | (2,286) | 44 | (97) | 0 | 0 | (1) | (28,856) |
| (Impairments) | (9,098) | (12,174) | (2,433) | (9,477) | 0 | 0 | 0 | 0 | (33,182) |
| (Disposals) | 0 | 0 | 0 | 0 | (778) | (77) | 0 | 0 | (855) |
| At 31 March 2010 | 56,416 | 189,773 | 33,465 | 53,845 | 36,087 | 3,276 | 14,131 | 3,032 | 390,025 |
| Depreciation | | | | | | | | | |
| At 1 April 2009 | 0 | 34,544 | 4,888 | 0 | 14,067 | 2,290 | 6,684 | 747 | 63,220 |
| Indexation | 0 | (1,377) | (192) | 0 | 448 | 195 | 0 | 0 | (926) |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation | 0 | (40,526) | (6,558) | 0 | (3) | (1) | 128 | (1) | (46,961) |
| (Impairments) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Disposals) | 0 | 0 | 0 | 0 | (770) | (77) | 0 | 0 | (847) |
| Provided during the year | 0 | 7,359 | 1,862 | 0 | 2,730 | 248 | 1302 | 247 | 13,748 |
| At 31 March 2010 | 0 | 0 | 0 | 0 | 16,472 | 2,655 | 8,114 | 993 | 28,234 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 6.2 (Continued) Property, Plant & Equipment - Purchased assets - year ended 31 March 2010

| | 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 |
|---|---------------|--|--------------------|---------------------------------------|--|---------------------------------|--|------------------------------------|----------------|
| Net Book Value | | | | | | | | | |
| At 1 April 2009 | 78,614 | 141,576 | 34,652 | 92,640 | 14,074 | 784 | 4,909 | 1,298 | 368,547 |
| At 31 March 2010 | 56,416 | 189,773 | 33,465 | 53,845 | 19,615 | 621 | 6,017 | 2,039 | 361,791 |
| Asset financing | | | | | | | | | |
| Owned | 56,416 | 189,773 | 33,465 | 53,845 | 19,615 | 621 | 6,017 | 2,039 | 361,791 |
| 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 |
| Net Book Value | | | | | | | | | |
| At 31 March 2010 | 56,416 | 189,773 | 33,465 | 53,845 | 19,615 | 621 | 6,017 | 2,039 | 361,791 |
| Asset financing | | | | | | | | | |
| Owned | 78,614 | 141,576 | 34,652 | 92,640 | 14,074 | 784 | 4,909 | 1,298 | 368,547 |
| 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 |
| Net Book Value | | | | | | | | | |
| At 1 April 2009 | 78,614 | 141,576 | 34,652 | 92,640 | 14,074 | 784 | 4,909 | 1,298 | 368,547 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 6.3 Property, Plant & Equipment - Donated assets - 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 | 14,220 | 2,805 | 0 | 0 | 4,249 | 76 | 238 | 2 | 21,590 |
| Indexation | 0 | 71 | 0 | 0 | 105 | 0 | 0 | 0 | 176 |
| Additions | 0 | 19 | 0 | 0 | 70 | 0 | 0 | 0 | 89 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation | 100 | 160 | 0 | 0 | 0 | 0 | 0 | 0 | 260 |
| (Impairments) | (2,133) | 35 | 0 | 0 | 0 | 0 | 0 | 0 | (2,098) |
| (Disposals) | 0 | 0 | 0 | 0 | (164) | 0 | 0 | 0 | (164) |
| At 31 March 2011 | 12,187 | 3,090 | 0 | 0 | 4,260 | 76 | 238 | 2 | 19,853 |
| Depreciation | | | | | | | | | |
| At 1 April 2010 | 0 | 0 | 0 | 0 | 3,551 | 44 | 215 | 2 | 3,812 |
| Indexation | 0 | 0 | 0 | 0 | 88 | 0 | 0 | 0 | 88 |
| 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) | 0 | 0 | 0 | 0 | (159) | 0 | 0 | 0 | (159) |
| Provided during the year | 0 | 99 | 0 | 0 | 270 | 6 | 10 | 0 | 385 |
| At 31 March 2011 | 0 | 99 | 0 | 0 | 3,750 | 50 | 225 | 2 | 4,126 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 6.3 (continued) Property, Plant & Equipment - Donated assets - 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 |
|---|---------------|--|--------------------|---------------------------------------|--|---------------------------------|--|------------------------------------|----------------|
| Net Book Value | | | | | | | | | |
| At 31 March 2011 | 12,187 | 2,991 | 0 | 0 | 510 | 26 | 13 | 0 | 15,727 |
| At 31 March 2010 | 14,220 | 2,805 | 0 | 0 | 698 | 32 | 23 | 0 | 17,778 |
| Asset financing | | | | | | | | | |
| Owned | 12,187 | 2,991 | 0 | 0 | 510 | 26 | 13 | 0 | 15,727 |
| 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 |
| Net Book Value | | | | | | | | | |
| At 31 March 2011 | 12,187 | 2,991 | 0 | 0 | 510 | 26 | 13 | 0 | 15,727 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 6.4 Property, Plant & Equipment - Donated assets - Year ended 31 March 2010

