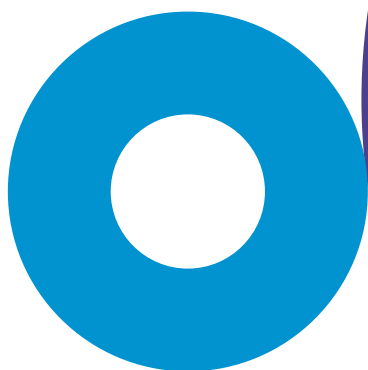


# Annual Accounts 2009/10



## West Sussex Primary Care Trust - Annual Accounts 2009/10

### Contents

Foreword to the Accounts	3	
Independent Auditor's Report	4	
The Primary Statements:		
Operating Cost Statement	10	
Statement of Financial Position	11	
Statement of Changes in Taxpayers Equity	12	
Statement of Cash Flows	14	
Notes to the Accounts		
Note 1	Accounting policies	15
Note 2	Operating segments	25
Note 3	Financial performance targets	26
Note 4	Miscellaneous revenue	27
Note 5	Operating costs	28
Note 6	Operating leases	30
Note 7	Employee benefits and staff numbers	31
Note 8	Better payment practice code	33
Note 9	Investment revenue	34
Note 10	Other gains and losses	34
Note 11	Finance costs	34
Note 12	Property, plant and equipment	35
Note 13	Intangible non-current assets	38
Note 14	Impairments	41
Note 15	Non-current assets held for sale	41
Note 16	Inventories	42
Note 17	Trade and other receivables	42
Note 18	Trade payables and other current liabilities	43
Note 19	Borrowings	43
Note 20	Other liabilities	43
Note 21	Provisions for liabilities and charges	44
Note 22	Contingencies	45
Note 23	Capital commitments	45
Note 24	Other financial liabilities	45
Note 25	Finance leases as a lessee	46
Note 26	Finance leases as a lessor	46
Note 27	PFI and NHS LIFT schemes	47
Note 28	Financial instruments	48
Note 29	NHS LIFT investments	50
Note 30	Other financial assets	50
Note 31	Other current assets	50
Note 32	Cash and cash equivalents	50
Note 33	Related party transactions	51
Note 34	Third party assets	52
Note 35	Intra-government balances	52
Note 36	Losses and special payments	52
Note 37	Events after the reporting period	52
Note 38	Movements in working capital	53
Note 39	Other cashflow adjustments	53
Note 40	Cashflow relating to exceptional items	53
Note 41	Pooled budget	54
Note 42	Transition to IFRS	57

## **FOREWORD TO THE ACCOUNTS**

These accounts for the year ended 31 March 2010 have been prepared by the West Sussex Primary Care Trust under section 98 (2) of the National Health Service Act 1977 in the form which the Secretary of State has, with the approval of the Treasury, directed.

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# Independent auditor's report to the Board of Directors of West Sussex Primary Care Trust

## Opinion on the financial statements

I have audited the financial statements of West Sussex Primary Care Trust for the year ended 31 March 2010 under the Audit Commission Act 1998. The financial statements comprise the Operating Cost Statement, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. These financial statements have been prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service set out within them.

I have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Board of Directors of West Sussex Primary Care Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

## Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the financial statements in accordance with directions made by the Secretary of State are set out in the Statement of Directors' Responsibilities. The Chief Executive's responsibility, as Accountable Officer, for ensuring the regularity of financial transactions is set out in the Statement of the Chief Executive's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England. I report whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in

accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England. I report to you whether, in my opinion, the information which comprises the commentary on the financial performance included within the Operating and Finance Review 2009/10, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I review whether the directors' Statement on Internal Control reflects compliance with the Department of Health's requirements, set out in 'Guidance on Completing the Statement on Internal Control 2009/10', issued February 2010. I report if it does not meet the requirements specified by the Department of Health or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the directors' Statement on Internal Control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the unaudited part of the Remuneration Report, the Chairman and Chief Executive's Introduction and the remaining elements of the Operating and Finance Review 2009/10. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

#### **Basis of audit opinion**

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that:

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

- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

## Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England, of the state of the Trust's affairs as at 31 March 2010 and of its net operating costs for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England;
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them; and
- information which comprises the commentary on the financial performance included within the Operating and Finance Review 2009/10, included within the Annual Report, is consistent with the financial statements.

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

### **Directors' Responsibilities**

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

### **Auditor's Responsibilities**

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

### **Qualified Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice. In doing so I have identified the following:

- the PCT did not understand and did not quantify its use of natural resources and did not identify the main influencing factors;
- the PCT did not manage performance to reduce its impact on the environment; and
- the PCT did not manage the environmental risks it faces, working effectively with partners.

Having regard to the Use of Resources Guidance published by the Audit Commission in May 2008 and updated in October 2009, I am satisfied that, in all significant respects, West Sussex Primary Care Trust made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010 except in respect of putting in place arrangements to make effective use of natural resources.

## Certificate

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

Helen Thompson  
District Auditor

Audit Commission, Bicentennial House, Southern Gate, Chichester, West  
Sussex PO19 8EZ

10 June 2010.

WEST SUSSEX PRIMARY CARE TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

**OPERATING COST STATEMENT FOR THE PERIOD ENDED  
31 March 2010**

	NOTE	2009/10 £000	2008/09 £000
<b>Commissioning</b>			
Employee benefits	7.1	33,123	30,631
Other costs	5.1	1,664,540	1,480,487
Income	4	(558,681)	(487,318)
<b>Provider</b>			
Employee benefits	7.1	79,439	71,022
Other costs	3.3	26,059	33,782
Income	3.3	(7,984)	(12,904)
<b>PCT net operating costs before interest</b>		<b>1,236,496</b>	<b>1,115,700</b>
Investment income	9	(2)	0
Other (Gains)/Losses	10	(132)	(104)
Finance costs	11	117	132
<b>Net operating costs for the financial year</b>		<b>1,236,479</b>	<b>1,115,728</b>

The notes on pages 15 to 57 form part of this account.

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

	NOTE	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
<b>Non-current assets:</b>				
Property, plant and equipment	12	105,432	112,539	123,042
Intangible assets	13	12	16	0
Other financial assets	30	0	0	0
Trade and other receivables	17.1	0	137	0
<b>Total non-current assets</b>		<b>105,444</b>	<b>112,692</b>	<b>123,042</b>
<b>Current assets:</b>				
Inventories	16.1	89	84	74
Trade and other receivables	17.1	26,824	10,383	17,311
Other financial assets	30	0	0	0
Other current assets	31	0	9,512	6,136
Cash and cash equivalents	32	856	66	2,385
		<b>27,769</b>	<b>20,045</b>	<b>25,906</b>
Non-current assets classified "Held for Sale"	15	884	0	0
<b>Total current assets</b>		<b>28,653</b>	<b>20,045</b>	<b>25,906</b>
<b>Total assets</b>		<b>134,097</b>	<b>132,737</b>	<b>148,948</b>
<b>Current liabilities</b>				
Trade and other payables	18	(85,355)	(37,078)	(56,707)
Other liabilities	20	0	(44,011)	(25,513)
Provisions	21	(933)	(774)	(1,494)
Borrowings	19	0	0	0
Other financial liabilities	24	0	0	0
<b>Total current liabilities</b>		<b>(86,288)</b>	<b>(81,863)</b>	<b>(83,714)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>47,809</b>	<b>50,874</b>	<b>65,234</b>
<b>Non-current liabilities</b>				
Trade and other payables	18	0	0	0
Provisions	21	(4,760)	(5,229)	(5,800)
Borrowings	19	0	0	0
Other financial liabilities	24	0	0	0
Other liabilities	20	0	0	0
<b>Total non-current liabilities</b>		<b>(4,760)</b>	<b>(5,229)</b>	<b>(5,800)</b>
<b>Total Assets Employed:</b>		<b>43,049</b>	<b>45,645</b>	<b>59,434</b>
<b>FINANCED BY:</b>				
<b>TAXPAYERS' EQUITY</b>				
General fund		24,153	24,895	25,302
Revaluation reserve		17,508	18,913	32,171
Donated asset reserve		1,388	1,837	1,961
Government grant reserve		0	0	0
Other reserves		0	0	0
<b>Total Taxpayers' Equity:</b>		<b>43,049</b>	<b>45,645</b>	<b>59,434</b>

The notes on pages 15 to 57 form part of this account.

The financial statements on pages 10 to 14 were approved by the Board on 8/6/10 and signed on its behalf by John Wilderspin

Chief Executive:

Date:

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**  
**For the year ended 31 March 2009**

	General fund	Revaluation reserve	Donated asset reserve	Govt. grant reserve	Other reserves	Total reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2008</b>	25,302	32,171	1,961	0	0	59,434
Changes in accounting policy	0	0	0	0	0	0
<b>Restated balance at 1 April 2008</b>	25,302	32,171	1,961	0	0	59,434
<b>Changes in taxpayers' equity for 2008/09</b>						
Net operating cost for the year	(1,115,728)					(1,115,728)
Net gain on revaluation of property, plant, equipment		0	0	0		0
Net gain on revaluation of intangible assets		0	0	0		0
Net gain on revaluation of financial assets		0	0	0		0
Net gain on revaluation of assets held for sale						
Receipt of donated or government granted assets			0	0		0
Movements in other reserves	0	0	0	0	0	0
Impairments and reversals		(12,551)	(39)	0	0	(12,590)
Release of reserves to OCS		0	(85)	0	0	(85)
Non-cash charges – cost of capital	1,763					1,763
Transfers between reserves	707	(707)	0	0	0	0
Transfers to/(from) other bodies within the Resource Account boundary	0					0
<b>Total recognised income and expense for 2008/09</b>	(1,113,258)	(13,258)	(124)	0	0	(1,126,640)
Net Parliamentary funding	1,112,851					1,112,851
<b>Balance at 31 March 2009</b>	<b>24,895</b>	<b>18,913</b>	<b>1,837</b>	<b>0</b>	<b>0</b>	<b>45,645</b>

