RUH

Royal United Hospital Bath NHS
NHS Trust

Royal United Hospital Bath NHS Trust

Annual Accounts for the year-ended 31 March 2011

United in Excellence

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE TRUST

The Chief Executive of the NHS has designated that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Department of Health. These include ensuring that:

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

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

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

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

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

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

Signed: .....

James Scott, Chief Executive
8 June 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

- make judgements and estimates which are reasonable and prudent;

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

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

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

By order of the Board.

Signed: .....

James Scott, Chief Executive
8 June 2011

Signed: .....

Catherine Phillips, Director of Finance
8 June 2011

STATEMENT ON INTERNAL CONTROL

1 Scope of responsibility

The Board is accountable for internal control. As Accountable Officer, and Chief Executive of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible as set out in the Accountable Officer Memorandum.

The NHS South West Strategic Health Authority (SHA), commissioning Primary Care Trusts (PCTs) and the Trust have worked closely in 2010/11 and the Trust's performance is reviewed by the SHA and PCTs on a regular basis.

The Bath & Wiltshire Health Community, which consists of the Trust, NHS Bath and North East Somerset (BaNES) and NHS Wiltshire have continued to work hard in 2010/11 to improve relationships across the organisations and the Chief Executives meet regularly. The PCTs, Overview and Scrutiny Committees, Public and Local Involvement Networks (LINks) and other partner organisations have worked closely with the Trust and have agreed the areas of work where focus is required. They have been involved in several aspects of the Trust's activities particularly related to patient experiences. Some examples of this are:

- Staff from the RUH regularly attend the BaNES LINk, to present on relevant topics;
- A Patient Experience Quarterly Report is regularly reported to the Patient Experience Group (PEG), which includes patients, the public and local commissioners;
- There are close links with 'Bath People First' and ethnic minority groups in the local community, which has led to involvement from these groups in core RUH business;
- There is extensive community engagement involved with the process of compiling and reporting the Trust's Quality Accounts; and
- A representative, nominated by the Trust's LINks, attends the Trust Board and provides a voice for public and patient views.

2 The purpose of the system of internal control

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

- Identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives; and
- Evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Trust for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts.

STATEMENT ON INTERNAL CONTROL (continued)

3 Capacity to handle risks

I have overall responsibility for all risks. A nominated lead Director, the Director of Nursing, has been designated as the Director responsible for clinical governance and risk management. I am responsible for corporate governance issues.

The Trust Board is ultimately responsible for managing and directing the Trust's business. However, there are three Assurance sub-committees which provide the Board with assurance. These are the Clinical Governance Committee; Non-Clinical Governance Committee; and the Audit Committee.

The Trust Board has approved the risk management processes and defined the objectives for managing risk. The Trust has a Trust-wide Risk Register. All new significant risks are reviewed by the Management Board at each meeting and quarterly by the Trust Board. All risks are reviewed by the Trust Board on an annual basis.

Assurance Committees have been established as sub-committees of the Trust Board, with membership from Executive and Non Executive Directors, clinical representatives from the Divisions and other senior clinical and managerial representatives. The Strategic Framework for Risk Management includes a reporting structure to the Trust Board.

Each clinical specialty has a forum for discussing risk management and clinical governance issues. Each clinical specialty has a nominated lead for risk management, clinical effectiveness, research & development, education and training, and patient & public involvement.

Guidance on risk management is included in the Strategic Framework for Risk Management.

The Clinical Governance Performance Framework includes standards on risk management and the pillars of clinical governance. Key Performance Indicators (KPIs) have been developed for clinical governance and these are monitored through the Trust's performance measures and included in a corporate scorecard on a monthly basis. The evidence used to monitor against the KPIs has been used in a number of areas to provide evidence for the achievement of the Care Quality Commission's Essential Standards of Quality and Safety.

Lessons learned from incident investigations are communicated to the relevant Assurance Committee through the Risk Management and the Health and Safety quarterly reports and result in the development of Trust-wide practice change where appropriate.

Incidents are dealt with as per the process identified in the Incident Reporting and Management Policy and Procedure; Including the Management of Serious Untoward Incidents.
Lessons learned from complaint investigations are communicated throughout the Trust.

