

Trust name:	University Hospitals of Leicester NHS Trust
This year	2009/10
Last year	2008/09
This year ended	31 March 2010
Last year ended	31 March 2009
This year commencing:	1 April 2009

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 March 2010**

	NOTE	2009/10 £000	2008/09 £000
Revenue			
Revenue from patient care activities	4	593,769	564,796
Other operating revenue	5	103,923	87,363
Operating expenses	7	<u>(687,829)</u>	<u>(633,630)</u>
Operating surplus		9,863	18,529
Finance costs:			
Investment revenue	13	82	1,655
Other gains and (losses)	14	0	(8)
Finance costs	15	(616)	(594)
Surplus for the financial year		9,329	19,582
Public dividend capital dividends payable		<u>(13,321)</u>	<u>(15,523)</u>
Retained surplus/(deficit) for the year		<u>(3,992)</u>	<u>4,059</u>
Other comprehensive income			
Impairments and reversals		(13,886)	(23,146)
Gains on revaluations		12,309	150
Receipt of donated/government granted assets		175	492
Net gain/(loss) on other reserves (e.g. defined benefit pension scheme)		0	0
Net gains/(losses) on available for sale financial assets		0	0
Reclassification adjustments:			
- Transfers from donated and government grant reserves		(816)	(850)
- On disposal of available for sale financial assets		0	0
Total comprehensive income for the year		<u>(6,210)</u>	<u>(19,295)</u>

The notes on pages 32 to 59 form part of these accounts.

**STATEMENT OF FINANCIAL POSITION AS AT
31 March 2010**

	NOTE	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Non-current assets				
Property, plant and equipment	16	417,049	415,784	434,856
Intangible assets	17	4,481	3,519	3,272
Investment property		0	0	0
Other financial assets	22	2,910	3,039	2,246
Trade and other receivables	21	1,774	326	466
Total non-current assets		426,214	422,668	440,840
Current assets				
Inventories	20	12,213	10,514	9,454
Trade and other receivables	21	37,263	24,985	23,194
Other financial assets	22	198	198	400
Other current assets	23	0	0	0
Cash and cash equivalents	24	12,495	15,228	27,326
		62,169	50,925	60,374
Non-current assets held for sale	25	0	0	0
Total current assets		62,169	50,925	60,374
Total assets		488,383	473,593	501,214
Current liabilities				
Trade and other payables	26	(73,851)	(54,058)	(64,055)
Other liabilities	28	0	0	0
DH Working capital loan		0	0	0
DH Capital loan		0	0	0
Borrowings	27	(1,203)	(1,108)	(1,019)
Other financial liabilities	32	0	0	0
Provisions	33	(1,146)	(3,579)	0
Net current assets/(liabilities)		(14,031)	(7,820)	(4,700)
Total assets less current liabilities		412,183	414,848	436,140
Non-current liabilities				
Borrowings	27	(6,442)	(7,742)	(6,302)
DH Working capital loan		0	0	0
DH Capital loan		0	0	0
Trade and other payables	26	0	(959)	0
Other financial liabilities	32	0	0	0
Provisions	33	(2,762)	(2,981)	(7,738)
Other liabilities	28	0	0	0
Total assets employed		402,979	403,166	422,100
Financed by taxpayers' equity:				
Public dividend capital		273,903	267,880	267,519
Retained earnings		11,301	15,428	11,063
Revaluation reserve		108,128	109,571	132,636
Donated asset reserve		8,389	8,384	8,923
Government grant reserve		986	1,631	1,687
Other reserves		272	272	272
Total Taxpayers' Equity		402,979	403,166	422,100

The financial statements on pages 15 to 59 were approved by the Board on 10th June 2010 and signed on its behalf by:

Signed:(Chief Executive) Date:

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Public dividend capital (PDC) £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Gov't grant reserve £000	Other reserves £000	Total £000
Changes in taxpayers' equity for 2009/10							
Balance at 1 April 2009	267,880	15,428	109,571	8,384	1,631	272	403,166
Total Comprehensive Income for the year							
Retained surplus/(deficit) for the year	0	(3,992)	0	0	0	0	(3,992)
Transfers between reserves	0	(135)	135	0	0	0	0
Impairments and reversals	0	0	(13,887)	608	(607)	0	(13,886)
Net gain on revaluation of property, plant, equipment	0	0	12,309	0	0	0	12,309
Net gain on revaluation of intangible assets	0	0	0	0	0	0	0
Net gain on revaluation of financial assets	0	0	0	0	0	0	0
Net gain on revaluation of non current assets held for sale	0	0	0	0	0	0	0
Receipt of donated/government granted assets	0	0	0	175	0	0	175
Net gain/loss on other reserves (e.g. defined benefit pension scheme)	0	0	0	0	0	0	0
Movements in other reserves	0	0	0	0	0	0	0
Reclassification adjustments:							
- transfers from donated asset/government grant reserve	0	0	0	(778)	(38)	0	(816)
- on disposal of available for sale financial assets	0	0	0	0	0	0	0
Reserves eliminated on dissolution	0	0	0	0	0	0	0
Originating capital for Trust establishment in year	0	0	0	0	0	0	0
New PDC received	6,023	0	0	0	0	0	6,023
PDC repaid in year	0	0	0	0	0	0	0
PDC written off	0	0	0	0	0	0	0
Other movements in PDC in year	0	0	0	0	0	0	0
Balance at 31 March 2010	273,903	11,301	108,128	8,389	986	272	402,979

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED**31 March 2010**

	NOTE	2009/10 £000	2008/09 £000
Cash flows from operating activities			
Operating surplus		9,863	18,529
Depreciation and amortisation		27,373	25,550
Impairments and reversals		4,043	0
Net foreign exchange gains/(losses)		0	0
Transfer from donated asset reserve		(778)	(794)
Transfer from government grant reserve		(38)	(56)
Interest paid		(599)	(535)
Dividends paid		(13,321)	(15,523)
(Increase) in inventories		(1,699)	(1,060)
(Increase) in trade and other receivables		(13,659)	(1,682)
(Increase)/decrease in other current assets		0	0
Increase/(decrease) in trade and other payables		19,777	(6,774)
Increase/(decrease) in other current liabilities		0	0
(Decrease) in provisions	33	(2,715)	(1,237)
Net cash inflow/(outflow) from operating activities		28,247	16,418
Cash flows from investing activities			
Interest received		85	1,845
Payments for property, plant and equipment	16	(33,836)	(27,136)
Proceeds from disposal of plant, property and equipment		0	0
Payments for intangible assets	17	(1,510)	(1,390)
Proceeds from disposal of intangible assets		0	0
Payments for investments with DH		0	0
Payments for other investments		0	0
Proceeds from disposal of investments with DH		0	0
Proceeds from disposal of other financial assets		0	0
Revenue rental income		0	0
Net cash inflow/(outflow) from investing activities		(35,261)	(26,681)
Net cash inflow/(outflow) before financing		(7,014)	(10,263)
Cash flows from financing activities			
Public dividend capital received		6,023	361
Public dividend capital repaid		0	0
Loans received from the DH		0	0
Other loans received		0	0
Loans repaid to the DH		0	0
Other loans repaid		0	0
Other capital receipts		175	492
Capital element of finance leases and PFI		(1,917)	(2,688)
Cash transferred to NHS Foundation Trusts		0	0
Net cash inflow/(outflow) from financing		4,281	(1,835)
Net (decrease) in cash and cash equivalents		(2,733)	(12,098)
Cash and cash equivalents at the beginning of the financial year		15,228	27,326
Effect of exchange rate changes on the balance of cash held in foreign currencies		0	0
Cash and cash equivalents at the end of the financial year	25	12,495	15,228