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**  
**For the year ended 31 March 2010**

	General Fund	Revaluation Reserve	Donated Asset Reserve	Govt. Grant Reserve	Other Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000
<b>Changes in taxpayers' equity for 2009/10</b>						
Balance at 1 April 2009	24,895	18,913	1,837	0	0	45,645
Net operating cost for the year	(1,236,479)					(1,236,479)
Net gain on revaluation of property, plant, equipment		4,030	0	0	0	4,030
Net gain on revaluation of intangible assets		0	0	0	0	0
Net gain on revaluation of financial assets		0	0	0	0	0
Net gain on revaluation of assets held for sale		0	0	0	0	0
Receipt of donated or government granted assets			0	0		0
Movements in other reserves					0	0
Impairments and reversals		(5,824)	0	0		(5,824)
Release of reserves to OCS		0	(60)	0		(60)
Non-cash charges – cost of capital	1,480					1,480
Transfers between reserves	0	389	(389)	0	0	0
Transfers to/(from) other bodies within the Resource Account Boundary	0	0	0	0		0
<b>Total recognised income and expense for 2009/10</b>	<b>(1,234,999)</b>	<b>(1,405)</b>	<b>(449)</b>	<b>0</b>	<b>0</b>	<b>(1,236,853)</b>
Net Parliamentary funding	1,234,257					1,234,257
<b>Balance at 31 March 2010</b>	<b>24,153</b>	<b>17,508</b>	<b>1,388</b>	<b>0</b>	<b>0</b>	<b>43,049</b>

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

	NOTE	2009/10 £000	2008/09 £000
<b>Cashflow from operating activities</b>			
Net operating cost before interest		(1,236,496)	(1,115,700)
Other cash flow adjustments	39	13,778	8,184
Movements in Working Capital	38	(3,483)	1,255
Provisions utilised	21	(963)	(951)
Interest paid		0	0
<b>Net cash outflow from operating activities</b>		<b>(1,227,164)</b>	<b>(1,107,212)</b>
<b>Cash flows from investing activities</b>			
Payments to purchase property, plant and equipment		(7,728)	(8,323)
Payments to purchase intangible assets		(305)	0
Proceeds of disposal PPE & intangible assets		1,730	365
Purchase of financial investments (LIFT)		0	0
Sale of financial investments (LIFT)		0	0
Loans made in respect of LIFT		0	0
Loans repaid in respect of LIFT		0	0
Payments for other financial assets		0	0
Proceeds from disposal of other financial assets		0	0
Interest received		0	0
Rental Income		0	0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(6,303)</b>	<b>(7,958)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>(1,233,467)</b>	<b>(1,115,170)</b>
<b>Cash flows from financing activities</b>			
Net Parliamentary Funding		1,234,257	1,112,851
Other capital receipts surrendered		0	0
Capital grants received		0	0
Capital element of payments in respect of finance leases, on-SoFP PFI and LIFT		0	0
Cash transfers (to)/from other NHS bodies		0	0
<b>Net cash inflow/(outflow) from financing</b>		<b>1,234,257</b>	<b>1,112,851</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>790</b>	<b>(2,319)</b>
<b>Cash (and) cash equivalents (and bank overdrafts) at the beginning of the financial year</b>		<b>66</b>	<b>2,385</b>
Effect of exchange rate changes on the balance of cash held in foreign currencies		0	0
<b>Cash (and) cash equivalents (and bank overdrafts) at the end of the financial year</b>		<b>856</b>	<b>66</b>

## 1. Accounting policies

The Secretary of State for Health has directed that the financial statements of PCTs shall meet the accounting requirements of the PCT Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2009/10 PCTs Manual for Accounts issued by the Department of Health. From the current year, the accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) 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 PCT 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 PCT for the purpose of giving a true and fair view has been selected. The particular policies adopted by the PCT are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The PCT is within the Government Resource Accounting Boundary and therefore has only consolidated interests in other entities where the other entity is also within the resource accounting boundary and the PCT exercise in-year budgetary control over the other entity.

### 1.1 Accounting Conventions

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.

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of the PCT'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. 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.

#### Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The PCT's management has made a critical judgment around the asset values of land and buildings prepared from the quinquennial review of fixed assets, using a Modern Equivalent Asset Valuation, as the revised basis of estimation where appropriate for specialised assets such as hospital buildings.

This judgement is that the values identified from the indexation applied in 2008/09 and the adjustments then made on the 1st April 2009 make further indexation in year inappropriate. The background to this decision is set out in detail in the policy discussion document provided to the Audit and Assurance Committee:

'NHS West Sussex - Discussion document, Changes to the Indexation policy for Land and Buildings in 2009/10'

The key points being that the inherent margins of error in the land and buildings indices available to use for 2009/10 combined with the error factor present in the indexation applied in 2008/09 and valuation changes as at 1st April 2009, alongside price shocks due to the economic downturn are likely to mean any further significant changes in indexation rates in 2009/10 could result in material misstatement of the value of assets in the accounts. To address this, a change in the processes and timings of valuations will take place in 2010/11 and in 2009/10 indexation will be frozen as it is considered that the current asset values identified from the valuation exercise undertaken at the start of 2009/10 will not be materially different to the true values at the balance sheet date and application of indices in 2009/10 are likely to make the values of assets held less accurate not more given the concerns outlined above.

The PCT has identified development expenditure for intangible assets to capitalise in year where this expenditure is justifiable under the definitions set out in note 1.7 Intangible Assets and in accordance with IAS38 Intangible Assets.

In previous years the Sussex Area Contracting Service (SACS), a body hosted by the PCT accounted for all its income (payments from PCT commissioners) and expenditure (payments to NHS Trust providers) on a cash basis. At year end no accruals were made in SACS books for services delivered but not yet invoiced or paid for. Instead accruals were entered in the books of the PCT commissioner and NHS Trust provider only and year end agreement of balances were made between individual PCT commissioners and providers.

In 2009/10 SACS changed to an accruals basis for accounting for income & expenditure, accruing expenditure up to the forecast outturn for the provider Trusts and agreeing the subsequent accruals with all commissioning PCT's to fund the income to SACS. This ensured that as the host SACS income equals its expenditure on a cash and accruals basis. Because SACS prepared 2008/09 accounts using a cash basis, the 2009/10 accounts are also reflecting payments made to providers & income received from commissioners, in relation to 2008/09 activity that has been paid as cash in 2009/10 (ie activity that was not accrued in 2008/09)

#### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

As above the key source of estimation uncertainty is in relation to the continued use of national indices to reflect land and buildings price movements in 2009/10. The main cause of this uncertainty being the difficulty in ensuring movements generated from these indices are not duplicated because of inconsistencies in the measurement periods of the indices used in previous periods and those that could be applied in 2009/10, as well as changes in the basis of estimation as a result of adoption of International Financial Reporting Standards that are likely to have partly duplicated price changes already reflected in the previous period.

## **1. Accounting policies (continued)**

### **1.2 Revenue and Funding**

The main source of funding for the Primary Care Trust is allocations (Parliamentary Funding) from the Department of Health within an approved cash limit, which is credited to the General Fund of the Primary Care Trust. Parliamentary funding is recognised in the financial period in which the cash is received.

Miscellaneous revenue is income which relates directly to the operating activities of the Primary Care Trust. It principally comprises fees and charges for services provided on a full cost basis to external customers, as well as public repayment work. It includes both income appropriated-in-aid of the Vote and income to the Consolidated Fund which HM Treasury has agreed should be treated as operating income.

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

Where income had been received for a specific activity to be delivered in the following financial year, that income will be deferred.

### **1.3 Pooled budgets**

The PCT has entered into a pooled budget with West Sussex County Council. Under the arrangement funds are pooled under S31 of the Health Act 1999 for Mental Health, Community Equipment and Learning Difficulties activities and a memorandum note to the accounts provides details of the joint income and expenditure.

The Mental Health pool is hosted by West Sussex Primary Care Trust. As a commissioner of healthcare services, the PCT makes contributions to the pool, which are then used to purchase healthcare services. The PCT accounts for its share of the assets, liabilities, income and expenditure of the pool as determined by the pooled budget agreement.

The Community equipment and Learning Difficulties pools are hosted by West Sussex County Council. As a commissioner of healthcare services, the PCT makes contributions to the pool, which are then used to purchase healthcare services. The PCT accounts for its share of the assets, liabilities, income and expenditure of the pool as determined by the pooled budget agreement.

### **1.4 Taxation**

The PCT is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to an asset.

### **1.5 Capital Charges**

A charge, reflecting the cost of capital utilised by the PCT is included in operating costs. The capital charge is 3.5% (2008-09 3.5%) of the net average assets less liabilities except for donated assets and cash balances with the Office of the Paymaster General (OPG) or Government Banking Services (GBS) which are excluded from the calculation.

## 1. Accounting policies (continued)

### 1.6 Property, Plant & 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 PCT;
- 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 PCT'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

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 PCTs must apply these new valuation requirements by 1 April 2010 at the latest. These valuations have been received for all relevant land and buildings and were provided as at 1st April 2009.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1 April 2008 indexation has ceased. 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 in the Statement of Changes in Taxpayers' Equity.

#### 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. Accounting policies (continued)

### 1.7 Intangible Assets

#### Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the PCT'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 PCT; 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 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

#### 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 amortized historic cost to reflect the opposing effects of increases in development costs and technological advances.

### 1.8 Depreciation, amortisation and impairments

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

Otherwise, depreciation and amortisation are 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 PCT expects to obtain economic benefits or service potential from the asset. This is specific to the PCT and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives

At each reporting period end, the PCT checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

If there has been an impairment loss, 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. 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. Accounting policies (continued)

### 1.9 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 Fund.

### 1.10 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. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Operating Cost Statement. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings. 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 retained earnings.