| | 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 2009 | 19,783 | 3,513 | 0 | 23 | 3,972 | 70 | 238 | 2 | 27,601 |
| Indexation | (1,164) | (193) | 0 | 0 | 126 | 6 | 0 | 0 | (1,225) |
| Additions | 0 | 435 | 0 | 0 | 242 | 0 | 0 | 0 | 677 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 23 | 0 | (23) | 0 | 0 | 0 | 0 | 0 |
| Revaluation | 0 | (742) | 0 | 0 | (3) | 0 | 0 | 0 | (745) |
| (Impairments) | (4,399) | (231) | 0 | 0 | 0 | 0 | 0 | 0 | (4,630) |
| (Disposals) | 0 | 0 | 0 | 0 | (88) | 0 | 0 | 0 | (88) |
| At 31 March 2010 | 14,220 | 2,805 | 0 | 0 | 4,249 | 76 | 238 | 2 | 21,590 |
| Depreciation | | | | | | | | | |
| At 1 April 2009 | 0 | 1,033 | 0 | 0 | 3,191 | 34 | 200 | 2 | 4,460 |
| Indexation | 0 | (41) | 0 | 0 | 99 | 3 | 0 | 0 | 61 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation | 0 | (1,257) | 0 | 0 | (4) | 1 | 2 | 0 | (1,258) |
| (Impairments) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Disposals) | 0 | 0 | 0 | 0 | (88) | 0 | 0 | 0 | (88) |
| Provided during the year | 0 | 265 | 0 | 0 | 353 | 6 | 13 | 0 | 637 |
| At 31 March 2010 | 0 | 0 | 0 | 0 | 3,551 | 44 | 215 | 2 | 3,812 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 6.4 (continued) Property, Plant & Equipment - Donated assets - Year ended 31 March 2010

Net Book Value

| | | | | | | | | | |
|------------------|---------------|--------------|----------|-----------|------------|-----------|-----------|----------|---------------|
| At 1 April 2009 | 19,783 | 2,480 | 0 | 23 | 781 | 36 | 38 | 0 | 23,141 |
| At 31 March 2010 | 14,220 | 2,805 | 0 | 0 | 698 | 32 | 23 | 0 | 17,778 |

Asset financing

| | | | | | | | | | |
|---|---------------|--------------|----------|----------|------------|-----------|-----------|----------|---------------|
| Owned | 14,220 | 2,805 | 0 | 0 | 698 | 32 | 23 | 0 | 17,778 |
| 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 |

Net Book Value

| | | | | | | | | | |
|------------------|---------------|--------------|----------|----------|------------|-----------|-----------|----------|---------------|
| At 31 March 2010 | 14,220 | 2,805 | 0 | 0 | 698 | 32 | 23 | 0 | 17,778 |
|------------------|---------------|--------------|----------|----------|------------|-----------|-----------|----------|---------------|

Asset financing

| | | | | | | | | | |
|---|---------------|--------------|----------|-----------|------------|-----------|-----------|----------|---------------|
| Owned | 19,783 | 2,480 | 0 | 23 | 781 | 36 | 38 | 0 | 23,141 |
| 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 |

Net Book Value

| | | | | | | | | | |
|-----------------|---------------|--------------|----------|-----------|------------|-----------|-----------|----------|---------------|
| At 1 April 2009 | 19,783 | 2,480 | 0 | 23 | 781 | 36 | 38 | 0 | 23,141 |
|-----------------|---------------|--------------|----------|-----------|------------|-----------|-----------|----------|---------------|

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 7 Intangible Assets

Summary

| | | | 2011 |
|--|--------------------|------------------|----------------|
| | Purchased £000s | Donated £000s | Total £000s |
| Net book value: | | | |
| Software | 0 | 0 | 0 |
| Software licenses | 0 | 0 | 0 |
| Total Intangible assets - 31 March 2011 | 0 | 0 | 0 |

| | | | 2010 |
|--|--------------------|------------------|----------------|
| | Purchased £000s | Donated £000s | Total £000s |
| Net book value: | | | |
| Software | 0 | 0 | 0 |
| Software licenses | 0 | 0 | 0 |
| Total Intangible assets - 31 March 2010 | 0 | 0 | 0 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 7.1 INTANGIBLE ASSETS (Purchased) - Year ended 31 March 2011

| | Software licenses | Software | Total |
|--|-------------------|----------|----------|
| Cost or Valuation | £000s | £000s | £000s |
| At 1 April 2010 | 0 | 0 | 0 |
| Indexation | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 |
| Revaluation | 0 | 0 | 0 |
| (Impairments) | 0 | 0 | 0 |
| (Disposals) | 0 | 0 | 0 |
| At 31 March 2011 | 0 | 0 | 0 |
| Amortisation | | | |
| At 1 April 2010 | 0 | 0 | 0 |
| Indexation | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 |
| Revaluation | 0 | 0 | 0 |
| (Impairments) | 0 | 0 | 0 |
| (Disposals) | 0 | 0 | 0 |
| Provided during the year | 0 | 0 | 0 |
| At 31 March 2011 | 0 | 0 | 0 |
| Net Book Value | | | |
| At 31 March 2011 | 0 | 0 | 0 |
| At 31 March 2010 | 0 | 0 | 0 |
| Asset financing | | | |
| Owned | 0 | 0 | 0 |
| Finance Leased | 0 | 0 | 0 |
| On b/s PFI and other service concession arrangements contracts | 0 | 0 | 0 |
| Net Book Value | | | |
| At 31 March 2011 | 0 | 0 | 0 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 7.2 INTANGIBLE ASSETS (Purchased) - Year ended 31 March 2010