STATEMENT ON INTERNAL CONTROL (continued)

4 The risk and control framework

4.1 Context

The Strategic Framework for Risk Management includes a clear risk management process. If a risk cannot be resolved at a local level the risk can be referred through the operational management structure to the Management Board or ultimately to the Trust Board. The risk is also added to the risk register with a plan detailing ways to minimise the risk, and each risk is assessed for its severity and likelihood of occurrence, and are allocated a risk 'traffic light'. Risks are reviewed to ensure that any inter-dependencies are understood along with the cumulative effect of risks. The level of exposure to risks is also assessed, and an acceptable level of exposure is assigned to each risk. In assessing the Trust's response, due regard is paid to the financial, service delivery and reputational consequences of risks. The Head of Risk and Assurance and the Trust Board Secretary act as gate keepers to the Risk Register to ensure consistency of scoring, as well as the accuracy and currency of the register.

Strategic risks outside the remit of the Trust's local governance groups are entered onto the Risk Register and are reviewed by the operational management groups within the Trust which includes the Trust Board and the Management Board. The Trust Board reviews each new significant risk and either explores the solutions or accepts the risk. Existing significant risks are reviewed quarterly by the Trust Board. Training in risk management is included as part of the induction programme for new members of staff.

The public and stakeholders are involved in managing risk through representation from the LINks and the local council-led Overview and Scrutiny Committees. In addition, the Trust holds stakeholder events to discuss the issues that should be fed into the Trust strategy. A patient experience strategy has been approved and its progress monitored during 2010/11 by both the Trust Board and the Patient Experience Group (PEG).

4.2 Assurance Framework

The Assurance Framework is a process by which the Trust gains assurance that it has a well-balanced set of objectives for the year and that there are controls in place to manage the key risks associated with achieving the objectives. Risks are managed at the most appropriate level, and are reviewed by the next level of management.

The Assurance Framework was developed using the Trust's corporate objectives for 2010/11. The framework focused on patient and public safety, effectiveness, efficiency, workforce and hospital development. The objectives were assessed, and risks in achieving the objectives identified including any gaps in assurance or control. The Assurance Framework was reviewed by the Trust Board and its Assurance Committees regularly throughout the year. Internal Audit reviewed the Assurance Framework in March 2011 and an assessment of significant assurance was provided.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. Equality impact assessments are considered and completed for all policies as they are developed or updated.

STATEMENT ON INTERNAL CONTROL (continued)

The Trust is undertaking a climate change risk assessment and developing an Adaptation Plan, to support its emergency preparedness and civil contingency requirements, as based on the UK Climate Projections 2009, to ensure that the Trust's obligations under the Climate Change Act are met.

The Assurance Framework has highlighted a number of gaps in control and assurance as at 31 March 2011. These, and the related actions are below:

	Gap in control/assurance	Actions to address
1	Implementation of Millennium Patient Administration system	The Trust has a robust plan for the implementation of Millennium which is overseen by the Trust Board. Millennium is due to be implemented during the Summer of 2011.
2	Workforce plans to support financial position	Development of a Workforce Strategy by April 2011 supported by a QIPP workforce model and project management support to operational areas.
3	Meeting the NHS Constitution with regards to 18 week referral to treatment times	Development of an RTT recovery plan to ensure 90% of admitted patients and 95% of non-admitted patients are treated within 18 weeks. Performance notices are available in the contract should commissioning intentions not meet the activity required to deliver these NHS Constitution rights.

During the previous financial year (2009/10), the Trust received limited assurance from certain internal audits. These have been reviewed during the current financial year and the issues remain. The main issues highlighted related to Health and Safety concerns surrounding the Trust's records management; and the processes in place to manage consultants' contracts. A work plan is in place to address these issues. These are not, however, judged to have resulted in a material gap in assurance and consequently have not been included in the above table. All other reviews commissioned during 2010/11 have resulted in either moderate or significant assurance being provided to the Trust.

In 2011/12, the Trust's major risks are the achievement of financial savings and associated workforce changes required to deliver the savings. These risks have also been highlighted by the Trust's External Auditors, who have recommended further work in ensuring that there are robust operational delivery plans in place.

4.3 Quality and safety

During the year, the Trust has implemented a Quality Improvement Strategy. Ultimate responsibility for quality rests with the Trust Board. As part of the Strategy, the Trust has put in place a Quality Board in 2009/10. The Quality Board leads on the Quality agenda across the Trust. This group is responsible for implementing the strategic direction for quality improvements across the Trust and reports directly to the Trust's Management Board. Members of the Quality Board also sit on the Trust's Clinical and Non-Clinical Governance Committees.