Property, plant and 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.

### 1.11 Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula.

### 1.12 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.

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 PCT's cash management.

### 1.13 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 including losses which would have been made good through insurance cover had PCTs not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

### 1.14 Clinical Negligence Costs

From 1 April 2000, the NHS Litigation Authority (NHSLA) took over the full financial responsibility for all Existing Liabilities Scheme (ELS) cases unsettled at that date and from 1 April 2002 all Clinical Negligence Scheme for Trusts (CNST) cases. Provisions for these are included in the accounts of the NHSLA. Although the NHSLA is administratively responsible for all cases from 1 April 2000, the legal liability remains with the PCTs.

The NHSLA operates a risk pooling scheme under which the PCT pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure in the year that it is due. The total value of clinical negligence provisions carried by the NHSLA on behalf of the PCT is disclosed at Note 21.

## **1. Accounting policies (continued)**

### **1.15 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.

#### **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 PCT commits itself to the retirement, regardless of the method of payment.

### **1.16 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.

### **1.17 Grant making**

Under section 256 of the National Health Service Act 2006, the PCT has the power to make grants to local authorities, voluntary bodies and registered social landlords to finance capital or revenue schemes. A liability in respect of these grants is recognised when the PCT has a present legal or constructive obligation which occurs when all of the conditions attached to the payment have been met.

## 1. Accounting policies (continued)

### 1.18 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 PCT, 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.

### 1.19 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 PCT 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 PCT's net operating cost.

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 is treated as an operating lease. Leased buildings are assessed as to whether they are operating or finance leases.

#### The PCT as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the PCT'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 PCT'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.

### 1.20 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used. Resulting exchange gains and losses are taken to the Operating Cost Statement. There have been no such transactions in the accounting period.

### 1.21 Provisions

Provisions are recognised when the PCT has a present legal or constructive obligation as a result of a past event, it is probable that the PCT 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 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 PCT 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 PCT 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. Accounting policies (continued)**

### **1.22 Financial Instruments**

#### **Financial assets**

Financial assets are recognised when the PCT 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.

#### **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 estimated value in use.

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 Statement of Financial Position date, the PCT 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.

## **1. Accounting policies (continued)**

### **Financial liabilities**

Financial liabilities are recognised on the Statement of Financial Position when the PCT 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 derecognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value.

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

### **1.23 Private Finance Initiative (PFI) and NHS LIFT transactions**

#### **Independent Sector Treatment Centre**

The PCT uses services provided by the Sussex Orthopaedic Centre which is funded under a Dept of Health Private Finance Initiative (PFI) agreement led by Brighton and Hove City PCT. The Sussex Orthopaedic Care Centre is capitalised in the accounts of Brighton & Hove City PCT.

Brighton & Hove City PCT are the host PCT for this contract as they hold 50% of the value along with another 25% held by East Sussex Downs and Weald PCT.

**1. Accounting policies (continued)**

**1.24 Accounting standards issued that have been adopted early**

The amendment to IFRS 8 Operating segments that was included in the April 2009 Improvements to IFRS has been adopted early. As a result, total assets are not reported by operating segment.

## 2. Operating segments

There are three significant segments identified for West Sussex PCT.

These are the Sussex Acute Commissioning Service - value of transactions is greater than 10%

West Sussex Health - The provider arm of the Primary Care Trust

NHS West Sussex and Sussex Health Informatics Service

The Sussex Acute Commissioning Service has a requirement to breakeven in every year but posted a £4,000 loss prior to consolidation on net operating costs of £1,006,519,000.

West Sussex Health also has a breakeven duty in every year but posted a surplus of £5,000 as per PCT 06 of the FMA's on gross operating costs of £105,498,000.

	West Sussex Health		SACS		NHS West Sussex & Sussex HIS	
	2009/10 £000	2008/09 £000	2009/10 £000	2008/09 £000	2009/10 £000	2008/09 £000
Expenditure	105,498	104,804	510,654	408,748	1,187,009	1,102,398
Income	(7,984)	(12,904)	(510,650)	(408,748)	(48,048)	(78,570)
Net Operating Costs	<u>97,514</u>	<u>91,900</u>	<u>4</u>	<u>0</u>	<u>1,138,961</u>	<u>1,023,828</u>
PCT revenue & Non Discretionary resource limit	<u>97,519</u>	<u>91,174</u>	<u>0</u>	<u>0</u>	<u>1,139,685</u>	<u>1,146,030</u>
Surplus/(Deficit)						
Segment surplus/(deficit)	5	(726)	(4)	0	724	(2,282)
Common costs						
Surplus/(deficit) before interest	<u>5</u>	<u>(726)</u>	<u>(4)</u>	<u>0</u>	<u>724</u>	<u>(2,282)</u>
Net Assets:						
Segment net assets	<u>(9,942)</u>	<u>n/a</u>	<u>3</u>	<u>1</u>	<u>52,988</u>	<u>45,644</u>

West Sussex Health did not have a separate ledger in 2008/09 therefore it is not possible to provide analysis of segment assets

### 3. Financial Performance Targets

#### 3.1 Revenue Resource Limit

	2009/10 £000	2008/09 £000
The PCTs' performance for the year ended 31 March 2010 is as follows:		
Total Net Operating Cost for the Financial Year	1,236,479	1,115,728
Non-Discretionary Expenditure	6,435	5,819
<b>Net Operating Cost less Non Discretionary Expenditure</b>	<b>1,230,044</b>	1,109,909
Revenue Resource Limit	1,230,769	1,106,901
<b>Under/(Over)spend Against Revenue Resource Limit (RRL)</b>	<b>725</b>	(3,008)

The performance in the above tables in respect of financial year 2008/09 have been restated to IFRS basis.

#### 3.2 Capital Resource Limit

	2009/10 £000	2008/09 £000
The PCT is required to keep within its Capital Resource Limit.		
<b>Total Gross Capital Expenditure</b>	<b>8,974</b>	9,326
Loss in Respect of Disposals of Donated Assets	0	0
less: Net Book Value of Non-Current Assets Disposed of to NHS Bodies	0	
less: Net Book Value of Non-Current Assets Disposed of to non-NHS Bodies	(1,585)	(261)
less: Net Book Value of Financial Instruments (Investments) Disposed Of to NHS bodies	0	0
less: Net Book Value of Financial Instruments (Investments) Disposed Of to Non-NHS bodies	0	0
less: Capital Grants Received	0	0
less: Donations	0	0
<b>Charge Against the Capital Resource Limit (CRL)</b>	<b>7,389</b>	9,065
Capital Resource Limit (CRL)	7,395	9,069
<b>(Over)/Underspend Against CRL</b>	<b>6</b>	4

#### 3.3 Provider full cost recovery duty

	2009/10 £000	2008/09 £000
The PCT is required to recover full costs in relation to its provider functions. The performance for 2009/10 is as follows:		
Provider gross operating costs	105,498	104,804
Provider Operating Revenue	(7,984)	(12,904)
<b>Net Provider Operating Costs</b>	<b>97,514</b>	91,900
Costs Met Within PCTs Own Allocation	(97,519)	(91,902)
<b>Under/(Over) Recovery of Costs</b>	<b>(5)</b>	(2)

The performance in the above tables in respect of financial year 2008/09 have been restated to IFRS basis.

**4. Miscellaneous Revenue**

	Appropriated- In-Aid £000	Not Appropriated- In-Aid £000	2009/10  <b>Total £000</b>	2008/09  Total £000
Fees and Charges	1,049		1,049	829
Dental Charge income from Contractor-Led GDS & PDS	10,317		10,317	9,624
Dental Charge income from Trust-Led GDS & PDS	256		256	304
Prescription Charge income	519		519	687
Strategic Health Authorities		6,795	6,795	6,243
NHS Trusts		15,388	15,388	15,593
NHS Foundation Trusts		3,914	3,914	3,469
Primary Care Trusts Contributions to DATs		0	0	0
Primary Care Trusts - Other		0	0	9,533
Primary Care Trusts - Lead Commissioning		524,205	524,205	448,794
English RAB Special Health Authorities		0	0	0
Other English Special Health Authorities		912	912	905
Department of Health - SMPTB		0	0	0
Department of Health - Other		76	76	0
Local Authorities	1,156		1,156	1,324
Patient Transport Services	0	0	0	0
Education, Training and Research	11	0	11	154
Non-NHS: Private Patients	3		3	17
Non-NHS: Overseas Patients (Non-Reciprocal)	0		0	0
NHS Injury Costs Recovery	219		219	27
Other Non-NHS Patient Care Services	0	0	0	0
Charitable and Other Contributions to Expenditure	56		56	32
Transfers from the Donated Asset Reserve		60	60	85
Transfers from the Government Grant Reserve		0	0	0
Contingent Rental Income from Finance Leases	0	0	0	0
Rental Income from Operating Leases	0	0	0	0
Other Income	1,729	0	1,729	2,602
<b>Total miscellaneous income</b>	<b>15,315</b>	<b>551,350</b>	<b>566,665</b>	<b>500,222</b>