| | Software licenses | Software | Total |
|--|-------------------|----------|----------|
| Cost or Valuation | £000s | £000s | £000s |
| At 1 April 2009 | 434 | 0 | 434 |
| Indexation | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 |
| Revaluation | 0 | 0 | 0 |
| (Impairments) | 0 | 0 | 0 |
| (Disposals) | (434) | 0 | (434) |
| At 31 March 2010 | 0 | 0 | 0 |
| Amortisation | | | |
| At 1 April 2009 | 434 | 0 | 434 |
| Indexation | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 |
| Revaluation | 0 | 0 | 0 |
| (Impairments) | 0 | 0 | 0 |
| (Disposals) | (434) | 0 | (434) |
| Provided during the year | 0 | 0 | 0 |
| At 31 March 2010 | 0 | 0 | 0 |
| Net Book Value | | | |
| At 1 April 2009 | 0 | 0 | 0 |
| At 31 March 2010 | 0 | 0 | 0 |
| Asset financing | | | |
| Owned | 0 | 0 | 0 |
| Finance Leased | 0 | 0 | 0 |
| | 0 | 0 | 0 |
| On b/s PFI and other service concession arrangements contracts | | | |
| Net Book Value | | | |
| At 31 March 2010 | 0 | 0 | 0 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 7.2 (continued)

INTANGIBLE ASSETS (Purchased) - Year ended 31 March 2010

| | Software licenses | Software | Total |
|--|-------------------|----------|----------|
| | £000s | £000s | £000s |
| Asset financing | | | |
| Owned | 0 | 0 | 0 |
| Finance Leased | 0 | 0 | 0 |
| | 0 | 0 | 0 |
| On b/s PFI and other service concession arrangements contracts | | | |
| Net Book Value | | | |
| At 1 April 2009 | 0 | 0 | 0 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 7.3 INTANGIBLE ASSETS (Donated) - Year ended 31 March 2011

The Trust does not have any intangible donated assets 2011.

NOTE 7.4 INTANGIBLE ASSETS (Donated) - Year ended 31 March 2010

The Trust does not have any intangible donated assets 2010.

NOTE 8 FINANCIAL INSTRUMENTS

The Trust does not have any financial instruments, apart from note 12 Trade Receivables, note 13 Cash Balances and note 14 Trade Payables.

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 9 ASSETS CLASSIFIED AS HELD FOR SALE

| | Land | | | Buildings | | | Total | | |
|-----------------------------------|--------------|--------------|------------|-----------|----------|----------|--------------|--------------|------------|
| | 2011 | 2010 | Restated | 2011 | 2010 | Restated | 2011 | 2010 | Restated |
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Cost | | | | | | | | | |
| At 1 April | 5,700 | 580 | 0 | 0 | 0 | 0 | 5,700 | 580 | 0 |
| Additions | 401 | 0 | 0 | 0 | 0 | 0 | 401 | 0 | 0 |
| Transfers from | (1,863) | 5,700 | 580 | 0 | 0 | 0 | (1,863) | 5,700 | 580 |
| (Disposals) | 0 | (580) | 0 | 0 | 0 | 0 | 0 | (580) | 0 |
| Revaluation | (735) | 0 | 0 | 0 | 0 | 0 | (735) | 0 | 0 |
| At 31 March | 3,503 | 5,700 | 580 | 0 | 0 | 0 | 3,503 | 5,700 | 580 |
| Depreciation | | | | | | | | | |
| At 1 April | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers from | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net book value at 31 March | 3,503 | 5,700 | 580 | 0 | 0 | 0 | 3,503 | 5,700 | 580 |

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

As the former Downe Hospital site has still not received planning permission during the year it was transferred back to non-current assets.

As the 31st March 2011 non-current assets held for resale comprise Bayview Resource Centre and parts of Downshire Hospital.

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

10 IMPAIRMENTS

| | Property, Plant & Equipment | | 2011 | | Total £000s |
|---|--|--------------|--------------|--------------|------------------------|
| | £000s | £000s | £000s | £000s | |
| | Purchased | Donated | Purchased | Donated | |
| Total value of impairments for the period | 6,544 | 2,098 | 0 | 0 | 8,642 |
| Impairments charged to Revaluation Reserve / Donation Reserve | 1,104 | 2,098 | 0 | 0 | 3,202 |
| Impairments charged to Statement of Comprehensive Net Expenditure within Net Expenditure | 5,440 | 0 | 0 | 0 | 5,440 |

| | Property, Plant & Equipment | | 2010 | | Total £000s |
|---|--|--------------|--------------|--------------|------------------------|
| | £000s | £000s | £000s | £000s | |
| | Purchased | Donated | Purchased | Donated | |
| Total value of impairments for the period | 33,182 | 4,630 | 0 | 0 | 37,812 |
| Impairments charged to Revaluation Reserve / Donation Reserve | 0 | 4,630 | 0 | 0 | 4,630 |
| Impairments charged to Statement of Comprehensive Net Expenditure within Net Expenditure | 33,182 | 0 | 0 | 0 | 33,182 |

| | Property, Plant & Equipment | | 2009 | | Total £000s |
|---|--|--------------|--------------|--------------|------------------------|
| | £000s | £000s | £000s | £000s | |
| | Purchased | Donated | Purchased | Donated | |
| Total value of impairments for the period | 1,541 | 0 | 0 | 0 | 1,541 |
| Impairments charged to Revaluation Reserve / Donation Reserve | 0 | 0 | 0 | 0 | 0 |
| Impairments charged to Statement of Comprehensive Net Expenditure within Net Expenditure | 1,541 | 0 | 0 | 0 | 1,541 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