NOTES TO THE ACCOUNTS

1. Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS Trusts shall meet the accounting requirements of the NHS Trusts Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2009/10 NHS Trusts Manual for Accounts issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is 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 particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

These statements reflect International Financial Reporting Standards (IFRS) and have been prepared to show the effect of the first-time adoption of IFRS, which includes the restatement of some prior year figures where appropriate.

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, intangible assets, inventories and certain financial assets and financial liabilities.

1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector.

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

1.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.4 Revenue

The main source of revenue for the Trust is from Primary Care Trusts, which are government funded commissioners of NHS health and patient care. Revenue is recognised in the period in which services are provided.

Revenue relating to patient care spells that are part-completed at the year end are apportioned across the financial years on the basis of length of stay at the Statement Of Financial Position date compared to expected total length of stay.

Revenue from education, training and research is recognised in the period in which services are provided. Interest revenue is accrued on a time basis, by reference to the principal outstanding and interest rate applicable.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

1.5 Employee Benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Notes to the Accounts - 1. Accounting Policies (Continued)

Retirement benefit costs

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

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

1.6 Other expenses

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

1.7 Property, plant and equipment

Recognition

Property, plant and equipment is 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 £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- 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.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

Valuation

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

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. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

Notes to the Accounts - 1. Accounting Policies (Continued)

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury 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. HM Treasury has agreed that NHS Trusts must apply these new valuation requirements by 1 April 2010 at the latest. In accordance with IFRS, the Trust revalued land and buildings in April 2009 to a Modern Equivalent Asset basis resulting in an increase in valuation of £26.9 million, with a £2.3 million technical impairment charge to expenditure.

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. Formal indices were withdrawn from 1 April 2008 and the Trust has applied Treasury indices as at the 1 April 2009 which has resulted in a reduction in asset values of £31.7 million. The carrying value of existing assets at that date will be 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.

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

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure 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.

1.8 Intangible assets

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. 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, and where the cost is at least £5000.

Intangible assets acquired separately are initially recognised at fair value. 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 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

Notes to the Accounts - 1. Accounting Policies (Continued)

Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

The Trust has no internally generated assets.

1.9 Depreciation, amortisation and impairments

Freehold land, properties under construction, and assets held for sale are not depreciated.

Depreciation and amortisation are charged on a straight line basis to write off the costs or valuation of tangible and intangible non-current assets, less any residual value, over their estimated useful lives.

The annual rates of depreciation and amortisation vary according to the type of asset and are typically based on the following useful lives unless more specific details on asset lives are received:

Freehold land	- Not depreciated
Assets under construction	- Not depreciated
Freehold buildings	- 5 to 90 years
Leasehold property	- term of the lease
Plant and machinery	- 7 years
Furniture and fittings	- 7 years
IT equipment	- 3 to 5 years
Software licenses	- 2 to 5 years

At the SOFP date, the carrying value of tangible and intangible assets is reviewed for impairment in the period if events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment loss identified is charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the Statement Of Comprehensive Income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised 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 the Statement Of Comprehensive Income to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.10 Donated assets

Donated assets are capitalised at their fair value on receipt, with a matching credit to the donated asset reserve. Donated assets 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 the income statement.

1.11 Government grants

Government grants are grants from government bodies other than funds from NHS bodies or funds awarded by Parliamentary Vote. Revenue grants are treated as deferred income initially and credited to the income statement to match the expenditure to which it relates. Capital grants are credited to the government grant reserve. Assets purchased from government grants are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the government grant reserve and, each year, an amount equal to the depreciation charge on the asset is released from the government grant reserve to the Statement Of Comprehensive Income.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.12 Non-current assets held for sale

The Trust has no non-current assets held for sale.

1.13 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. Finance leases are capitalised as tangible fixed assets on the Statement Of Financial Performance and are depreciated over the shorter of their primary lease period and their useful lives.

All other leases are classified as operating leases and rentals payable are charged in the income statement on straight line basis over the lease term.

Amounts 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 charged directly to the Statement Of Comprehensive Income.

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.

Lease incentives are recognised initially as a liability and subsequently as a reduction in rentals on a straight-line basis over the lease term.

The Trust is not involved in any arrangements as lessor.

1.14 Private Finance Initiative (PFI) transactions

The Trust is not engaged in any PFI Schemes. Under International Financial Reporting Standards a previously reported PFI scheme has now been reclassified as a finance lease.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.15 Inventories

Inventories are valued at the lower of cost and net realisable value using the weighted average cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.17 Provisions

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 Statement Of Financial Performance date, 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 HM Treasury's discount rate of 2.2% in real terms.

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.

1.18 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The annual contribution is charged to the Statement Of Comprehensive Income

1.19 Non-clinical risk pooling

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

1.20 EU Emissions Trading Scheme

The Trust does not currently participate in the EU emissions trading scheme.

1.21 Contingencies

A contingent liability 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.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.22 Financial assets

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

Trade receivables and other receivables do not carry any interest and are stated at their nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts.

Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

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

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

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

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Notes to the Accounts - 1. Accounting Policies (Continued)

1.27 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital represents taxpayers' equity in the NHS trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for donated assets and cash balances with the Office of the Paymaster General. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets. Prior to 2009/10 the PDC dividend was determined using forecast average relevant net assets and a note to the accounts discloses the rate that the dividend represents as a percentage of the actual average carrying amount of assets less liabilities in the year. From 1 April 2009, the dividend payable is based on the actual average relevant net assets for the year instead of forecast amounts.

1.28 Losses and Special Payments

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

Losses and special payments are charged to the relevant functional headings in the income statement on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which is prepared on a cash basis.

1.29 Subsidiaries, Associates and Joint ventures

The Trust has no subsidiaries, associates or joint ventures.

For 2009/10, in accordance with the directed accounting policy from the Secretary of State, the Trust does not consolidate the NHS charitable funds for which it is the corporate trustee.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.30 Joint operations

The Trust does not participate in any joint operations, which are activities undertaken in conjunction with one or more other parties but which are not performed through a separate entity.