## 5. Operating Costs

### 5.1 Analysis of operating costs:

	2009/10 £000	2008/09 £000
<b>Goods and Services from Other PCTs</b>		
Healthcare	88,318	80,427
Non-Healthcare	2,185	1,920
<b>Total</b>	<b>90,503</b>	<b>82,347</b>
<b>Goods and Services from Other NHS Bodies other than FTs</b>		
Healthcare	1,005,283	896,673
Non-Healthcare	9,020	6,162
<b>Total</b>	<b>1,014,303</b>	<b>902,835</b>
Goods and Services from Foundation Trusts	106,921	68,408
Purchase of Healthcare from Non-NHS bodies	118,467	122,439
Social Care from Independent Providers	5	30
Expenditure on Drugs Action Teams	5,789	5,617
Non-GMS Services from GPs	1,854	1,257
Contractor Led GDS & PDS (excluding employee benefits)	38,650	36,074
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	1,096	1,462
Chair, Non-executive Directors & PEC remuneration	311	0
Consultancy Services	3,826	2,378
Prescribing Costs	127,991	126,467
G/PMS, APMS and PCTMS (excluding employee benefits)	111,662	108,549
Pharmaceutical Services	2,474	116
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	9,530	7,742
General Ophthalmic Services	6,435	5,819
Supplies and Services - Clinical	7,260	7,778
Supplies and Services - General	1,738	1,531
Establishment	6,343	5,738
Transport	520	396
Premises	14,470	12,545
Impairments & Reversals of Property, plant and equipment	7,411	2,738
Impairments and Reversals of non-current assets held for sale	0	0
Depreciation	4,118	4,240
Amortisation	3	0
Impairment & Reversals Intangible non-current assets	290	0
Cost of Capital Charge	1,480	1,763
Impairment and Reversals of Financial Assets	0	0
Impairment of Receivables	205	0
Inventory write offs	0	0
Research and Development Expenditure	0	0
Audit Fees	356	353
Other Auditors Remuneration	57	177
Clinical Negligence Costs	184	142
Education and Training	1,147	1,696
Other	5,200	3,632
<b>Total Operating costs charged to OCS (excluding employee benefits)</b>	<b>1,690,599</b>	<b>1,514,269</b>
<b>Employee Benefits</b>		
Employee Benefits (excluding staff associated with PCTMS)	111,911	
Employee Benefits associated with PCTMS		
PCT Officer Board Members	651	
<b>Total Employee Benefits charged to OCS</b>	<b>112,562</b>	<b>101,653</b>
<b>Total Operating Costs</b>	<b>1,803,161</b>	<b>1,615,922</b>

**5.2 Analysis of operating expenditure by expenditure classification**

	2009/10	2008/09
	£000	£000
<b>Purchase of Primary Health Care</b>		
GMS / PMS/ APMS / PCTMS	112,727	108,549
Prescribing costs	127,991	126,467
Contractor led GDS & PDS	38,958	36,276
Trust led GDS & PDS	3,959	3,955
General Ophthalmic Services	6,436	5,819
Department of Health Initiative Funding	0	0
Pharmaceutical services	0	116
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	9,530	7,742
Non-GMS Services from GPs	1,854	1,257
Other	(36)	408
<b>Total Primary Healthcare purchased</b>	<b>301,419</b>	<b>290,589</b>
<b>Purchase of Secondary Healthcare</b>		
Learning Difficulties	33,518	31,969
Mental Illness	97,215	94,958
Maternity	24,156	22,949
General and Acute	602,417	516,451
Accident and emergency	19,410	15,132
Community Health Services	98,780	91,903
Other Contractual	25,460	29,542
<b>Total Secondary Healthcare Purchased</b>	<b>900,956</b>	<b>802,904</b>
<b>Grant Funding</b>		
Grants (revenue) to fund Capital Projects - GMS	927	0
Grants (revenue) to LAs to fund Capital Projects	1,430	5,826
Grants (revenue) to private sector to fund Capital Projects	0	0
Grants (revenue) to fund Capital Projects - Dental	0	0
Grants (revenue) to fund Capital Projects - other	0	0
<b>Total Healthcare Purchased by PCT</b>	<b>1,204,732</b>	<b>1,099,319</b>
<b>PCT self-provided secondary healthcare included above</b>	<b>97,519</b>	<b>91,902</b>

## 6. Operating Leases

Main operating lease contracts are held in relation to Primary Care properties for community staff. The largest single Lease is for Steyning Health Centre held with Horsham District Council.

Payments made to GP's for reimbursement of premises expenses via GMS & PMS contracts in respect of lease obligations of the practices that have not been recorded in Note 6.1 were £5,743,645 in 2009/10.

### 6.1 PCT as lessee

	2009/10 £000	2008/09 £000
<b>Payments recognised as an expense</b>		
Minimum lease payments	1,673	1,170
Contingent rents	0	0
Sub-lease payments	0	0
<b>Total</b>	<b>1,673</b>	<b>1,170</b>
<b>Payable:</b>		
No later than one year	1,099	0
Between one and five years	4,696	380
After five years	12,850	790
<b>Total</b>	<b>18,645</b>	<b>1,170</b>

Total future sublease payments expected to be received: £nil

### 6.2 PCT as lessor

There are no arrangements with the PCT as a lessor of and properties however it does hold an underlease for a number of GP Practices with third party developers as the landlord.

	2009/10 £000	2008/09 £000
<b>Recognised as income</b>		
Rents	0	0
Contingent rents	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Receivable:</b>		
No later than one year	0	0
Between one and five years	0	0
After five years	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 7. Employee benefits and staff numbers

### 7.1 Employee benefits

	2009/10			2008/09		
	Total £000	Permanently Employed £000	Other £000	Total £000	Permanently Employed £000	Other £000
Salaries and wages	95,198	84,377	10,821	85,743	76,982	8,761
Social security costs	6,487	6,236	251	5,946	5,748	198
Employer contributions to NHS Pensions scheme	10,877	10,604	273	9,964	9,747	217
Other pension costs	0	0	0	0	0	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
<b>Total employee benefits</b>	<b>112,562</b>	<b>101,217</b>	<b>11,345</b>	<b>101,653</b>	<b>92,477</b>	<b>9,176</b>

#### Recognised as:

Commissioning employee benefits	33,123	30,631
Provider employee benefits	79,439	71,022
Employee benefits capitalised as part of assets	0	0
<b>Total</b>	<b>112,562</b>	<b>101,653</b>

### 7.2 Staff Numbers

	2009/10			2008/09		
	Total Number	Permanently Employed Number	Other Number	Total Number	Permanently Employed Number	Other Number
Medical and dental	64	52	12	99	83	16
Ambulance staff	0	0	0	0	0	0
Administration and estates	1410	1,254	156	1,379	1,267	112
Healthcare assistants & other support staff	597	537	60	500	464	36
Nursing, midwifery & health visiting staff	932	867	65	960	895	65
Nursing, midwifery & health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	428	372	56	300	260	40
Social Care staff	0	0	0	0	0	0
Other	6	5	1	0	0	0
<b>Total staff numbers</b>	<b>3437</b>	<b>3087</b>	<b>350</b>	<b>3,238</b>	<b>2,969</b>	<b>269</b>

Numbers of staff above (wte) whose costs have been capitalised: 15

### 7.3 Staff Sickness absence

	2009/10 Number
Days Lost (Long Term)	0
Days Lost (Short Term)	26,642
<b>Total Days Lost</b>	<b>26,642</b>
<b>Total Staff Years</b>	<b>2,863</b>
Average working Days Lost	9.31
Total Staff Employed In Period (Headcount)	3,674
Total Staff Employed In Period with No Absence (Headcount)	3,047
<b>Percentage Staff With No Sick Leave</b>	<b>82.9%</b>

Note: No prior-year figure available as this note is a new requirement for 2009/10

### 7.4 Retirements due to ill-health

8 persons (2008/09: 4 persons) retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £676,000 (2008/09: £132,000). The cost of ill health retirements is borne by the NHS Business Services Authority, which administers the NHS Pension Scheme.

## 7.5 Pension costs

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

The scheme is subject to a full actuarial valuation every four years (until 2004, 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.

## 7.6 Management Costs

	2009/10	2008/09
Provider costs (£000s)	6,410	-
Commissioner Costs (£000s)	10,155	-
Management costs (£000s)	16,565	15,033
Weighted population (number in units)	733,566	733,566
Management Cost per weighted head of population (£ per head)	23	20

## 8. Better Payment Practice Code

### 8.1 Measure of compliance

	2009/10 Number	2009/10 £000	2008/09 Number	2008/09 £000
<b>Non-NHS Payables</b>				
Total Non-NHS Trade Invoices Paid in the Year	72,961	203,069	60,994	182,203
Total Non-NHS Trade Invoices Paid Within Target	68,655	189,058	53,673	157,909
Percentage of Non-NHS Trade Invoices Paid Within Target	94.10%	93.10%	88.00%	86.67%
<b>NHS Payables</b>				
Total NHS Trade Invoices Paid in the Year	4,699	1,767,266	4,781	1,508,221
Total NHS Trade Invoices Paid Within Target	3,975	1,746,801	3,158	1,433,397
Percentage of NHS Trade Invoices Paid Within Target	84.59%	98.84%	66.05%	95.04%

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

### 8.2 The Late Payment of Commercial Debts (Interest) Act 1998

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

## 9. Investment Income

	2009/10 £000	2008/09 £000
<b>Rental Income</b>		
PFI finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
<b>Interest Income</b>		
LIFT: equity dividends receivable	0	0
LIFT: loan interest receivable	0	0
Bank interest	2	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Total investment income</b>	<b>2</b>	<b>0</b>

## 10. Other Gains and Losses

	2009/10 £000	2008/09 £000
Gain/(loss) on disposal of property, plant and equipment	132	104
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 the OCS	0	0
Change in fair value of financial liabilities carried at fair value through the OCS	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<b>132</b>	<b>104</b>

## 11. Finance Costs

	2009/10 £000	2008/09 £000
<b>Interest</b>		
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts:		
- main finance cost	0	0
- contingent finance cost	0	0
Interest on obligations under LIFT contracts:		
- main finance cost	0	0
- contingent finance cost	0	0
Provisions - unwinding of discount	117	132
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Other finance costs	0	0
<b>Total</b>	<b>117</b>	<b>132</b>