11 INVENTORIES

| Classification | 2011 | 2010 | Restated 2009 |
|---------------------------------|--------------|--------------|------------------|
| | £000s | £000s | £000s |
| Pharmacy Supplies | 1,044 | 965 | 914 |
| Theatre equipment | 522 | 528 | 307 |
| Building & Engineering Supplies | 100 | 121 | 120 |
| Fuel | 280 | 282 | 131 |
| Community Care Appliances | 77 | 99 | 107 |
| Laboratory Materials | 92 | 142 | 80 |
| Stationery | 84 | 75 | 70 |
| Laundry | 58 | 67 | 66 |
| X-Ray | 16 | 33 | 15 |
| Stock held for resale | 8 | 8 | 7 |
| Orthopaedic Equipment | 11 | 7 | 5 |
| Heat, Light and Power | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Total | 2,292 | 2,327 | 1,822 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

| | 2011 £000s | Restated 2010 £000s | Restated 2009 £000s |
|--|---------------|---------------------------|---------------------------|
| Amounts falling due within one year | | | |
| Trade receivables | 1,616 | 8,537 | 1,671 |
| Deposits and advances | 0 | 0 | 0 |
| Clinical Negligence provision receivable | 0 | 0 | 0 |
| Clinical Negligence Central Fund reimbursements receivable | 0 | 0 | 0 |
| Other receivables | 13,163 | 10,840 | 12,093 |
| Trade and other Receivables | 14,779 | 19,377 | 13,764 |
| Prepayments and accrued income | 0 | 0 | 0 |
| Current part of PFI and other service concession arrangements prepayment | 0 | 0 | 0 |
| Other current assets | 0 | 0 | 0 |
| Amounts falling due after more than one year | | | |
| Trade Receivables | 0 | 0 | 0 |
| Deposits and advances | 0 | 0 | 0 |
| Clinical Negligence Receivable | 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 | 14,779 | 19,377 | 13,764 |
| TOTAL OTHER CURRENT ASSETS | 0 | 0 | 0 |
| TOTAL RECEIVABLES AND OTHER CURRENT ASSETS | 14,779 | 19,377 | 13,764 |

The balances are net of a provision for bad debts of £1,374k (2010 £1,692k) (2009 £1,731k)

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

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

| | Restated | Restated | Restated | Restated |
|---|---|---|---|--|
| | Amounts falling due within 1 year 2010/11 | Amounts falling due within 1 year 2009/10 | Amounts falling due within 1 year 2008/09 | Amounts falling due after more than 1 year 2010/11 |
| | £000s | £000s | £000s | £000s |
| Name | | | | |
| Balances with other central government bodies | 3,716 | 10,407 | 446 | 0 |
| Balances with local authorities | 0 | 0 | 0 | 0 |
| Balances with NHS /HSC Trusts | 1,205 | 1,356 | 1,226 | 0 |
| Balances with public corporations and trading funds | 0 | 0 | 0 | 0 |
| Intra-Government Balances | 4,921 | 11,763 | 1,672 | 0 |
| Balances with bodies external to government | 9,858 | 7,614 | 12,092 | 0 |
| Total Receivables and other current assets at 31 March | 14,779 | 19,377 | 13,764 | 0 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

13 CASH AND CASH EQUIVALENTS

| | 2011 | 2010 | 2009 |
|---|--------------|--------------|--------------|
| | £000s | £000s | £000s |
| Balance at 1st April | 1,884 | 1,090 | 7,421 |
| Net change in cash and cash equivalents | (1,092) | 794 | (6,331) |
| Balance at 31st March | 792 | 1,884 | 1,090 |

The following balances at 31 March were held at

| | 2011 | 2010 | 2009 |
|-----------------------------------|--------------|--------------|--------------|
| | £000s | £000s | £000s |
| Commercial banks and cash in hand | 792 | 1,884 | 1,090 |
| Balance at 31st March | 792 | 1,884 | 1,090 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

| | 2011 £000s | 2010 £000s | Restated 2009 £000s |
|--|---------------|---------------|---------------------------|
| Amounts falling due within one year | | | |
| Other taxation and social security | 15 | 0 | 0 |
| Bank overdraft | 0 | 0 | 0 |
| Trade capital payables | 13,453 | 8,850 | 12,560 |
| Trade revenue payables | 6,129 | 10,192 | 3,893 |
| Payroll payables | 27,444 | 27,347 | 27,035 |
| Clinical Negligence payables | 130 | 198 | 3,427 |
| RPA payables | 1,191 | 370 | 477 |
| BSO payables | 12 | 0 | 0 |
| Other payables | 9,407 | 12,091 | 15,916 |
| Accruals and deferred income | 0 | 0 | 0 |
| Trade and other payables | 57,781 | 59,048 | 63,308 |
| | | | |
| Current part of finance leases | 0 | 0 | 0 |
| 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 | 0 | 0 | 0 |
| | | | |
| Total payables falling due within one year | 57,781 | 59,048 | 63,308 |
| | | | |
| Amounts falling due after more than one year | | | |
| Other Payables, accruals and deferred income | 0 | 0 | 0 |
| Trade and other payables | 0 | 0 | 0 |
| Clinical Negligence payables | 0 | 0 | 0 |
| Finance leases | 0 | 0 | 0 |
| 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 | 0 | 0 | 0 |
| | | | |
| TOTAL TRADE PAYABLES AND OTHER CURRENT LIABILITIES | 57,781 | 59,048 | 63,308 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