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

The following standards and interpretations have been adopted by the European Union but are not required to be followed until 2010/11. None of them are expected to impact upon the Trust's financial statements.

IAS 27 (Revised) Consolidated and separate financial statements

Amendment to IAS 32 Financial instruments: Presentation on classification or rights issues

Amendment to IAS 39 Eligible hedged items

IFRS 3 (Revised) Business combinations

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC 18 Transfer of assets from customers

1.32 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Statement of Comprehensive Income on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.33 Accounting standards issued that have been adopted early

The Trust has not adopted any accounting standards early.

2. Operating segments

The Trust operates in one material segment, which is the provision of healthcare services. The segmental reporting format reflects the Trust's management and internal reporting structure. The provision of healthcare (including medical treatment, research and education) is within one main geographical segment, the United Kingdom, and materially from Departments of HM Government in England. Income from activities (medical treatment of patients) is analysed by customer type in note 3 to the financial statements on page 33. Other operating income is analysed in note 4 to the financial statements on page 34 and materially consists of revenues from healthcare research and development, medical education and the provision of services to other NHS bodies. Total income by individual customers within the whole of HM Government and considered material, is disclosed in the related parties transactions note 38 to the financial statements on page 57.

The Trust's primary income source is from PCT's for patient care. In 2009/10 this income represents £574million, 82% of the Trust's total income.

Segmental reporting is therefore not applicable to the organisation.

3. Income generation activities

The Trust does not undertake any income generation activities which have an aim of achieving profit.

4. Revenue from patient care activities	2009/10	2008/09
	£000	£000
Strategic health authorities	14,854	10,223
NHS trusts	0	0
Primary care trusts	573,566	521,350
Foundation trusts	0	0
Local authorities	0	0
Department of Health	241	27,059
NHS other	0	0
Non-NHS:		
Private patients	2,840	3,389
Overseas patients (non-reciprocal)	563	921
Injury costs recovery	1,309	1,381
Other	396	473
	<u>593,769</u>	<u>564,796</u>

In 2008/09 the market forces factor relating to Payment by Results and totalling £27.1m was payable by the Department of Health. From 2009/10 it is payable directly by Primary Care Trusts and totalled £15.6m. The reduction is due to a reduction in the interest rate from 7.4% in 2008/09 to 5% in 2009/10 and outpatients falling outside of payment by results in 2009/10 and the market forces factor not applying.

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

5. Other Operating Revenue	2009/10	2008/09
	£000	£000
Patient transport services	0	0
Education, training and research	68,836	62,609
Charitable and other contributions to expenditure	0	0
Transfers from Donated Asset Reserve	778	794
Transfers from Government Grant Reserve	38	56
Non-patient care services to other bodies	5,156	4,162
Income generation	0	4,471
Rental revenue	0	0
Other revenue	29,115	15,271
	103,923	87,363

Other operating revenue includes £10.75million relating to income from the Department of Health which is funding a payment relating to the cancellation of the Pathway PFI scheme in 2007/08. This payment is included in other operating expenses in note 7.

Income generation included amounts in relation to car parking and accommodation in 2008/09. In 2009/10 these amounts have been reclassified and are now included within other revenue.

6. Revenue

Revenue is almost totally from the supply of services. Revenue from the sale of goods is immaterial.

7. Operating Expenses	2009/10	2008/09
	£000	£000
Services from other NHS Trusts	6,667	6,881
Services from PCTs	2,638	2,319
Services from other NHS bodies	600	150
Services from Foundation Trusts	1,480	1,467
Purchase of healthcare from non NHS bodies	5,747	2,625
Directors' costs	1,130	1,003
Other Employee Benefits	425,234	402,289
Supplies and services - clinical	127,142	119,003
Supplies and services - general	21,845	20,760
Consultancy services	2,460	1,308
Establishment	5,543	5,147
Transport	2,299	1,929
Premises	21,011	22,782
Provision for impairment of receivables	(1,359)	(419)
Inventories write offs	78	0
Depreciation	26,474	24,892
Amortisation	899	658
Impairments and reversals of property, plant and equipment	4,043	0
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets	0	0
Impairments and Reversals for Non Current Assets held for sale	0	0
Audit fees	258	343
Other auditor's remuneration	62	0
Clinical negligence	10,121	8,039
Research and development	4,372	2,312
Education and Training	1,690	1,193
Other	17,395	8,949
	687,829	633,630

Other operating expenses includes £10.75million relating to a payment following the cancellation of the Pathway PFI scheme in 2007/08. This payment is fully funded by the Department of Health as shown in note 5.

	2009/10
	£000
Income from Department of Health included in Other income	10,750
Payment relating to the Pathway scheme included in other operating expenses	10,750
Net impact to Trusts position in 2009/10	0

Neither of the transactions had occurred in the year and therefore both debtors (note 21.1) and creditors (note 26) reflect the additional £10.75million.

The £10.75million payment is included in losses and special payments for the Trust for the year as shown in note 41.

8. Operating leases

8.1 As lessee

The Trust has reclassified three contracts for the provision of Haemodialysis services as operating leases under IFRS (IFRIC 4 and IAS 17).

The Trust is provided with Haemodialysis services from private sector suppliers from sites at Boston, Leicester and Corby.

In all three cases the external provider provides the Trust with a full service including the use of their assets and staff.

The contracts range from 5 - 7 years and, as they had commenced prior to 2009/10, the costs have also been included in the note below for the prior year.

The Trust has no option to purchase any of the assets at the completion of the contracts.

Payments recognised as an expense	2009/10	2008/09
	£000	£000
Minimum lease payments	5,682	2,273
Contingent rents	0	0
Sub-lease payments	0	0
	5,682	2,273

Total future minimum lease payments	2009/10	2008/09
	£000	£000
Payable:		
Not later than one year	5,191	3,450
Between one and five years	11,506	8,253
After 5 years	2,145	6,294
Total	18,842	17,997

The minimum lease payments for 2009/10 are comprised of the following:

	2009/10
	£000
Haemodialysis services	4,243
Medical equipment	1,101
Non-medical equipment	145
Lease cars	193
	5,682

9. Employee costs and numbers

9.1 Employee costs

	2009/10			2008/09		
	Total £000	Permanently Employed £000	Other £000	Total £000	Permanently Employed £000	Other £000
Salaries and wages	361,031	345,415	15,616	341,109	332,017	9,092
Social Security Costs	26,520	26,520	0	25,224	25,224	0
Employer contributions to NHS Pension scheme	38,711	38,711	0	36,731	36,731	0
Other pension costs	102	102	0	48	48	0
Other post-employment benefits	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0
Employee benefits expense	426,364	410,748	15,616	403,112	394,020	9,092

Of the total above:

Charged to capital	1,187	605
Employee benefits charged to revenue	425,177	402,507
	426,364	403,112

9.2 Average number of people employed

	2009/10			2008/09		
	Total Number	Permanently Employed Number	Other Number	Total Number	Permanently Employed Number	Other Number
Medical and dental	1,493	1,464	29	1,503	1,426	77
Ambulance staff	0	0	0	0	0	0
Administration and estates	2,057	2,013	44	2,036	1,967	69
Healthcare assistants and other support staff	864	848	16	697	696	1
Nursing, midwifery and health visiting staff	4,523	4,419	104	4,405	4,301	104
Nursing, midwifery and health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	1,328	1,293	35	1,405	1,369	36
Social care staff	1	0	1	0	0	0
Other	203	188	15	153	145	8
Total	10,468	10,225	244	10,199	9,904	295

Of the above:

Number of staff (WTE) engaged on capital projects	19	11
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During 2009/10 some staff have been reclassified as healthcare assistants and were shown as scientific, therapeutic and technical staff in 2008/09. "Other" staff include research and development staff.