## 12.1 Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
2009/10	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation:</b>									
<b>At 1 April 2009</b>	19,919	81,852	0	5,676	2,924	30	5,675	1,014	117,090
Additions Purchased	347	1,456	0	6,223	51	0	368	224	8,669
Additions Donated	0	0	0	0	0	0	0	0	0
Additions Government Granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	3,891	0	(3,246)	(932)	23	270	(6)	0
Reclassifications as Held for Sale	(870)	(1,599)	0	0	0	0	0	0	(2,469)
Disposals other than for sale	0	0	0	0	0	0	0	0	0
Upward revaluation/positive indexation	4,030	0	0	0	0	0	0	0	4,030
Impairments/negative indexation	0	(3,648)	0	(1,093)	(1)	0	(970)	(96)	(5,808)
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Transfers (to)/from NHS Bodies	0	0	0	0	0	0	0	0	0
<b>At 31 March 2010</b>	<b>23,426</b>	<b>81,952</b>	<b>0</b>	<b>7,560</b>	<b>2,042</b>	<b>53</b>	<b>5,343</b>	<b>1,136</b>	<b>121,512</b>
<b>Depreciation</b>									
<b>At 1 April 2009</b>					1,050	28	2,569	904	4,551
Reclassifications	0	0	0		0	0	0	0	0
Reclassifications as Held for Sale	0	0	0		0	0	0	0	0
Disposals other than for sale	0	0	0		0	0	0	0	0
Upward revaluation/positive indexation	0	0	0		0	0	0	0	0
Impairments	0	7,411	0	0	0	0	0	0	7,411
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Charged During the Year	0	2,904	0		160	4	1,019	31	4,118
Transfers to NHS Bodies	0	0	0	0	0	0	0	0	0
<b>At 31 March 2010</b>	<b>0</b>	<b>10,315</b>	<b>0</b>	<b>0</b>	<b>1,210</b>	<b>32</b>	<b>3,588</b>	<b>935</b>	<b>16,080</b>
<b>Net book value at 31 March 2010</b>	<b>23,426</b>	<b>71,637</b>	<b>0</b>	<b>7,560</b>	<b>832</b>	<b>21</b>	<b>1,755</b>	<b>201</b>	<b>105,432</b>
Purchased	23,296	70,379	0	7,560	832	21	1,755	201	104,044
Donated	130	1,258	0	0	0	0	0	0	1,388
Government Granted	0	0	0	0	0	0	0	0	0
<b>Total at 31 March 2010</b>	<b>23,426</b>	<b>71,637</b>	<b>0</b>	<b>7,560</b>	<b>832</b>	<b>21</b>	<b>1,755</b>	<b>201</b>	<b>105,432</b>
<b>12.2 Asset financing:</b>									
Owned	23,426	71,637	0	7,560	832	21	1,755	201	105,432
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual: interests	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>23,426</b>	<b>71,637</b>	<b>0</b>	<b>7,560</b>	<b>832</b>	<b>21</b>	<b>1,755</b>	<b>201</b>	<b>105,432</b>

## 12.3 Revaluation Reserve Balance for Property, Plant &amp; Equipment

	Land £000's	Buildings £000's	Equipment £000's	Other £000's	Total £000's
At 1 April 2009	0	18,854	29	30	18,913
adjustment	(2,000)	2,000			
Movements (specify)	4,030	(5,393)	(19)	(23)	(1,405)
<b>At 31 March 2010</b>	<b>2,030</b>	<b>15,461</b>	<b>10</b>	<b>7</b>	<b>17,508</b>

**12.1 Property, plant and equipment**

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>2008/09</b>									
<b>Cost or valuation:</b>									
<b>At 1 April 2008</b>	29,731	84,055	0	5,526	1,585	30	4,557	962	126,446
Additions - purchased	374	2,751	0	3,791	1,336	0	1,022	52	9,326
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	3,519	0	(3,618)	3	0	96	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	(96)	(188)	0	0	0	0	0	0	(284)
Revaluation & indexation gains	0	0	0	0	0	0	0	0	0
Impairments	(10,035)	(2,532)	0	(23)	0	0	0	0	(12,590)
Reversals of impairments	0	0	0	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	0
<b>At 31 March 2009</b>	<b>19,974</b>	<b>87,605</b>	<b>0</b>	<b>5,676</b>	<b>2,924</b>	<b>30</b>	<b>5,675</b>	<b>1,014</b>	<b>122,898</b>
<b>Depreciation</b>									
<b>At 1 April 2008</b>					910	24	1,593	877	3,404
Reclassifications		0	0		0	0	0	0	0
Reclassifications as Held for Sale		0	0		0	0	0	0	0
Disposals other than for sale		(23)	0		0	0	0	0	(23)
Upward revaluation/positive indexation		0	0		0	0	0	0	0
Impairments	55	2,683	0		0	0	0	0	2,738
Reversal of Impairments		0	0		0	0	0	0	0
Charged During the Year		3,093	0		140	4	976	27	4,240
Transfers to NHS Bodies		0	0	0	0	0	0	0	0
<b>At 31 March 2009</b>	<b>55</b>	<b>5,753</b>	<b>0</b>	<b>0</b>	<b>1,050</b>	<b>28</b>	<b>2,569</b>	<b>904</b>	<b>10,359</b>
<b>Net book value</b>	<b>19,919</b>	<b>81,852</b>	<b>0</b>	<b>5,676</b>	<b>1,874</b>	<b>2</b>	<b>3,106</b>	<b>110</b>	<b>112,539</b>
Purchased	19,772	80,172	0	5,676	1,864	2	3,106	110	110,702
Donated	147	1,680	0	0	10	0	0	0	1,837
Government Granted	0	0	0	0	0	0	0	0	0
<b>Total at 31 March 2009</b>	<b>19,919</b>	<b>81,852</b>	<b>0</b>	<b>5,676</b>	<b>1,874</b>	<b>2</b>	<b>3,106</b>	<b>110</b>	<b>112,539</b>
<b>12.2 Asset financing:</b>									
Owned	19,919	81,852	0	5,676	1,874	2	3,106	110	112,539
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual: interests	0	0	0	0	0	0	0	0	0
	<b>19,919</b>	<b>81,852</b>	<b>0</b>	<b>5,676</b>	<b>1,874</b>	<b>2</b>	<b>3,106</b>	<b>110</b>	<b>112,539</b>

## 12 (cont). Property, plant and equipment

The effective date of revaluation for assets was the 1st April 2009

This valuation was prepared by the District Valuers Office and independent valuation agency

This valuation was prepared using the IFRS compliant basis of estimation specifically the application of Modern Equivalent asset values for specialised assets

This change has resulted in a significant fall in the Net Book Value of buildings and significant rise in the value of Land

Further indexation of land and building has not been carried out in 2009/10 due to the assessment that the revalued figures as at 1st April 2010 are a fair reflection of the value of the PCT's estate and that national indices indicate that freezing asset values will provide accurate values for assets held in 2009/10 after taking account of indexation and revaluation adjustments recorded on or before the 1st April 2009.

Economic Lives of Non-Current Assets	Min life Years	Max life Years
Intangible Assets		
Software Licences	4	4
Buildings exc Dwellings	1	89
Plant & Machinery	1	19
Transport Equipment	3	6
Information Technology	1	9
Furniture and Fittings	1	9

**13.1 Intangible non-current assets**

	Software purchased	Software internally generated	Licences & trademarks	Patents	Development expenditure	Total
2009/10	£000	£000	£000	£000	£000	£000
<b>Cost or valuation:</b>						
At 1 April 2009	16	0	0	0	0	16
Additions - purchased	15	0	0	0	0	15
Additions - internally generated	0	0	0	0	290	290
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 gains	0	0	0	0	0	0
Impairments	(16)	0	0	0	0	(16)
Reversal of impairments	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0
<b>At 31 March 2010</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>290</b>	<b>305</b>
<b>Amortisation</b>						
At 1 April 2009	0	0	0	0	0	0
Charged in-year	3	0	0	0	0	3
Reclassifications	0	0	0	0	290	290
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0
In-year transfers to NHS bodies	0	0	0	0	0	0
<b>At 31 March 2010</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>290</b>	<b>293</b>
<b>NBV at 31 March 2010</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>
<b>Net book value at 31 March 2010 comprises:</b>						
Purchased	12	0	0	0	0	12
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
<b>Total at 31 March 2010</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>

## 13.1 Intangible non-current assets

	Software purchased	Software internally generated	Licences & trademarks	Patents	Development expenditure	Total
2008/09	£000	£000	£000	£000	£000	£000
<b>Cost or valuation:</b>						
At 1 April 2008	0	0	0	0	0	0
Additions - purchased	16	0	0	0	0	16
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 gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0
<b>At 31 March 2009</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>
<b>Amortisation</b>						
At 1 April 2008	0	0	0	0	0	0
Charged During the Year	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Revaluation/Indexation gains	0	0	0	0	0	0
Reclassified as Held for Sale	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0
In-year transfers to NHS bodies	0	0	0	0	0	0
<b>At 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 31 March 2009</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>
<b>Net book value at 31 March 2009 comprises:</b>						
Purchased	16	0	0	0	0	16
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
<b>Total at 31 March 2009</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>

### 13.2 Intangible non-current assets

The only asset determined as having a carrying value at the balance sheet date is the real asset software purchased in 2009/10 for £15K.

£290K of development expenditure was capitalised in 2009/10 in accordance with IAS 38 - Intangible Assets but this has been disposed of at nil consideration prior to the year end as a charge to the operating cost statement.

### 13.3 Revaluation reserve balance for intangible assets

	2009/10 £000	2008/09 £000
At 1 April	0	0
Changes	0	0
<b>At 31 March</b>	<b>0</b>	<b>0</b>

**14. Impairments**

Significant impairments recognised in the period were:

Detail	£000's
1) District Valuer MEA Valuation	7370
2) Disposals 31/3/10	2116
3) 3 Boundary Close	208
4) Police Cottages	62
5) Reversal from 2008/09	-2055
	<u>7701</u>

**Further information:**

- This is a result of the impact of new MEAV valuations prepared as at 1st April 2009. This is the value of negative revaluation reserve values held against all PPE on 31.3.2010 and transferred to the OCS to comply with IFRS reporting.
- These impairments relate to disposals at nil consideration as well as assets under construction, intangible development costs and other capitalised expenditure impaired in year.
- 3 & 4) Relate to the impairment on the sale of 2 properties to private providers of Learning Difficulty services as part of the 'Place to Live' project.
- Relates to the reversal of the negative revaluation reserve values held against all PPE as at 31st March 2009, partly offsetting the charge in 1) above.