From April 2010 health and adult social care providers have to be registered with the Care Quality Commission (CQC) and this requires compliance with the new Essential standards of safety and quality set out in the Health and Social Care Act 2008 (Regulated Activities) Regulations and the Care Quality Commission (Registration) Regulations 2009. These standards allow Trusts to measure the quality of services they provide and ensure that Trusts are accountable for meeting the regulations. Areas identified from the CQC Quality and Risk Profile and internal reviews as requiring improvement will inform the Quality Work Plan.

STATEMENT ON INTERNAL CONTROL (continued)

The transition of NHS regulation from the Healthcare Commission to the Care Quality Commission (CQC) required the Trust to assess its compliance against the Essential standards of quality and safety. This exercise was a pre-requisite to obtaining CQC registration. Registration was confirmed in March 2010 with no conditions.

During the year, the Trust's internal auditors reviewed the Trust's arrangements for compliance with the CQC's requirements, and provided assurance that the Trust's arrangements are robust.

The Trust recognises that the Health Act 2006 introduced a statutory duty on NHS organisations to observe the provisions of the Code of Practice on Healthcare Associated Infections. The Trust Board is aware of its responsibilities in assuring that it has suitable systems and arrangements in place to ensure that the Code is being observed.

The CQC undertook a responsive visit to the Trust in February 2011. The focus of the visit was on communication with patients with Learning Difficulties and Dementia. There were no significant concerns arising from their visit.

During 2009/10, the Trust was unable to confirm full compliance with the same-sex accommodation requirements, relating specifically to the Medical Assessment Unit. Full compliance with the requirements was achieved by 31 May 2010 through the delivery of a robust action plan. The Trust is fully compliant with the CQC essential standards of quality and safety.

4.4 Information Governance

Information Governance within the RUH is managed and controlled through the implementation of the Trust Information Governance strategy which is owned by the Trust Board. The strategy is delivered through an action plan which looks to improve the way that information is handled and managed within the Trust. The action plan is firmly based on the requirements given in the NHS Information Governance Toolkit and national legislation, policies and directives.

In 2009/10 the Trust had an overall compliance score of 80% (Green). In June 2010 the Information Governance Group set a new target of 88% against a new version of the Information Governance toolkit, Version 8. This new toolkit has a reduced number of requirements, 45 reduced from 62, but many of these are combined and many contain a more stringent set of standards to be achieved. As a result the overall compliance score for 2010/11 has been assessed as 81%. Under the previous scoring system this would have been graded as green, however a change in scoring means that if any one requirement does not reach level 2, then the overall result must be classed as "not satisfactory". There is one initiative which this year has not reached the required level. This requirement relates to Pseudonymisation (anonymising patient information when this is not critical for patient care). This area is already subject of an action plan which will form a key part of the focus for next years Information Governance agenda.

STATEMENT ON INTERNAL CONTROL (continued)

Within the IG toolkit, 22 of the 45 requirements are designated as being "key requirements" by Connecting for Health and have to be a minimum of Level 2. These requirements are also subject to particular monitoring and reporting by the SHA. The RUH has achieved Level 2 or greater in all 22 key requirements and is thus compliant. This means that whilst being classed as "not satisfactory" the Trust's Information Governance systems are nevertheless viewed as "Trusted".

During the year there has been effective reporting of Information Governance incidents and near misses. Details are set out below of one serious untoward incident (SUI) that was graded as significant (level 3). This incident has been fully investigated, and lessons learnt and shared.

Date of Incident (Month)	Nature of Incident	Nature of Data Involved	Number of people potentially affected	Notification Steps
22 June 2010	35 Patient Radiology reports, including 3 Oncology letters sent to the wrong address in error.	32 copy Radiology reports and 3 copy Oncology letters intended for patients' GPs.	35	Caldicott Guardian informed
Further Action on Information Risk		All radiology administration staff were advised in writing about the incident and how mail should be processed in order to prevent a recurrence. Steps were taken to ensure that the methodology that led to the error could not be repeated. The learning from this incident has been cascaded via senior secretaries and the Trust Information Asset Owners.		