9.3 Staff sickness absence

	2009/10 Number
Total days lost	85,639
Total staff years	10,169
Average working days lost	8.42

9.4 Management Costs

	2009/10 £000	2008/09 £000
Management costs	23,421	22,057
Income	697,692	652,159

10. Pension costs

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

The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. An outline of these follows:

a) Full actuarial (funding) valuation

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

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

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

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

The valuation of the scheme liability as at 31 March 2008, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 with summary global member and accounting data.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

c) Scheme provisions

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

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

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

The scheme provides the opportunity to members to increase their benefits through money purchase additional voluntary contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

11. Retirements due to ill-health

During 2009/10 there were 16 (2008/09: 17) early retirements from the NHS Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £676,869 (2008/09: £1,080,792). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

12. Better Payment Practice Code

12.1 Better Payment Practice Code - measure of compliance

	2009/10		2008/09	
	Number	£000	Number	£000
Total Non-NHS trade invoices paid in the year	125,321	384,596	132,493	358,519
Total Non NHS trade invoices paid within target	<u>118,522</u>	<u>370,221</u>	<u>109,341</u>	<u>309,491</u>
Percentage of Non-NHS trade invoices paid within target	<u>95%</u>	<u>96%</u>	<u>83%</u>	<u>86%</u>
Total NHS trade invoices paid in the year	4,947	53,882	4,800	47,408
Total NHS trade invoices paid within target	<u>4,305</u>	<u>51,463</u>	<u>3,207</u>	<u>32,155</u>
Percentage of NHS trade invoices paid within target	<u>87%</u>	<u>96%</u>	<u>67%</u>	<u>68%</u>

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

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

	2009/10	2008/09
	£000	£000
Amounts included in finance costs from claims made under this legislation	5	3
Compensation paid to cover debt recovery costs under this legislation	<u>0</u>	<u>0</u>
Total	<u>5</u>	<u>3</u>

13. Investment revenue	2009/10	2008/09
	£000	£000
Rental revenue:		
PFI finance lease revenue:		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue:		
Bank accounts	82	1,655
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	82	1,655
14. Other gains and losses	2009/10	2008/09
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	0	(8)
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of financial assets	0	0
Gain/(loss) on foreign exchange	0	0
Change in fair value of financial assets carried at fair value through profit and loss	0	0
Change in fair value of financial liabilities carried at fair value through profit and loss	0	0
Change in fair value of investment property	0	0
Recycling of gain/(loss) from equity on disposal of financial assets available for sale	0	0
Total	0	(8)
15. Finance Costs	2009/10	2008/09
	£000	£000
Interest on loans and overdrafts	0	1
Interest on obligations under finance leases	548	531
Interest on obligations under PFI contracts:		
- main finance cost	0	0
- contingent finance cost	0	0
Interest on late payment of commercial debt	5	3
Other interest expense	0	0
Total interest expense	553	535
Other finance costs	63	59
Total	616	594

16. Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and p.o.a	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
2009/10:	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2009	56,840	287,111	11,033	5,240	115,537	498	42,656	2,394	521,309
Additions purchased	3,177	11,218	276	7,841	5,524	89	3,495	32	31,652
Additions donated	0	64	0	0	71	0	26	0	161
Additions government granted	0	0	0	0	0	0	0	0	0
Capitalised within finance lease	0	0	0	0	1,917	0	0	0	1,917
Reclassifications	37	1,672	0	(4,360)	0	0	2,353	0	(298)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(2,788)	(39)	(268)	(97)	(3,192)
Revaluation/indexation gains	5,509	0	6,800	0	0	0	0	0	12,309
Impairments	0	(13,762)	0	(124)	0	0	0	0	(13,886)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Transfers to Foundation Trust	0	0	0	0	0	0	0	0	0
At 31 March 2010	65,563	286,303	18,109	8,597	120,261	548	48,262	2,329	549,972
Depreciation at 1 April 2009	0	0	0	0	76,263	440	26,628	2,194	105,525
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(2,715)	(39)	(268)	(97)	(3,119)
Revaluation/indexation gains	0	0	0	0	0	0	0	0	0
Impairments	36	3,610	397	0	0	0	0	0	4,043
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	11,862	504	0	8,973	16	5,077	42	26,474
Transfer to Foundation Trust	0	0	0	0	0	0	0	0	0
Depreciation at 31 March 2010	36	15,472	901	0	82,521	417	31,437	2,139	132,923
Net book value									
Purchased	65,527	262,569	17,208	8,597	36,779	131	16,773	102	407,686
Donated	0	7,276	0	0	961	0	52	88	8,377
Government granted	0	986	0	0	0	0	0	0	986
Total at 31 March 2010	65,527	270,831	17,208	8,597	37,740	131	16,825	190	417,049
Asset financing									
Owned	65,527	270,831	17,208	8,597	27,395	131	16,825	190	406,704
Finance Leased	0	0	0	0	10,345	0	0	0	10,345
Private finance initiative	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
Total 31 March 2010	65,527	270,831	17,208	8,597	37,740	131	16,825	190	417,049

Included within reclassifications in the Trust FMAs is an amount of £1,917k for plant and machinery which relates to assets capitalised within the Trust's managed equipment service finance lease. The amount has been included in a separate line above ("Capitalised within finance lease") as it is not capital expenditure which is counted against the Trust's capital resource limit (CRL). Only expenditure which is counted against the CRL is included within purchased additions.