**15. Non-current assets held for sale**

	Land £000	Buildings, excl. dwellings £000	Dwellings £000	Other property, plant and equipment £000	Intangible assets £000	Total £000
Balance brought forward 1 April 2009	0	0	0	0	0	0
Plus assets classified as held for sale in the year	870	1,599	0	0	0	2,469
Less assets sold in the year	(620)	(965)	0	0	0	(1,585)
Less impairment of assets held for sale	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2010</b>	<b>250</b>	<b>634</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>884</b>
Balance brought forward 1 April 2008	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The conditions for a non-current asset or disposal group to be classified as held-for-sale are as follows:

- The assets must be available for immediate sale in their present condition and its sale must be highly probable
- The asset must be currently marketed actively at a price that is reasonable in relation to its current fair value
- The sale should be completed, or expected to be so, within a year from the date of the classification, and
- The actions required to complete the planned sale will have been made, and it is unlikely that the plan will be significantly changed or withdrawn.

The two asset held for sale are properties related to Services for People with Learning Difficulties (SPLD) that will be sold to third party providers in 2010/11.

The properties are Post Office Cottages &amp; 14 St Botolphs.

**16.1 Inventories**

	31 March 2010 £000	31 March 2009 £000
Drugs	0	0
Consumables	89	84
Loan equipment	0	0
Other	0	0
<b>Total</b>	<b>89</b>	<b>84</b>

**16.2 Inventories recognised in expenses**

	2009/10 £000	2008/09 £000
Inventories recognised as an expense in the period	0	0
Write-down of expenses (including losses)	0	0
Reversal of write-down previously taken to OCS	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**17.1 Trade and other receivables**

	Current		Non-current	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
NHS receivables - revenue	14,298	8,177	0	0
NHS receivables - capital	0	0	0	0
Non-NHS receivables - revenue	2,534	1,945	0	0
Non-NHS receivables - capital	94	0	0	0
Provision for the impairment of receivables	(205)	0	0	0
VAT	450	0	0	0
Prepayments & other accrued income	9,476	0	0	137
Finance lease receivables	0	0	0	0
Operating lease receivables	0	0	0	0
Other receivables	177	261	0	0
<b>Total</b>	<b>26,824</b>	<b>10,383</b>	<b>0</b>	<b>137</b>

**17.2 Receivables past their due date but not impaired**

	31 March 2010 £000	31 March 2009 £000
By up to three months	10,937	8,957
By three to six months	823	1,275
By more than six months	556	1,165
<b>Total</b>	<b>12,316</b>	<b>11,397</b>

**17.3 Provision for impairment of receivables**

	31 March 2010 £000	31 March 2009 £000
<b>Balance at 1 April</b>	<b>0</b>	<b>0</b>
Amount written off during the year	0	0
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	(205)	0
<b>Balance at 31 March</b>	<b>(205)</b>	<b>0</b>

It is likely the £205,000 of wheelchair service sales invoices will not be recoverable due to ongoing disputes. A provision of £205,000 has been established for these balances in 2009/10

## 18. Trade and other payables

	Current		Non-current	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
Interest payable	0	0		
Payments received on account	0	0		
NHS payables - revenue	23,069	13,332	0	0
NHS payables - capital	0	0	0	0
FHS payables	23,555	6,106		
Non-NHS trade payables - revenue	9,183	11,410	0	0
Non-NHS trade payables - capital	2,065	1,019	0	0
Tax and social security costs	2,117	1,507		
VAT	0	0	0	0
Other payables	5,987	2,664	0	0
Accruals & deferred income	19,379	1,040		
<b>Total</b>	<b>85,355</b>	<b>37,078</b>	<b>0</b>	<b>0</b>

Other payables include £0 (2008/09: £NIL) in respect of payments due in future years under arrangements to buy out the liability for 0 early retirements over 5 instalments; and £0 (2008/09: £0) in respect of outstanding pensions contributions at 31 March 2010 (31 March 2009: £NIL).

## 19. Borrowings

	Current		Non-current	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
Bank overdraft - Office of HM Paymaster General / Government Banking Service	0	0		
Bank overdraft - commercial banks	0	0		
Finance lease liabilities	0	0	0	0
PFI liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
LIFT liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Other (describe)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 20. Other liabilities

	Current		Non-current	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
PFI/LIFT deferred credit	0	0	0	0
Lease incentives	0	0	0	0
Other [specify]	0	44,011	0	0
<b>Total</b>	<b>0</b>	<b>44,011</b>	<b>0</b>	<b>0</b>

Other NHS and Non NHS accruals incorrectly identified and other liabilities in the restated 2008/09 accounts.

**21. 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	0	0	0	0
Pensions relating to other staff	440	544	3,277	3,209
Legal claims	198	13	1,483	2,020
Restructurings	0	0	0	0
Continuing Care	90	217	0	0
Agenda for Change	0	0	0	0
Equal Pay	0	0	0	0
Other (specify)	205	0	0	0
<b>Total</b>	<b>933</b>	<b>774</b>	<b>4,760</b>	<b>5,229</b>

	Pensions relating to former directors £000	Pensions relating to other staff £000	Legal claims £000	Restructurings £000	Other £000	Total £000
<b>At 1 April 2008</b>	0	4,299	1,130	186	1,679	7,294
Arising during the year	0	0	902	0	0	902
Utilised during the year	0	(544)	(13)	(12)	(382)	(951)
Reversed unused	0	(120)	0	(174)	(1,080)	(1,374)
Unwinding of discount	0	118	14	0	0	132
Transferred in-year	0	0	0	0	0	0
<b>At 1 April 2009</b>	0	3,753	2,033	0	217	6,003
Arising during the year	0	295	40	0	489	824
Utilised during the year	0	(461)	(93)	0	(409)	(963)
Reversed unused	0	0	(288)	0	0	(288)
Unwinding of discount	0	99	20	0	(2)	117
Transferred in-year	0	31	(31)	0	0	0
<b>At 31 March 2010</b>	0	3,717	1,681	0	295	5,693

**Expected timing of cash flows:**

In the remainder of the spending review period to:

31 March 2011	0	440	198	0	295	933
Between 1 April 2011 and 31 March 2016	0	1,662	752	0	0	2,414
Between 1 April 2016 and 31 March 2021	0	1,615	731	0	0	2,346
Thereafter	0	0	0	0	0	0

\* Provisions relating to the PCT's own provider functions are shown gross with the expected reimbursements from the NHSLA included in debtors

Back to back provisions held with NHS trusts within headings 'Pensions relating to staff' and 'Legal claims' amount to Provisions for early retirement costs of the PCT's own staff within headings 'Pensions relating to staff' and 'Legal claims'

£36,000 is included in the provisions of the NHSLA at 31.3.2010 in respect of clinical negligence provisions of the PCT (31.3.2009 £36,000).

The balances classified under 'Other' include a sum of £290,000 (2008/09 £213,000) in respect of long-term care obligations re the NHS Ombudsman report of February 2003.

## 22. Contingencies

	31 March 2010 £000	31 March 2009 £000
<b>Contingent liabilities</b>	1,134	1,353
<b>Contingent assets</b>	0	0

A contingent liability of £1,134,000 (2008/09: £1,353,000) has been identified by the PCT as a result of the Health Ombudsman's ruling following the Coughlan Report which dealt with issues about the funding of nursing care for the elderly in nursing homes. The contingent liability excludes the cost of the provision made in the accounts for the estimated costs of those applications for which requests for reviews have already been received (see Note 21).

**DN: The note above does not feed through from FMA forms**

## 23. Capital Commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:	31 March 2010 £000	31 March 2009 £000
Property, plant and equipment	0	0
Intangible assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 24. Other financial liabilities

	Current		Non-current	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
<b>Financial liabilities carried at fair value through profit and loss</b>				
Embedded Derivatives at Fair Value through OCS	0	0	0	0
Other Financial Liabilities at Fair Value through Profit and Loss	0	0	0	0
Amortised Cost	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 25. Finance lease obligations

### 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	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less future finance charges	0	0	-	-
<b>Present value of minimum lease payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Future sublease payments expected to be received total £0 (prior year £0)

Contingent rents recognised as an expense £0 (prior year £0)

## 26. Finance lease receivables (i.e. as lessor)

### Amounts receivable under finance leases Of minimum lease payments

	Gross investments in leases		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	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less future finance charges	0	0	-	-
<b>Present value of minimum lease payments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Less allowance for uncollectible lease payments:	0	0	0	0
<b>Total finance lease receivable recognised in the statement of financial position</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Included in:				
Current finance lease receivables	0	0	0	0
Non-current finance lease receivables	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The unguaranteed residual value accruing to the PCT is £0 (prior year £0)

Accumulated allowance for uncollectible lease payments receivable £0 (prior year £0)

### Rental Income

	2009/10 £000	2008/09 £000
Contingent rent	0	0
Other	0	0
<b>Total rental income</b>	<b>0</b>	<b>0</b>

## 27. PFI and NHS LIFT Schemes

### 27.1 PFI and NHS LIFT schemes off-Statement of Financial Position

The PCT is not a party to any PFI contract however it does contribute 25% of the annual revenue funding of the SOTC contract for orthopaedic services with a private healthcare provider, Care UK.

Brighton & Hove City PCT are the host PCT for this contract and capitalise all the assets and liabilities associated with it as a finance lease. They also hold an option to buy the assets of the SOTC at the end of the contract.