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

| Name | Restated | | | Restated | | |
|---|---|---|---|---|---|---|
| | Amounts falling due within 1 year 2010/11 | Amounts falling due within 1 year 2009/10 | Amounts falling due within 1 year 2008/09 | Amounts falling due after more than 1 year 2010/11 | Amounts falling due after more than 1 year 2009/10 | Amounts falling due after more than 1 year 2008/09 |
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Balances with other central government bodies | 2,447 | 4,043 | 920 | 0 | 0 | 0 |
| Balances with local authorities | 4 | 3 | 24 | 0 | 0 | 0 |
| Balances with NHS /HSC Trusts | 1,979 | 7,860 | 3,055 | 0 | 0 | 0 |
| Balances with public corporations and trading funds | 3 | 0 | 1 | 0 | 0 | 0 |
| Intra-Government Balances | 4,433 | 11,906 | 4,000 | 0 | 0 | 0 |
| Balances with bodies external to government | 53,348 | 47,142 | 59,308 | 0 | 0 | 0 |
| Total Payables and other liabilities at 31 March | 57,781 | 59,048 | 63,308 | 0 | 0 | 0 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

14 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

NOTE 14.2 LOANS

The Trust did not have any loans payable at either 31 March 2011 or 31 March 2010.

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 15 PROMPT PAYMENT POLICY

15.1 Public Sector Payment Policy - Measure of Compliance

The Department requires that Trust 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:

| | 2011 Number | 2011 Value £000s | 2010 Number | 2010 Value £000s |
|---|------------------------|---------------------------------|------------------------|---------------------------------|
| Total bills paid | 121,262 | 194,928 | 143,254 | 236,196 |
| Total bills paid within 30 day target or under agreed payment terms | 111,417 | 183,664 | 129,659 | 222,480 |
| % of bills paid within 30 day target or under agreed payment terms | 91.9% | 94.2% | 90.5% | 94.2% |

Revised guidance was issued by DHSSPS (circular HSC (F) 04/2011) in 2010/11 in respect of how Prompt Payment Compliance is to be measured. Standard HSC conditions of contract for purchase of goods and services stipulates that payment must be made "end of the month following the month in which the invoice is received or the goods are delivered, whichever is the later" In practice this means that payment must be made between 30 to 60 days depending on when the invoice is received or the goods delivered. The Trust uses an average of 45 days to measure its compliance. 2009/10 figures have been restated for comparison.

15.2 The Late Payment of Commercial Debts Regulations 2002

The amount included within Interest Payable arising from claims made by all businesses under this legislation are as follows

| | |
|--------------|--------------|
| Total | £ |
| | 1,251 |

This is also reflected as a fruitless payment in note 26

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

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 £000s | Other £000s | 2011 £000s |
|--|---|--|---------------------------------|-------------------------------|-------------------------------|----------------|---------------|
| Balance at 1 April 2010 | 0 | 4,556 | 13,429 | 3,870 | 360 | 1,683 | 23,898 |
| Provided in year | 0 | 183 | 9,802 | 0 | 0 | 771 | 10,756 |
| (Provisions not required written back) | 0 | (264) | (763) | 0 | 0 | (376) | (1,403) |
| (Provisions utilised in the year) | 0 | (326) | (1,071) | (3,870) | (360) | (517) | (6,144) |
| Unwinding of discount | 0 | 91 | 472 | 0 | 0 | 34 | 597 |
| At 31 March 2011 | 0 | 4,240 | 21,869 | 0 | 0 | 1,595 | 27,704 |

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

1,440

Redundancy costs

2,790

4,230

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

16. PROVISIONS FOR LIABILITIES AND CHARGES – 2011 (Continued)

| Charges to Statement of Comprehensive Net Expenditure | 2011 £'000 | 2010 £000s |
|---|---------------|---------------|
| Arising during the year | 10,756 | 6,839 |
| Reversed unused | (1,403) | (6,256) |
| Unwinding of discount | 597 | 476 |
| Total charge within Operating costs | 9,950 | 1,059 |

| Analysis of expected timing of discounted flows | Pensions relating to former directors £000s | Pensions relating to other staff £000s | Clinical Negligence £000s | CSR Restructuring £000s | RPA Restructuring £000s | Other £000s | 2011 £000s |
|---|--|--|---------------------------------|-------------------------------|-------------------------------|----------------|---------------|
| Within 5 years | 0 | 1,632 | 21,869 | 0 | 0 | 1,595 | 25,096 |
| 6 -10 years | 0 | 2,608 | 0 | 0 | 0 | 0 | 2,608 |
| Thereafter | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2011 | 0 | 4,240 | 21,869 | 0 | 0 | 1,595 | 27,704 |

Pensions relating to other staff – The amounts are based on the actual liability projected over an individual's life expectancy. The life expectancy is estimated using information from Government Actuary Tables.

Clinical Negligence - The amounts are based on information provided by Legal Advisors, who provide high, medium and low estimates and associated probabilities which are used to calculate an expected settlement figure. The expected settlement figure is discounted to present value to take into account the expected year of settlement. In 2009/10 DHSSPS instructed HSC Trusts to write back £12,063,000 to offset the perceived high level of historic overprovision. The Trust's share of this was £2,412,000. A HPSS working group has looked in detail into this issue and the conclusion was that there is no evidence to support continuing with the write back. As a consequence the Trust has reinstated the £2,412,000 write back. This is included within the overall figure for "Provided in year".

Restructuring RPA - The liability for restructuring in respect of the Review of Public Administration (RPA). The total cost of restructuring was £5,673,000 (this included £1,000,000 returned to DHSSPS in 2008/09 and £1,500,000 in 2009/10). This liability has now been fully utilised, with the final balance of £360,000 utilised in 2010/11. This provision has been fully funded by DHSSPS.