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Prior year:

	Land	Buildings excluding dwellings	Dwellings	Assets under construct and poa	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
2008/09:	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2008	79,836	288,911	11,147	4,589	109,613	479	35,556	2,394	532,525
Additions purchased	0	8,968	223	4,529	7,220	19	3,907	0	24,866
Additions donated	0	110	0	0	370	0	12	0	492
Additions government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	624	0	(3,878)	4,216	0	3,254	0	4,216
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(5,882)	0	(73)	0	(5,955)
Revaluation/indexation gains	150	0	0	0	0	0	0	0	150
Impairments	(23,146)	0	0	0	0	0	0	0	(23,146)
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2009	56,840	298,613	11,370	5,240	115,537	498	42,656	2,394	533,148
Depreciation at 1 April 2008	0	0	0	0	72,721	428	22,387	2,133	97,669
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(5,147)	0	(50)	0	(5,197)
Revaluation/indexation gains	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	11,502	337	0	8,689	12	4,291	61	24,892
Depreciation at 31 March 2009	0	11,502	337	0	76,263	440	26,628	2,194	117,364
Net book value									
Purchased	56,840	278,493	11,033	5,240	38,001	58	15,991	113	405,769
Donated	0	6,987	0	0	1,273	0	37	87	8,384
Government granted	0	1,631	0	0	0	0	0	0	1,631
Total at 31 March 2009	56,840	287,111	11,033	5,240	39,274	58	16,028	200	415,784
Asset financing									
Owned	56,840	287,111	11,033	5,240	28,872	58	16,028	200	405,382
Finance Leased	0	0	0	0	10,402	0	0	0	10,402
Private finance initiative	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
Total 31 March 2009	56,840	287,111	11,033	5,240	39,274	58	16,028	200	415,784

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17. Intangible assets

2009/10:	Computer software - purchased	Computer software - internally generated	Licences and trademarks	Patents	Development expenditure (internally generated)	Total
	£000	£000	£000	£000	£000	£000
Gross cost at 1 April 2009	0	4,177	0	0	0	4,177
Additions purchased	0	1,549	0	0	0	1,549
Additions internally generated	0	0	0	0	0	0
Additions donated	0	14	0	0	0	14
Additions government granted	0	0	0	0	0	0
Reclassifications	0	298	0	0	0	298
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation/indexation	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0
Gross cost at 31 March 2010	0	6,038	0	0	0	6,038
Amortisation at 1 April 2009	0	658	0	0	0	658
Reclassifications	0	0	0	0	0	0
Reclassifications as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Charged during the year	0	899	0	0	0	899
Amortisation at 31 March 2010	0	1,557	0	0	0	1,557
Net book value						
Purchased	0	4,469	0	0	0	4,469
Donated	0	12	0	0	0	12
Government granted	0	0	0	0	0	0
Total at 31 March 2010	0	4,481	0	0	0	4,481

Prior year:

	Computer software - purchased	Computer software - internally generated	Licences and trademarks	Patents	Development expenditure (internally generated)	Total
	£000	£000	£000	£000	£000	£000
Gross cost at 1 April 2008	0	3,272	0	0	0	3,272
Additions purchased	0	905	0	0	0	905
Additions internally generated	0	0	0	0	0	0
Additions donated	0	0	0	0	0	0
Additions government granted	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation / indexation	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0
Gross cost at 31 March 2009	0	4,177	0	0	0	4,177
Amortisation at 1 April 2008	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassifications as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Charged during the year	0	658	0	0	0	658
Amortisation at 31 March 2009	0	658	0	0	0	658
Net book value						
Purchased	0	3,519	0	0	0	3,519
Donated	0	0	0	0	0	0
Government granted	0	0	0	0	0	0
Total at 31 March 2009	0	3,519	0	0	0	3,519

17. Intangible assets (cont.)

The accounting policy in relation to intangible assets are included in note 1.8

Internally generated assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

All of the Trust's intangible assets are either purchased or donated, and none have been internally generated.

Amortisation

All of the Trust's intangible assets are amortised up to a maximum of 5 years and are not subject to revaluation.

Acquisition

None of the Trust's intangible assets have been acquired by government grant.

Fully amortised assets

There are no fully amortised intangible assets still in use.

Recognition

The Trust has no significant intangible assets which are not recognised as assets because they didn't meet the recognition criteria of IAS 38.

18. Impairments

The Trust has no material impairments for any individual assets.

19. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	31 March 2010	31 March 2009
	£000	£000
Property, plant and equipment	13,874	15,006
Intangible assets	0	0
Total	<u>13,874</u>	<u>15,006</u>

20. Inventories**20.1. Inventories**

	31 March 2010	31 March 2009
	£000	£000
Drugs	2,929	2,638
Work in progress	0	0
Consumables	9,088	7,802
Energy	196	74
Other	0	0
Total	<u>12,213</u>	<u>10,514</u>
Of which held at net realisable value:	<u>12,213</u>	<u>10,514</u>

20.2 Inventories recognised in expenses

	31 March 2010	31 March 2009
	£000	£000
Inventories recognised as an expense in the period	94,158	84,838
Write-down of inventories (including losses)	78	0
Reversal of write-downs that reduced the expense	0	0
Total	<u>94,236</u>	<u>84,838</u>

21. Trade and other receivables**21.1 Trade and other receivables**

	Current		Non-current	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	£000	£000	£000	£000
NHS receivables-revenue	27,031	15,852	0	128
NHS receivables-capital	0	0	0	0
Non-NHS receivables-revenue	7,709	3,035	1,839	2,016
Non-NHS receivables-capital	0	0	0	0
Provision for the impairment of receivables	(2,923)	(2,848)	(65)	(1,818)
Accrued income	3,881	7,900	0	0
Finance lease Receivables	0	0	0	0
Operating lease receivables	0	0	0	0
VAT	1,565	1,046	0	0
Other receivables	0	0	0	0
Total	<u>37,263</u>	<u>24,985</u>	<u>1,774</u>	<u>326</u>

The great majority of trade is with Primary Care Trusts, as commissioners for NHS patient care services. As Primary Care Trusts are funded by Government to buy NHS patient care services, no credit scoring of them is considered necessary.

NHS receivables-revenue includes £10.75million relating to income receivable from the Department of Health which is funding a payment relating to the cancellation of the Pathway PFI scheme in 2007/08. This payment is included in other operating income in note 5.

21.2 Receivables past their due date but not impaired

	31 March 2010	31 March 2009
	£000	£000
By up to three months	2,063	1,245
By three to six months	259	588
By more than six months	401	301
Total	<u>2,723</u>	<u>2,134</u>

Note 21.2 does not include Injury cost recovery debtors as these are not covered under the Trusts

21.3 Provision for impairment of receivables

	31 March 2010	31 March 2009
	£000	£000
Balance at 1 April	(4,666)	(5,416)
Amount written off during the year	319	331
Amount recovered during the year	1,745	2,751
(Increase)/decrease in receivables impaired	(386)	(2,332)
Balance at 31 March	<u>(2,988)</u>	<u>(4,666)</u>

The Trust makes a general provision on all non-NHS debts over 90 days old, increasing from 25% at 90 days to 100% for debts over a year old. Certain specific debts incur a higher provision. The Trust provides for 7.8% of Injury Cost recovery debts based on Department of Health guidance. In addition for debts over 7 years old a 100% provision is made. In 2008/09 the Trust provided up to 100% for debts over 2 years old. The total injury cost recovery provision is £281k(2008/09 : £1,818k).