### 27.2 PFI and NHS LIFT schemes on-Statement of Financial Position

Total obligations for on-Statement of Financial Position PFI/NHS LIFT contracts due:

	<b>31 March 2010</b>	31 March 2009
	<b>£000</b>	£000
Not later than one year	<b>0</b>	0
Later than one year, not later than five years	<b>0</b>	0
Later than five years	<b>0</b>	0
Sub total	<b>0</b>	0
Less: interest element	<b>0</b>	0
<b>Total</b>	<b>0</b>	0

The PCT has no PFI or NHS LIFT schemes on-Statement of Financial Position.

The PCT is currently running a tender exercise to find an NHS LIFT partner to start in 2010/11.

### 27.3 Charges to expenditure

The total charged in the year to expenditure in respect of

The PCT is committed to the following annual charges	31 March 2010 £000	31 March 2009 £000
<sup>[1]</sup> PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 28. Financial Instruments

### 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. As the cash requirements of the PCT are met through Parliamentary Funding, financial instruments play a more limited role in creating risk that would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the PCT's expected purchase and usage requirements and the PCT is therefore exposed to little credit, liquidity or market list.

### Currency risk

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

### Interest rate risk

PCTs are not permitted to borrow. The PCT therefore has low exposure to interest- rate fluctuations.

### Credit Risk

Because the majority of the PCT's income comes from funds voted by Parliament the PCT has low exposure to credit risk.

### Liquidity Risk

The PCT is required to operate within limits set by the Secretary of State for the financial year and draws down funds from the Department of Health as the requirement arises. The PCT is not, therefore, exposed to significant liquidity risks.

**28.1 Financial Assets**

	At 'fair value through profit and loss'	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Embedded derivatives	0			0
Receivables - NHS	0	14,298		14,298
Receivables - non-NHS	0	2,600		2,600
Cash at bank and in hand	0	856		856
Other financial assets	0	0	0	0
<b>Total at 31 March 2010</b>	<b>0</b>	<b>17,754</b>	<b>0</b>	<b>17,754</b>
Embedded derivatives	0	0	0	0
Receivables - NHS	0	8,177	0	8,177
Receivables - non-NHS	0	2,206	0	2,206
Cash at bank and in hand	0	66	0	66
Other financial assets	0	0	0	0
<b>Total at 31 March 2009</b>	<b>0</b>	<b>10,449</b>	<b>0</b>	<b>10,449</b>

**28.2 Financial Liabilities**

	At 'fair value through profit and loss'	Other	Total
	£000	£000	£000
Embedded derivatives	0	0	0
NHS payables	0	46,624	46,624
Non-NHS payables	0	36,614	36,614
Other borrowings	0	0	0
PFI & finance lease obligations	0	0	0
Other financial liabilities	0	0	0
<b>Total at 31 March 2010</b>	<b>0</b>	<b>83,238</b>	<b>83,238</b>
Embedded derivatives	0	0	0
NHS payables	0	19,438	19,438
Non-NHS payables	0	60,144	60,144
Other borrowings	0	0	0
PFI & finance lease obligations	0	0	0
Other financial liabilities	0	5,227	5,227
<b>Total at 31 March 2009</b>	<b>0</b>	<b>84,809</b>	<b>84,809</b>

**29. NHS LIFT Investments**

	Loan £000	Share capital £000	Total £000
<b>Balance at 31 March 2009</b>	0	0	0
Additions	0	0	0
Disposals	0	0	0
Loan repayments	0	0	0
Revaluations	0	0	0
Loans repayable within 12 months	0	0	0
<b>Balance as at 31 March 2010</b>	0	0	0
<b>Balance as at 1 April 2008</b>	0	0	0
Additions	0	0	0
Disposals	0	0	0
Loan repayments	0	0	0
Revaluations	0	0	0
Loans repayable within 12 months	0	0	0
<b>Balance as at 31 March 2009</b>	0	0	0

**30. Other financial assets**

	Current		non-current	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
Embedded Derivatives at Fair Value through OCS	0	0	0	0
Financial assets carried at fair value through OCS	0	0	0	0
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
<b>Total</b>	0	0	0	0

**31. Other current assets**

	31 March 2010 £000	31 March 2009 £000
EU Emissions Trading Scheme Allowance	0	0
Other Assets	0	9,512
<b>Total</b>	0	9,512

**32. Cash and Cash Equivalents**

	31 March 2010 £000	31 March 2009 £000
Balance at 1 April	66	2,385
Net change in year	790	(2,319)
<b>Balance at 31 March</b>	856	66
<b>Made up of</b>		
Cash with Office of HM Paymaster General/GBS	838	49
Commercial banks and cash in hand	18	17
Current investments	0	0
<b>Cash and cash equivalents as in statement of financial position</b>	856	66
Bank overdraft - Office of HM Paymaster General/GBS	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in statement of cash flows</b>	856	66
Patients' money held by the PCT, not included above	0	0

**33. Related party transactions**

Details of related party transactions with individuals are as follows:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000	£000	£000	£000
Dr A. Foulkes (PEC) - Avisford Medical Centre	1,637	0	0	0
Dr S. Kelly (PEC) - Lavant Road Surgery	1,288	0	0	0
Dr T. Fooks (PEC) - Pulborough	2,118	0	1	0
Dr D. Skipp (PEC) - Park Horsham (Dec 08)	2,999	0	3	0
Paul Mellings (PEC) - Woodcroft Dental Practice	259	0	0	0

The Department of Health is regarded as a related party. During the year West Sussex PCT has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are:

South East Coast SHA  
 South Central SHA  
 NHS Business Services Authority  
 NHS Litigation Authority  
 Dental Practices Board  
 NHS Supply Chain  
 NHS Direct  
 Brighton & Hove PCT  
 Brighton & Sussex University Hospitals NHS Trust  
 East Sussex Downs & Weald PCT  
 Portsmouth Hospitals NHS Trust  
 South Downs Health NHS Trust  
 South East Coast Ambulance Service NHS Trust  
 Surrey & Borders Partnership NHS Trust  
 Surrey & Sussex Healthcare NHS Trust  
 Surrey PCT  
 Sussex Partnership NHS Trust  
 West Kent PCT  
 Western Sussex Hospitals NHS Trust

In addition, the Primary Care Trust has had a significant number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with West Sussex County Council in respect of joint enterprises.

**Prior Year comparators**

	2008/09	2008/09	2008/09	2008/09
	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£000	£000	£000	£000
Dr A. Smith (PEC) - Northbourne Medical Centre (ceased October 2007)	522	0	0	0
Dr A. Bhargava (PEC) - Southgate (ceased October 2007)	332	0	0	0
Dr M. Patel (PEC) - Moatfield Surgery (ceased October 2007)	846	0	0	0
Dr A. Foulkes (PEC) - Avisford Medical Centre	1,802	2	83	0
Dr S. Kelly (PEC) - Lavant Road Surgery (November 2007 onwards)	664	0	83	0
Dr T. Fooks (PEC) - Pulborough (November 2007 onwards)	875	0	93	0
Dr D. Skipp (PEC) - Park Horsham (November 2007 onwards)	886	0	171	0
Rev. M. Liles (Non-Executive Director) - Crawley Open House	3	0	0	0
A Skinner (Deputy Director of Finance) - Take Note Publishing	2	0	0	0

The Department of Health is regarded as a related party. During the year West Sussex Primary Care Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below:

South East Coast SHA  
 South Central SHA  
 NHS Business Services Authority  
 NHS Litigation Authority  
 Dental Practices Board  
 NHS Supply Chain  
 NHS Direct  
 Brighton & Hove PCT  
 Brighton & Sussex University Hospitals NHS Trust  
 East Sussex Downs & Weald PCT  
 Portsmouth Hospitals NHS Trust  
 Royal West Sussex NHS Trust  
 South Downs Health NHS Trust  
 South East Coast Ambulance Service NHS Trust  
 Surrey & Borders Partnership NHS Trust  
 Surrey & Sussex Healthcare NHS Trust  
 Surrey PCT  
 Sussex Partnership NHS Trust  
 West Kent PCT  
 Worthing & Southlands Hospitals NHS Trust

In addition, the Primary Care Trust has had a significant number of material transactions with other Government Departments and other central and local Government bodies, notably West Sussex County Council in respect of joint enterprises.

### 34. Third party assets

The PCT held £0 cash and cash equivalents at 31 March 2010 on behalf of patients (£0 at 31 March 2009). This is not an asset of the PCT and has been excluded from the balances reported in the Account.

### 35. Intra-Government Balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s	Non-current payables £000s
Balances with other Central Government Bodies	940	0	2,478	0
Balances with Local Authorities	1,013	0	3,673	0
Balances with NHS Trusts and Foundation Trusts	11,856	0	22,708	0
Balances with Public Corporations and Trading Funds	13,015	0	30,876	0
<b>Total Intra-Government balances</b>	<b>26,824</b>	<b>0</b>	<b>59,735</b>	<b>0</b>
Balances with bodies external to government	0	0	25,620	0
<b>At 31 March 2010</b>	<b>26,824</b>	<b>0</b>	<b>85,355</b>	<b>0</b>
Balances with other Central Government Bodies	2,954	0	3,193	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	6,341	0	18,721	0
Balances with Public Corporations and Trading Funds	0	0	0	0
<b>Total Intra-Government balances</b>	<b>9,295</b>	<b>0</b>	<b>21,914</b>	<b>0</b>
Balances with bodies external to government	1,088	137	15,164	0
<b>At 31 March 2009</b>	<b>10,383</b>	<b>137</b>	<b>37,078</b>	<b>0</b>

### 36. Losses and Special Payments

The total number of losses cases in 2009/10 was 8, involving a total loss of £92,000 (2008/09 16 cases and £183,000).

The total number of special payments in 2009/10 was 2, involving a total of £8,000 (2008/09 0 cases and £0).