Restructuring CSR - The total liability for restructuring in respect of the Comprehensive Spending Review (CSR). The Trust total of restructuring was £4,500,000. This liability has now been fully utilised, with the final balance of £3,870,000 utilised in 2010/11. This provision has been fully funded by DHSSPS.

Other Provisions comprise of:-

Employers/Public Liability - £1,595,000

Provisions are based on legal advice which is used to calculate an expected settlement value, discounted to present value (as for clinical negligence).

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

16 PROVISIONS FOR LIABILITIES AND CHARGES - 2010

| | | | | | | Restated | |
|---|---|---|---------------------------------|-------------------------------|----------------------|----------------|---------------|
| | Pensions relating to former directors £000s | Pensions relating to other staff £000s | Clinical Negligence £000s | CSR Restructuring £000s | RPA Restructuring | Other £000s | 2010 £000s |
| Balance at 1 April 2009 | 0 | 4,378 | 14,386 | 4,500 | 3,873 | 1,226 | 28,363 |
| Provided in year | 0 | 731 | 5,205 | 0 | 0 | 903 | 6,839 |
| (Provisions not required written back) | 0 | (330) | (4,196) | 0 | (1,500) | (230) | (6,256) |
| (Provisions utilised in the year) | 0 | (321) | (2,308) | (630) | (2,013) | (252) | (5,524) |
| Unwinding of discount | 0 | 98 | 342 | 0 | 0 | 36 | 476 |
| At 31 March 2010 | 0 | 4,556 | 13,429 | 3,870 | 360 | 1,683 | 23,898 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

16 PROVISIONS FOR LIABILITIES AND CHARGES - 2010

Analysis of expected timing of discounted flows

| | Pensions relating to former directors £000s | Pensions relating to other staff £000s | Clinical Negligence £000s | CSR Restructuring £000s | RPA Restructuring | Other £000s | 2010 £000s |
|-------------------------|--|---|--|--|------------------------------|------------------------|-----------------------|
| Within 5 years | 0 | 1,606 | 13,429 | 3,870 | 360 | 1,683 | 20,948 |
| 6 -10 years | 0 | 2,950 | 0 | 0 | 0 | 0 | 2,950 |
| Thereafter | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2010 | 0 | 4,556 | 13,429 | 3,870 | 360 | 1,683 | 23,898 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 17 CAPITAL COMMITMENTS

| | 2011 | 2010 | Restated |
|---|--------------|--------------|-----------------|
| | £000s | £000s | 2009 |
| | | | £000s |
| Contracted capital commitments at 31 March not otherwise included in these financial statements | | | |
| Property, Plant & Equipment | 9,079 | 6,760 | 37,347 |
| Intangible assets | 0 | 0 | 0 |
| | 9,079 | 6,760 | 37,347 |

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.

| | 2011 | 2010 | Restated |
|--|--------------|--------------|-----------------|
| | £000s | £000s | 2009 |
| | | | £000s |
| Obligations under operating leases comprise | | | |
| Land & Buildings | | | |
| Not later than 1 year | 185 | 202 | 196 |
| Later than 1 year and not later than 5 years | 368 | 228 | 356 |
| Later than 5 years | 96 | 142 | 193 |
| | 649 | 572 | 745 |
| Other | | | |
| Not later than 1 year | 991 | 422 | 496 |
| Later than 1 year and not later than 5 years | 1,703 | 831 | 964 |
| Later than 5 years | 0 | 0 | 0 |
| | 2,694 | 1,253 | 1,460 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

18.2 Finance Leases

The Trust does not have any Finance Leases at either 31 March 2011 or 31 March 2010.

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

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.

| | 2011 | 2010 | Restated |
|--|--------------|--------------|-----------------|
| | £000s | £000s | 2009 |
| Obligations under operating leases issued by the Trust comprise | | | £000s |
| Land & Buildings | | | |
| Not later than 1 year | 34 | 39 | 79 |
| Later than 1 year and not later than 5 years | 107 | 114 | 126 |
| Later than 5 years | 82 | 109 | 135 |
| | 223 | 262 | 340 |
| Other | | | |
| 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 |
| | 0 | 0 | 0 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 19 COMMITMENTS UNDER PFI AND OTHER SERVICE CONCESSION ARRANGEMENT CONTRACTS

19.1 Off balance sheet (SoFP) PFI and other service concession arrangements schemes

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

19.2 On balance sheet (SoFP) PFI Schemes

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

20 Other Financial Commitments

The Trust did not have any other financial commitments at either 31 March 2011, 31 March 2010 and 31 March 2009.

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

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 2011 or 31 March 2010.

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 22 CONTINGENT LIABILITIES

Clinical Negligence

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.

| | 2011 | 2010 | 2009 |
|--|--------------|--------------|--------------|
| | £000s | £000s | £000s |
| Total estimate of contingent clinical negligence liabilities | 1,273 | 1,432 | 1,304 |

In addition to the above contingent liability, provisions for clinical negligence are given in Note 16.

Other clinical litigation claims could arise in the future due to incidents which have already occurred. The expenditure which may arise from such claims cannot be determined as yet.

Contingencies not relating to clinical negligence are as follows:

| | 2011 | 2010 | 2009 |
|----------------------|--------------|--------------|--------------|
| | £000s | £000s | £000s |
| Public Liability | 0 | 0 | 0 |
| Employers' Liability | 1 | 5 | 5 |
| Accrued Leave | 0 | 0 | 0 |
| Injury Benefit | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Total | 1 | 5 | 5 |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 23 Related Party Transactions

The South Eastern Health and Social Care Trust is an arms length body of the Department of Health, Social Services and Public Safety and as such the Department is a related Party with which the HSC body has had various material transactions during the year. The Trust has received income during the year of £489 million.