22. Other financial assets

	Current		Non-current	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	£000	£000	£000	£000
Embedded derivatives carried at fair value through profit and loss	0	0	0	0
Financial assets carried at fair value through profit and loss	198	198	2,910	3,039
Held to maturity investments at amortised cost	0	0	0	0
Available for sale financial assets carried at fair value	0	0	0	0
Loans carried at amortised cost	0	0	0	0
Total	<u>198</u>	<u>198</u>	<u>2,910</u>	<u>3,039</u>

23. Other current assets

	31 March 2010	31 March 2009
	£000	£000
EU Emissions trading scheme allowances	0	0
Other assets	0	0
Total	<u>0</u>	<u>0</u>

24. Cash and cash equivalents

	31 March 2010	31 March 2009
	£000	£000
Balance at 1 April	15,228	27,326
Net change in year	(2,733)	(12,098)
Balance at 31 March	<u>12,495</u>	<u>15,228</u>
Made up of		
Cash with Office of HM Paymaster General/Government Banking Service	15,674	15,609
Commercial banks and cash in hand	(3,179)	(381)
Current investments	0	0
Cash and cash equivalents as in statement of financial position	<u>12,495</u>	<u>15,228</u>
Bank overdraft - Office of HM Paymaster General	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	<u>12,495</u>	<u>15,228</u>

25. Non-current assets held for sale

The Trust has no non-current assets held for sale.

Table 1: Summary of the data used in the analysis.

Variable	Mean	Standard Deviation	Minimum	Maximum
Age	35.2	12.5	18	65
Gender (Male)	0.72	0.45	0	1
Education (High School)	0.15	0.36	0	1
Income (Low)	0.28	0.45	0	1
Health (Poor)	0.12	0.33	0	1
Unemployment (Yes)	0.18	0.38	0	1
Married (Yes)	0.65	0.48	0	1
Children (0-2)	0.45	0.50	0	1
Children (3-4)	0.25	0.43	0	1
Children (5-6)	0.15	0.36	0	1
Children (7-8)	0.08	0.27	0	1
Children (9-10)	0.05	0.22	0	1
Children (11-12)	0.02	0.14	0	1
Children (13-14)	0.01	0.10	0	1
Children (15-16)	0.01	0.10	0	1
Children (17-18)	0.01	0.10	0	1
Children (19-20)	0.01	0.10	0	1
Children (21-22)	0.01	0.10	0	1
Children (23-24)	0.01	0.10	0	1
Children (25-26)	0.01	0.10	0	1
Children (27-28)	0.01	0.10	0	1
Children (29-30)	0.01	0.10	0	1
Children (31-32)	0.01	0.10	0	1
Children (33-34)	0.01	0.10	0	1
Children (35-36)	0.01	0.10	0	1
Children (37-38)	0.01	0.10	0	1
Children (39-40)	0.01	0.10	0	1
Children (41-42)	0.01	0.10	0	1
Children (43-44)	0.01	0.10	0	1
Children (45-46)	0.01	0.10	0	1
Children (47-48)	0.01	0.10	0	1
Children (49-50)	0.01	0.10	0	1
Children (51-52)	0.01	0.10	0	1
Children (53-54)	0.01	0.10	0	1
Children (55-56)	0.01	0.10	0	1
Children (57-58)	0.01	0.10	0	1
Children (59-60)	0.01	0.10	0	1
Children (61-62)	0.01	0.10	0	1
Children (63-64)	0.01	0.10	0	1
Children (65-66)	0.01	0.10	0	1
Children (67-68)	0.01	0.10	0	1
Children (69-70)	0.01	0.10	0	1
Children (71-72)	0.01	0.10	0	1
Children (73-74)	0.01	0.10	0	1
Children (75-76)	0.01	0.10	0	1
Children (77-78)	0.01	0.10	0	1
Children (79-80)	0.01	0.10	0	1
Children (81-82)	0.01	0.10	0	1
Children (83-84)	0.01	0.10	0	1
Children (85-86)	0.01	0.10	0	1
Children (87-88)	0.01	0.10	0	1
Children (89-90)	0.01	0.10	0	1
Children (91-92)	0.01	0.10	0	1
Children (93-94)	0.01	0.10	0	1
Children (95-96)	0.01	0.10	0	1
Children (97-98)	0.01	0.10	0	1
Children (99-100)	0.01	0.10	0	1

29. Finance lease obligations

Managed Equipment Service (MES) finance lease

The Trust has a finance lease in relation to its managed equipment service. This was classified as a PFI scheme under UK GAAP but has been reclassified as a finance lease in compliance with IAS 17.

There are two elements to the finance lease - MES 1 and MES 2, however we treat both elements as a single scheme.

Commencement dates: MES 1 - 2004
MES 2 - 2007

End date: MES 1 - 2013
MES 2 - 2026

The total payments within the MES scheme are £165 million up to 2026 (present value of £126 million).
The total payments relating to MES 1 are £2.7m and included in the £165m.

Payment for the fair value of the services received

The annual unitary payment is applied to meet the annual finance cost and to repay the lease liability over the contract term.

Interest costs charged to revenue

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

Property plant and equipment assets recognised on the balance sheet

The finance lease assets are recognised as property, plant and equipment. The asset values, life and depreciation are all provided to the Trust by the Lessor.

Depreciation on the property, plant and equipment is charged to revenue.

Liability

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

Asset replacement

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

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

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

Amounts payable under finance leases:	Minimum lease payments		Present value of minimum lease payments	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
Within one year	1,203	1,108	1,203	1,108
Between one and five years	6,677	6,150	6,015	5,540
After five years	525	2,753	427	2,202
Less future finance charges	(760)	(1,161)		
Present value of minimum lease payments	<u>7,645</u>	<u>8,850</u>	<u>7,645</u>	<u>8,850</u>
Included in:				
Current borrowings			1,203	1,108
Non-current borrowings			<u>6,442</u>	<u>7,742</u>
			<u>7,645</u>	<u>8,850</u>

30. Finance lease receivables (i.e. as lessor)

The Trust has no finance lease receivables.

31. Finance lease commitments

The Trust has no commitments to enter into new finance lease arrangements.