#### Details of cases individually over £250,000

	31 March 2010 £000s	31 March 2009 £000s
<b>Losses category:</b>		
Cash losses	0	0
Claims abandoned	0	0
Administrative write-offs	0	0
Fruitless cases	0	0
Store losses	0	0
	<b>0</b>	<b>0</b>
<b>Special payments</b>		
Special payments	0	0
	<b>0</b>	<b>0</b>

The only significant loss reported to the audit committee in 2009/10 was for a write off of a non NHS debtor £16,000

### 37. Events after the reporting period

There have not been any events after the reporting date, up to the preparation of this set of accounts as at 10th June 2010.

**38. Movements in working capital**

	2009/10 £000	2008/09 £000
(Increase)/decrease in trade and other receivables	(16,210)	3,415
(Increase)/decrease in inventories	(5)	(10)
Increase/(decrease) in trade and other payables	47,231	(2,150)
(Increase)/decrease in other current assets	9,512	0
Increase/(decrease) in other current liabilities	(44,011)	0
<b>Total</b>	<b>(3,483)</b>	<b>1,255</b>

**39. Other cashflow adjustments**

	2009/10 £000	2008/09 £000
Depreciation	4,118	4,240
Amortisation	3	0
Impairments and reversals	7,701	2,738
Cost of Capital Charge	1,480	1,763
Transfer from donated asset reserve	(60)	(85)
Transfer from government grant reserve	0	0
Non-cash movements in provisions	536	(472)
Release of PFI deferred credits	0	0
Net foreign exchange gain/(losses)	0	0
<b>Total</b>	<b>13,778</b>	<b>8,184</b>

**40. Cashflow relating to exceptional items**

There have been no cashflows relating to exceptional items.

**41. Pooled budgets**

West Sussex PCT has a pooled budget arrangement with West Sussex County Council for Mental Health commissioning, Community Equipment and Learning Difficulties services. West Sussex County Council is the host for Community Equipment and Learning Difficulties services. West Sussex PCT host the Mental Health Commissioning pooled budget. The memorandum account for the pooled budgets are:

**1. Community Equipment Partnership Agreement**

**WSCC POOLED FUND MEMORANDUM ACCOUNT for the period 01/04/09 to 31/03/10**

<b>Gross Funding</b>	Cash	Staff	Other	Grant	<b>TOTAL</b>	2008/09
	£	£	£	£		TOTAL
	000's	000's	000's	000's		000's
West Sussex Health	3,894	83	-	-	<b>3,977</b>	3,527
West Sussex County Council	2,118	41	-	-	<b>2,159</b>	1,933
<b>Total Funding (a)</b>	<b>6,012</b>	<b>124</b>	<b>-</b>	<b>-</b>	<b>6,136</b> (a)	5,460
<b>Expenditure</b>	Cash	Staff	Other	Grant		
Management Fee	2,194	-	-	-	<b>2,194</b>	1,929
Equipment	3,671	-	-	-	<b>3,671</b>	3,216
Delivery/Collection	147	-	-	-	<b>147</b>	198
Implementation	-	-	-	-	<b>-</b>	-
Administration	-	124	-	-	<b>124</b>	117
			-	-	<b>-</b>	
<b>Total Expenditure (b)</b>	<b>6,012</b>	<b>124</b>	<b>-</b>	<b>-</b>	<b>6,136</b> (b)	5,460
<b>Net underspend / overspend (a) - (b)</b>					<b>0</b>	<b>0</b>

**2. Mental Health Partnership Agreement**

**MH POOLED FUND MEMORANDUM ACCOUNT for the period 01/04/09 to 31/03/10**

<b>Gross Funding</b>	Cash	Staff	Other	Grant	<b>TOTAL</b>
	£	£	£	£	£
	000's	000's	000's	000's	000's
West Sussex County Council	9,154				<b>9,154</b>
NHS West Sussex	70,310				<b>70,310</b>
<b>Total Funding (a)</b>	<b>79,464</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,464 (a)</b>
<b>Expenditure</b>	Cash	Staff	Other	Grant	
West Sussex County Council	4,282				<b>4,282</b>
NHS	64,852	131			<b>64,983</b>
NON-NHS	6,661				<b>6,661</b>
<b>Total Expenditure (b)</b>	<b>75,796</b>	<b>131</b>	<b>0</b>	<b>0</b>	<b>75,927 (b)</b>
Net underspend / overspend (a) - (b)	3,537				

**CERTIFICATE OF CHIEF FINANCIAL OFFICER / DIRECTOR OF FINANCE**

I certify that the above pooled fund memorandum account accurately discloses the income

Signed.....Date.....

Chief Financial Officer / Director of Finance

**3. Learning Difficulties Pooled Balance Sheet**

**LEARNING DIFFICULTIES MEMORANDUM ACCOUNT for the period 01/04/09 to 31/03/10**

Certification Instruction HLG01E

**ANNEX A**

**WSCC POOLED FUND MEMORANDUM ACCOUNT for the period 01/04/09 to 31/03/10**

**Learning Difficulty Partnership Agreement**

<b>Gross Funding</b>	Cash	Staff	Other	Grant	<b>TOTAL</b>	2008-09
	£	£	£	£		TOTAL
	000's	000's	000's	000's		000's
West Sussex County Council	<b>32,682</b>	<b>9,630</b>		<b>407</b>	<b>42,719</b>	39,895
NHS West Sussex	<b>27,670</b>	<b>156</b>	<b>5,111</b>	<b>323</b>	<b>33,260</b>	31,791
<b>Total Funding (a)</b>	60,352	9,786	5,111	730	<b>75,979</b> (a)	71,686
<b>Expenditure</b>	Cash	Staff	Other	Grant		
Independent Sector	<b>29,983</b>			281	<b>30,264</b>	28,760
Community Support	<b>3,198</b>				<b>3,198</b>	3,131
Supported Living	<b>14,104</b>			67	<b>14,171</b>	10,554
Other Commissioned Services	<b>1,200</b>			<b>382</b>	<b>1,582</b>	1,324
WSCC In - House Services	<b>1,150</b>	<b>9,917</b>			<b>11,067</b>	10,821
SP Trust	<b>11,718</b>				<b>11,718</b>	12,833
Section 28a			<b>3,979</b>		<b>3,979</b>	4,263
<b>Total Expenditure (b)</b>	61,353	9,917	3,979	730	<b>75,979</b> (b)	71,686
<b>Net underspend / overspend (a) - (b)</b>					<b>0</b>	<b>0</b>

**42. Transition to IFRS**

IFRS has resulted in two significant charges. The first is the impairment of assets whose realisable value has fallen below their opening net book value as required under IAS 16 and IAS 36.

The second is the recognition of an additional liability in 2008/09 for annual leave untaken as required by IAS 19.

	General fund	Revaluation reserve	Donated asset reserve	Government grant reserve	Other reserves	Total
	£000	£000	£000	£000	£000	£000
<b>Taxpayers' equity at 31 March 2009 under UK GAAP:</b>	<b>27,974</b>	<b>16,858</b>	<b>1,837</b>	<b>0</b>	<b>0</b>	<b>46,669</b>
Adjustments for IFRS changes:						<b>0</b>
Private finance initiative	0	0	0	0	0	<b>0</b>
Leases	0	0	0	0	0	<b>0</b>
Annual Leave accrual	(1,040)	0	0	0	0	<b>(1,040)</b>
Adjustments for:						
Impairments recognised on transition	(2,055)	2,055	0	0	0	<b>0</b>
UK GAAP errors:		0	0	0	0	<b>0</b>
Capitalisation of fixed asset software	16					<b>16</b>
<b>Taxpayers' equity at 1 April 2009 under IFRS:</b>	<b>24,895</b>	<b>18,913</b>	<b>1,837</b>	<b>0</b>	<b>0</b>	<b>45,645</b>

£000

<b>Net Operating Cost for 2008/09 under UK GAAP</b>	<b>1,111,992</b>
Adjustments for:	
Private finance initiative	0
Leases	0
Annual leave accrual	1,040
Impairments	2,738
Capitalisation intangible asset	(16)
Cost of capital reduction	(26)
<b>Net Operating Cost for 2008/09 under IFRS</b>	<b>1,115,728</b>

The UK GAAP 2008/09 cash flow statement included net movements in liquid resources of £-2,319,000. This net movement is included in the bottom line cash and cash equivalents figure in the 2009/10 statement of cash flows under IFRS.

In 2008/09 the transition to IFRS increased the operating costs of the PCT by £3,736,000

In 2009/10 the transition to IFRS increased the operating costs of the PCT by £7,369,000

**Revenue costs of IFRS: Arrangements newly brought on to SoFP under IFRIC12 (e.g. LIFT/PFI)**

	2009/10 £000
Depreciation charges	0
Interest Expense	0
Impairment charge - AME	0
Impairment charge - DEL	0
Other Expenditure	0
Revenue Receivable from subleasing	0
Cost of Capital Charge	0
Total IFRS Expenditure (IFRIC12)	0
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	0
Net IFRS change (IFRIC12)	0
Net Resource Limit cover provided for Revenue consequences identified above	0
Total	0

Note 42



## health & wellbeing, for life

It is the job of NHS West Sussex to help people to live healthily and stay well, and to ensure that everyone living and working in the area has access to high quality health services which meet their needs.

To do this we commission (plan, buy, and check) health services from a range of providers including hospitals, GPs, community services, voluntary organisations and the independent sector, ensuring that the best value for money is obtained.

We also commission services such as flu immunisations, cancer screening and health visiting for the people of West Sussex.

We listen to and learn from everyone who has a view on how NHS services should be provided. You can find out more about what we do, and how you can get involved at [www.westsussex.nhs.uk](http://www.westsussex.nhs.uk)

**NHS West Sussex**  
1 The Causeway  
Goring-by-Sea  
Worthing  
West Sussex BN12 6BT

**Tel:** 01903 708400  
**Web:** [www.westsussex.nhs.uk](http://www.westsussex.nhs.uk)

NHS West Sussex is the working name of West Sussex Primary Care Trust