The Trust is required to disclose details of material transactions with individuals who are regarded as related parties consistent with the requirements of IAS 24 Related Party Disclosures. This disclosure is recorded in the Trust's Register of Interests which is maintained by the Office of the Chief Executive and is available for inspection by members of the public.

During the year, none of the board members, members of the key management staff or other related parties has undertaken any material transactions with the South Eastern Health and Social Care Trust.

Mr Neil Guckian, Director of Finance and Estates, is the brother of the Chairman of the Western Health and Social Care Trust. During the 2010/11 financial year the Trust entered into £109k of material transactions for goods and services received from the Western Trust. The Trust also entered into £141k of material transactions for goods and services provided to the Western Trust. At 31 March 2011, the Trust owed £16k to the Western Health and Social Care Trust and was owed £397k by the same Trust.

NOTE 24 Third party assets

The Trust held £2,057,016 cash at bank and in hand at 31/3/11 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.

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

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 Trust is calculated as follows:

| | 2011 Total £000s | Restated 2010 Total £000s |
|--|---------------------------------|--|
| HSCB | 443,207 | 435,486 |
| PHA | 1,902 | 0 |
| SUMDE & NIMDTA | 6,965 | 6,975 |
| DHSSPS (excludes non cash) | 634 | 407 |
| Other Government Departments | 0 | 0 |
| Non cash RRL (from DHSSPS) | 29,684 | 49,556 |
| Adjustment for Grant in Aid (GiA) | | |
| Total Agreed RRL | 482,392 | 492,424 |
| Total Revenue Resource Limit to Statement Comprehensive Net Expenditure | 482,392 | 492,424 |

25.2 Capital Resource Limit

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

| | 2011 Total £000s | 2010 Total £000s |
|---------------------------------------|---------------------------------|---------------------------------|
| Gross Capital Expenditure | 34,656 | 41,022 |
| (Receipts from sales of fixed assets) | (8) | (642) |
| Net capital expenditure | 34,648 | 40,380 |
| Capital Resource Limit | 34,650 | 40,580 |
| Overspend/(Underspend) against CRL | (2) | (200) |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

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

| | 2010/11 | Restated |
|--|----------------|----------------|
| | £000s | 2009/10 |
| | | £000s |
| Net Expenditure | (482,348) | (492,396) |
| RRL | 482,392 | 492,424 |
| Surplus / (Deficit) against RRL | 44 | 28 |
| Break Even cumulative position(opening) | 78 | 50 |
| Break Even Cumulative position (closing) | 122 | 78 |

Materiality Test:

| | 2010/11 | Restated |
|--|----------------|----------------|
| | % | 2009/10 |
| | | % |
| Break Even in year position as % of RRL | 0.01% | 0.01% |
| Break Even cumulative position as % of RRL | 0.03% | 0.02% |

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

NOTE 26 LOSSES & SPECIAL PAYMENTS

| | TYPE OF LOSS | NO. OF CASES | VALUE £000s |
|----|--|-----------------|----------------|
| 1 | Cash Losses - Theft, fraud etc | 4 | 1 |
| 2 | Cash Losses - Overpayments of salaries, wages and allowances | 3 | 1 |
| 3 | Cash Losses - Other causes (including unvouched and incompletely vouched payments) | 0 | 0 |
| 4 | Nugatory and fruitless payments | | |
| | i. Abandoned capital Schemes | 0 | 0 |
| | ii. Late Payment of Commercial Debt | 19 | 1 |
| | iii. Other | 2 | 2 |
| 5 | Bad debts and claims abandoned | 41 | 75 |
| 6 | Stores and Inventory Losses - Theft, fraud, arson (whether proved or suspected) etc | | |
| | i. Bedding and linen | 0 | 0 |
| | ii. Other equipment and property | 7 | 28 |
| 7 | Stores and Inventory Losses - Incidents of the service (result of fire, flood, etc) | 1 | 1 |
| 8 | Stores and Inventory Losses - Deterioration in store | 0 | 0 |
| 9 | Stores and Inventory Losses - Stocktaking discrepancies | 0 | 0 |
| 10 | Stores and Inventory Losses - Other causes | | |
| | i. Bedding and linen | 0 | 0 |
| | ii. Other equipment and property | 0 | 0 |
| 11 | Compensation payments (legal obligation) | | |
| | i. Clinical Negligence | 79 | 1,071 |
| | ii. Public Liability | 10 | 76 |
| | iii. Employers Liability | 45 | 441 |
| 12 | Ex-gratia payments - Compensation payments (including payments to patients and staff) | 25 | 6 |
| 13 | Ex-gratia payments - Other payments | 0 | 0 |
| 14 | Extra statutory payments | 0 | 0 |
| 15 | a. Losses sustained as a result of damage to buildings and fixtures arising from bomb explosions or civil commotion. | 1 | 1 |
| | b. Damage to vehicles | 3 | 1 |
| | TOTAL | 240 | 1,705 |

One case settled for in excess of £250,000 (including costs) in 2010/11. This case settled for: £356,000

The Trusts Preliminary Advisory Group on clinical negligence has reviewed the outcome of this case and any lessons learnt have been considered and addressed.

26.1 Special Payments

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

SOUTH EASTERN HSC TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

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 23 June 2011.