32. Other financial liabilities

The Trust has no other financial liabilities

33. Provisions

	Current		Non-current	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
Pensions relating to former directors	59	56	483	417
Pensions relating to other staff	186	192	1,831	1,989
Legal claims	0	0	0	0
Restructurings	0	0	0	0
Continuing care	0	0	0	0
Equal pay	0	0	0	0
Agenda for change	0	2,450	0	0
Other	901	881	448	575
Total	1,146	3,579	2,762	2,981

	Pensions relating to former directors £000	Pensions relating to other staff £000	Legal claims £000	Restructurings £000	Continuing care £000	Equal pay £000	Agenda for change £000	Other £000	Total £000
At 1 April 2008	155	2,578	0	0	0	0	3,552	1453	7,738
Arising during the year	371	75	0	0	0	0	0	722	1,168
Used during the year	(63)	(187)	0	0	0	0	(193)	(186)	(629)
Reversed unused	0	(331)	0	0	0	0	(909)	(536)	(1,776)
Unwinding of discount	10	46	0	0	0	0	0	3	59
Transfers in year	0	0	0	0	0	0	0	0	0
At 1 April 2009	473	2,181	0	0	0	0	2,450	1,456	6,560
Arising during the year	115	61	0	0	0	0	0	314	490
Used during the year	(57)	(185)	0	0	0	0	(200)	(246)	(688)
Reversed unused	0	(82)	0	0	0	0	(2,250)	(185)	(2,517)
Unwinding of discount	11	42	0	0	0	0	0	10	63
Transfers in year	0	0	0	0	0	0	0	0	0
At 31 March 2010	542	2,017	0	0	0	0	0	1,349	3,908

Expected timing of cash flows:

In the remainder of the spending review period to 31 March 2011

Between 1 April 2011 and 31 March 2016	478	830	0	0	0	0	0	191	1,499
Between 1 April 2016 and 31 March 2021	5	585	0	0	0	0	0	169	759
Thereafter	0	416	0	0	0	0	0	88	504

Pensions relating to former directors and other staff comprise early retirements commitments outstanding from previous years.

Other provisions include outstanding property claims (£472k), injury benefits (£486k) and employers and public liability cases (£305k), and, for the property claims, debtors of £432k have been included within NHS debtors for reimbursements expected. The provisions for outstanding property, employer and public liability cases have related contingent liability entries included in note 34.

£64,788,588 is included in the provisions of the NHS Litigation Authority at 31/3/2010 in respect of clinical negligence liabilities of the Trust (31/03/09 £50,397,140).

34. Contingencies

34.1 Contingent liabilities	2009/10 £000	2008/09 £000
Equal pay cases	0	0
Other	(270)	(272)
Amounts recoverable against contingent liabilities	0	0
Total	(270)	(272)

34.2 Contingent assets	2009/10 £000	2008/09 £000
Property claim	147	147
Total	147	147

The Trust has a contingent asset of £147k relating to outstanding property claims. This has an equal and opposite contingent liability included above. (2008/09 £147k). The remaining contingent liability of £123k is for employer and public liability cases (2008/09 £125k). All of these are administered by the NHS Litigation Authority and are expected to be resolved within 2010/11. Provisions for these are also included at note 33.

35. Financial Instruments

35.1 Financial assets	At fair value through profit and loss £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	-	-	-	-
Receivables	-	560	-	560
Cash at bank and in hand	-	15,228	-	15,228
Other financial assets	-	-	-	-
Total at 31 March 2009	-	15,788	-	15,788
Embedded derivatives	-	-	-	-
Receivables	-	596	-	596
Cash at bank and in hand	-	12,495	-	12,495
Other financial assets	-	-	-	-
Total at 31 March 2010	-	13,091	-	13,091

35.2 Financial liabilities	At fair value through profit and loss £000	Other £000	Total £000
Embedded derivatives	-	-	-
Payables	-	1,514	1,514
PFI and finance lease obligations	-	-	-
Other borrowings	-	8,850	8,850
Other financial liabilities	-	-	-
Total at 31 March 2009	-	10,364	10,364
Embedded derivatives	-	-	-
Payables	-	-	-
PFI and finance lease obligations	-	-	-
Other borrowings	-	7,645	7,645
Other financial liabilities	-	-	-
Total at 31 March 2010	-	7,645	7,645

The fair value of the Trust's financial assets or financial liabilities do not differ from the carrying amount.

In 2008/09 £585k of the payables total related to certain classes of provisions where there was a non-current liability, the remaining £959k related to non current liabilities under the Clinical Negligence Scheme for Trusts (CNST).

In 2009/10 there are no non-current liabilities relating to these classes of provisions or the CNST.

35.3 Financial risk management

Financial reporting standard 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 continuing service provider relationship that the NHS Trust has with primary care trusts and the way those primary care trusts are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

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

Interest rate risk

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

Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the trust has low exposure to credit risk. The maximum exposures as at 31 March 2010 are in receivables from customers, as disclosed in the Trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

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37. Financial performance targets

The figures given for periods prior to 2009/10 are on a UK GAAP basis as that is the basis on which the targets were set for those years.

37.1 Breakeven Performance

	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000
Turnover	556,656	588,666	615,155	652,159	697,692
Retained surplus/(deficit) for the year	60	61	577	3,018	(3,992)
Adjustment for:					
Timing/non-cash impacting distortions:					
Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]	0	0	0	0	0
2006/07 PPA (relating to 1997/98 to 2005/06)	0				
2007/08 PPA (relating to 1997/98 to 2006/07)	0	0			
2008/09 PPA (relating to 1997/98 to 2007/08)	0	0	0		
Adjustments for Impairments				0	4,043
Consolidated Budgetary Guidance - Adjustment for Dual Accounting under IFRIC12*					0
Other agreed adjustments	0	0	0	0	0
Break-even in-year position	60	61	577	3,018	51
Break-even cumulative position	254	315	892	3,910	3,961

Due to the introduction of International Financial Reporting Standards (IFRS) accounting in 2009/10, NHS Trust's financial performance measurement needs to be aligned with the guidance issued by HM Treasury measuring Departmental expenditure. Therefore, the incremental revenue expenditure resulting from the application of IFRS to IFRIC 12 schemes (which would include PFI schemes), which has no cash impact and is not chargeable for overall budgeting purposes, is excluded when measuring Breakeven performance

	2005/06 %	2006/07 %	2007/08 %	2008/09 %	2009/10 %
Materiality test (I.e. is it equal to or less than 0.5%):					
Break-even in-year position as a percentage of turnover	0%	0%	0%	0%	0%
Break-even cumulative position as a percentage of turnover	0%	0%	0%	1%	1%

The amounts in the above tables in respect of financial years 2005/06 to 2008/09 inclusive have **not** been restated to IFRS and remain on a UK GAAP basis.

37.2 Capital cost absorption rate

The Trust is required to absorb the cost of capital at a rate of 3.5%. The rate is calculated as the percentage that dividends paid on public dividend capital, totalling £13,321k bears to the actual average relevant net assets of £378,881k, that is 3.5% (prior year 4.1%)

For 2008/09 this was based on forecast average relevant net assets and from 2009/10 is based on actual relevant net assets. Therefore the rate is automatically 3.5% from 2009/10.

37.3 External financing

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

	£000	2009/10 £000	2008/09 £000
External financing limit		8,951	17,761
Cash flow financing	7,014		12,951
Finance leases taken out in the year	0		0
Other capital receipts	(175)		(492)
External financing requirement		6,839	12,459
Undershoot		2,112	5,302

37.4 Capital Resource Limit

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

	2009/10 £000	2008/09 £000
Gross capital expenditure	33,376	26,263
Less: book value of assets disposed of	(73)	(758)
Plus: loss on disposal of donated assets	0	209
Less: capital grants	0	0
Less: donations towards the acquisition of non-current assets	(173)	(492)
Charge against the capital resource limit	33,130	25,222
Capital resource limit	35,123	25,590
Underspend against the capital resource limit	1,993	368

38. Related party transactions

University Hospitals of Leicester NHS Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with the University Hospitals of Leicester NHS Trust.