SOUTH EASTERN HSC TRUST
PATIENTS'/ RESIDENTS MONIES ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

STATEMENT OF TRUSTS RESPONSIBILITIES IN RELATION TO PATIENTS/RESIDENTS MONIES

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 Trust is required 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.

SOUTH EASTERN 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 account of South Eastern Health & Social Care Trust for the year ended 31 March 2011 under the Health and Personal Social Service (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/Residents Monies, the Trust is responsible for the preparation of the financial statements in accordance with the Health and Personal Social Service (Northern Ireland) Order 1972 and Department of Health, Social Services and Public Safety's directions made thereunder. My responsibility is to audit the financial statements in accordance with the Health and Personal Social Service (Northern Ireland) Order 1972. 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 financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

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 /residents of South Eastern Health & Social Care Trust for the year then ended and balances held at that date; and
- the account has been properly prepared in accordance with the Health and Personal Social Service (Northern Ireland) Order 1972 and Department of Health, Social Services & Public Safety directions issued thereunder.

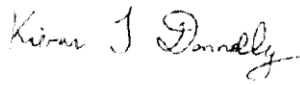
Matters on which I report by exception

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 the Department of Finance and Personnel's guidance.

Report

I have no observations to make on this account.



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

23 June 2011

SOUTH EASTERN HSC TRUST

YEAR ENDED 31 MARCH 2011

ACCOUNT OF MONIES HELD ON BEHALF OF PATIENTS/RESIDENTS

| Previous Year | RECEIPTS | | |
|----------------------|------------------------------|--------------|------------------|
| £ | £ | | |
| | Balance at 1 April 2010 | | |
| 896,373 | 1. Investments (at cost) | 896,373 | |
| 852,981 | 2. Cash at Bank | 990,310 | |
| 1,500 | 3. Cash in Hand | <u>1,500</u> | 1,888,183 |
| 2,209,059 | Amounts Received in the Year | | 2,171,489 |
| 0 | Interest Received | | 7,379 |
| 3,959,913 | TOTAL | | 4,067,051 |

| PAYMENTS | | | |
|------------------|--|--------------|------------------|
| 2,071,730 | Amounts paid to or on Behalf of Patients/Residents | | 2,010,035 |
| | Balance at 31 March 2011 | | |
| 896,373 | 1. Investments (at Cost) | 903,752 | |
| 990,310 | 2. Cash in Bank | 1,151,264 | |
| 1,500 | 3. Cash in Hand | <u>2,000</u> | 2,057,016 |
| 3,959,913 | TOTAL | | 4,067,051 |

| Cost Price | Schedule of investments held at 31 March 2011 | Nominal Value | Cost Price |
|-------------------|--|----------------------|-------------------|
| £ | | £ | £ |
| 896,373 | Investment | | 903,752 |

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

..... Neil St Director of Finance

..... 2 June 2011 Date

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

..... 1/11/11 Chief Executive

..... 2/06/11 Date

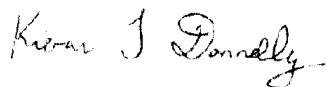
REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE ASSEMBLY

Weaknesses in contract expenditure controls

1. The South Eastern Health and Social Care Trust (the South Eastern Trust) was established under the South Eastern Health and Social Services Trust (Establishment) Order (Northern Ireland) 2006 for the purposes specified in Article 10(1) of the Health and Personal Social Services (Northern Ireland) Order 1991. It is one of 17 arm's length bodies sponsored by the Department of Health, Social Services and Public Safety (the Department). In 2010-11 it spent £0.5 billion of revenue spend.
2. Under the Health and Personal Social Services (Northern Ireland) Order 1972 as amended, I am required to examine and certify the Trust's financial statements. I conduct my audit in accordance with International Standards on Auditing (UK and Ireland) to give reasonable assurance that they are free from material misstatement. I am also required to satisfy myself that 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.
3. In this report I comment on control weaknesses identified in the area of contracts by Internal Audit which my staff identified during the audit of the Trust in 2010-11. These weaknesses do not impact on my audit opinion due to their immateriality within the Trust's financial statements. However, due to the recurrence of these issues across the health sector I have decided to report.
4. During the audits of the five regional HSC trusts my staff reviewed reports prepared by Internal Audit which identified a number of control weaknesses in relation to contracts in the area of service and maintenance, medical devices and equipment management .
5. This resulted in a limitation on the assurance provided to the Accounting Officer by Internal Audit. In the South Eastern Trust the following issues were identified:
 - weaknesses in monitoring of contracts in terms of checking prices to the agreed contract and ensuring service delivery was in line with the contract;
 - absence of, or weakness, in policies and procedures; and
 - inadequate information systems to support contracts and deficiencies in contract documentation.
6. I recognise that the HSC has undergone significant organisational change and consequently a number of these issues have arisen from legacy arrangements that operated in the trusts merged to form the South Eastern Trust. However, I am concerned that four years after the South Eastern Trust came into existence management controls had not addressed the points noted by Internal Audit. The Trust has accepted Internal Audit recommendations to improve contract management controls and is addressing them. With the potential regularity and litigation risks associated with poor contract management, added to the potential value for money rewards arising from improvement, I encourage all the trusts to

address these weaknesses identified as a priority. I intend to keep this area under review and will consider the impact of any follow –up work completed by Internal Audit when examining the Trusts’ financial statements next year.

7. I welcome the South Eastern Trust’s disclosure of these control weaknesses, and action being taken to address them, within its Statement on Internal Control.



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

23 June 2011

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