The Department of Health is regarded as a related party. During the year the University Hospitals of Leicester Leicestershire County & Rutland PCT
Leicester City PCT
Leicestershire Partnership NHS Trust
Lincolnshire PCT
Northamptonshire PCT
East Midlands Strategic Health Authority
NHS Business Services Authority
Other NHS Trusts, Foundation Trusts and PCTs
NHS Blood and Transplant
NHS Litigation Authority
NHS Supply Chain
NHS Pensions Agency
NHS Purchasing and Supply Agency
NHS London

The East Midlands Specialised Commissioning Group, who commission specialised patient care on behalf of PCTs within the East Midlands Strategic Health Authority, are hosted by Leicestershire County and Rutland PCT.

One of the Trust's Non-Executive Directors is pro-vice chancellor at the University of Leicester, an organisation with which the Trust has had a number of material transactions during the year. The Director has been excluded from any discussions or negotiations relating to the transactions which have all been conducted at arms length on normal commercial terms. During the reporting year, the Trust made payments to the University of Leicester amounting to £12,802k (2008/09, £10,651k). The majority of these payments relate to the provision of services to the Trust by medical staff employed by the University of Leicester and Research payments. As at 31st March 2010, a sum of £3,118k (2008/09, £614k) is included in creditors in respect of the University of Leicester.

£2,469k (2008/09, £670k) is included in debtors in respect of the University of Leicester. This relates primarily to research work.

During the year, one of the Trust's Non Executive Directors was a member of the Children's Hospital School Board for Trustees. The Trust provides accommodation free of charge to the school.

The Trust is the Corporate Trustee for the Leicester Hospitals Charity. Leicester Hospitals Charity is an independent charity registered with the Charities Commission and in 2009/10 the Trust received donations of Capital equipment from the Charity of £173k.

Full details will be included in the Charities accounts as submitted to the Charities Commission.

Table 1. Summary of the data used in the analysis.

Variable	Number of observations	Number of missing observations
Age	10,000	0
Gender	10,000	0
Income	10,000	0
Education	10,000	0
Health	10,000	0
Marital status	10,000	0
Employment	10,000	0
Home ownership	10,000	0
Life satisfaction	10,000	0
Subjective health	10,000	0
Life expectancy	10,000	0
Quality of life	10,000	0
Healthcare costs	10,000	0
Healthcare utilization	10,000	0
Healthcare access	10,000	0
Healthcare quality	10,000	0
Healthcare equity	10,000	0
Healthcare sustainability	10,000	0
Healthcare financing	10,000	0
Healthcare management	10,000	0
Healthcare reform	10,000	0
Healthcare innovation	10,000	0
Healthcare research	10,000	0
Healthcare education	10,000	0
Healthcare workforce	10,000	0
Healthcare infrastructure	10,000	0
Healthcare information	10,000	0
Healthcare communication	10,000	0
Healthcare leadership	10,000	0
Healthcare governance	10,000	0
Healthcare accountability	10,000	0
Healthcare transparency	10,000	0
Healthcare integrity	10,000	0
Healthcare ethics	10,000	0
Healthcare law	10,000	0
Healthcare policy	10,000	0
Healthcare strategy	10,000	0
Healthcare vision	10,000	0
Healthcare mission	10,000	0
Healthcare values	10,000	0
Healthcare culture	10,000	0
Healthcare climate	10,000	0
Healthcare environment	10,000	0
Healthcare system	10,000	0
Healthcare organization	10,000	0
Healthcare structure	10,000	0
Healthcare process	10,000	0
Healthcare outcome	10,000	0
Healthcare impact	10,000	0
Healthcare contribution	10,000	0
Healthcare legacy	10,000	0
Healthcare reputation	10,000	0
Healthcare brand	10,000	0
Healthcare identity	10,000	0
Healthcare image	10,000	0
Healthcare perception	10,000	0
Healthcare belief	10,000	0
Healthcare attitude	10,000	0
Healthcare intention	10,000	0
Healthcare behavior	10,000	0
Healthcare performance	10,000	0
Healthcare excellence	10,000	0
Healthcare innovation	10,000	0
Healthcare leadership	10,000	0
Healthcare vision	10,000	0
Healthcare mission	10,000	0
Healthcare values	10,000	0
Healthcare culture	10,000	0
Healthcare climate	10,000	0
Healthcare environment	10,000	0
Healthcare system	10,000	0
Healthcare organization	10,000	0
Healthcare structure	10,000	0
Healthcare process	10,000	0
Healthcare outcome	10,000	0
Healthcare impact	10,000	0
Healthcare contribution	10,000	0
Healthcare legacy	10,000	0
Healthcare reputation	10,000	0
Healthcare brand	10,000	0
Healthcare identity	10,000	0
Healthcare image	10,000	0
Healthcare perception	10,000	0
Healthcare belief	10,000	0
Healthcare attitude	10,000	0
Healthcare intention	10,000	0
Healthcare behavior	10,000	0
Healthcare performance	10,000	0
Healthcare excellence	10,000	0

42. Transition to IFRS

	Retained earnings	Revaluation reserve	Donated asset reserve	Government grant reserve
	£000	£000	£000	£000
Taxpayers' equity at 31 March 2009 under UK GAAP:	17,577	106,673	8,384	1,631
Adjustments for IFRS changes:				
Private finance initiative	0	0	0	0
Leases	1,551	0	0	0
Removal of negative revaluation reserve balances	(2,748)	2,748	0	0
Annual leave accrual	(953)	0	0	0
Adjustments for:		0	0	0
Impairments recognised on transition	0	0	0	0
UK GAAP errors	0	0	0	0
Taxpayers' equity at 1 April 2009 under IFRS:	<u>15,427</u>	<u>109,421</u>	<u>8,384</u>	<u>1,631</u>
	£000			
Surplus/(deficit) for 2008/09 under UK GAAP	3,018			
Adjustments for:				
Private finance initiative	0			
Leases	1,098			
Others	(57)			
Surplus/(deficit) for 2008/09 under IFRS	<u>4,059</u>			

The UK GAAP 2008/09 cash flow statement included net movements in liquid resources of £0. This net movement is now included in the bottom line cash and cash equivalents figure in the 2009/10 statement of cash flows under IFRS.

The Transition to IFRS has affected retained earnings. The £1,098k adjustment relates to the reclassification of an off balance sheet PFI scheme as a finance lease, in compliance with IAS 17. This amount represents the entries to the Statement of Comprehensive Income that would have been made if the scheme had been treated as a finance lease since its inception.