4.5 NHS Pension Scheme

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

4.6 Continuous improvement

The Trust's commitment to continuous improvement is enshrined by the Quality Improvement Strategy. Where possible improvements have been identified through either self-assessments, external assessments, or incidents, detailed action plans are developed to address these and responsibility assigned to a lead Executive Director. These are reviewed by the Clinical Outcomes Group, the Quality Board, the Trust's Management Board or the Trust Board as appropriate to ensure continuous improvement.

STATEMENT ON INTERNAL CONTROL (continued)

5 Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the Internal Audit work. Executive Directors within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by:

- Care Quality Commission registration;
- Internal Audit reports;
- External Audit reports;
- Auditors' Value for Money assessment;
- CQC planned and responsive visits;
- NHSLA assessments;
- Self Assessments on CQC's Essential Standards of Quality and Safety;
- Clinical audits;
- Patient and staff surveys; and
- Benchmarking information.

I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Trust Board, Audit Committee, Clinical Governance Committee, Non-Clinical Governance Committee and the Management Board. When issues are identified, plans are put in place to ensure that any learning is embedded in the organisation. This ensures that the system is subject to continuous improvement.

The Trust has an ongoing process to assess compliance with the CQC's Essential Standards of Quality and Safety. No issues have been identified from this process which would affect the Trust's registration. Improvements identified through this process have been incorporated into action plans which are subject to rigorous review. There are no significant control issues to report.

In 2011/12, the Trust's major risks are the achievement of financial savings and associated workforce changes required to deliver the savings. These risks will be monitored throughout 2011/12.

The Trust Board has a vital role in ensuring that the Trust has an effective system of internal control. 2010/11 has seen further improvements in the system of internal control, building on the work of previous years. The Trust Board and its sub-committees have functioned effectively throughout the year.

My review confirms that the Royal United Hospital Bath NHS Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.

Signed: .....

James Scott, Chief Executive
8 June 2011

AUDIT REPORT

Independent auditor's report to the Board of Directors of Royal United Hospital Bath NHS Trust

Opinion on the financial statements

We have audited the financial statements of Royal United Hospital Bath NHS Trust (the Trust) for the year ended 31 March 2011 under the Audit Commission Act 1998. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies. We have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Board of Directors of Royal United Hospital Bath NHS Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 45 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Directors' as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of Royal United Hospital Bath NHS Trust's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly 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 in England.

Opinion on other matters
In our opinion:
- 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 with the consent of the Treasury as relevant to the National Health Service in England; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception
We have nothing to report in respect of the Statement on Internal Control on which we report to you if, in our opinion the Statement on Internal Control does not reflect compliance with the Department of Health's requirements.

Conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

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

Auditor's responsibilities
We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion
We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Trust has proper arrangements for:
- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, we are satisfied that, in all significant respects, Royal United Hospital Bath NHS Trust put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to provide assurance over the Trust's annual quality accounts. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Signed: .....

John Golding
Senior Statutory Auditor
For and on behalf of: Grant Thornton
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT
8 June 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2011

	Note	2010/11 £000	2009/10 £000 (Restated)
Revenue			
Revenue from patient care activities	4	**196,021**	202,129
Other operating revenue	5	**20,340**	22,019
Operating expenses	7	**(206,836)**	(216,577)
Operating surplus		**9,525**	7,571
Finance costs:			
Investment revenue	13	**29**	48
Other gains/(losses)	14	**83**	(22)
Finance costs	15	**(1,014)**	(1,433)
Surplus for the financial year		**8,623**	6,164
Public dividend capital dividends payable		**(4,480)**	(4,766)
Retained surplus for the year		**4,143**	1,398
Other comprehensive income			
Impairments charged to the Revaluation and Donated asset reserves		(786)	(32,394)
Gains on revaluation		3,532	0
Receipt of donated and government granted assets		1,913	475
Reclassification adjustments:			
- Transfers from donated and government grant reserves		(775)	(1,144)
Total comprehensive income for the year		**8,027**	(31,665)
Reported NHS financial performance position			
Retained surplus for the year		**4,143**	1,398
Impairment charges made to the Statement of Comprehensive Income not considered part of the organisation's operating position		**52**	4,402
Reported NHS financial performance position		**4,195**	5,800

The notes on pages 17 to 46 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2011

	Note	31 March 2011 £000	31 March 2010 £000 (Restated)	1 April 2009 £000 (Restated)
Non-current assets				
Property, plant and equipment	16	**154,328**	145,836	180,519
Intangible assets	17	**706**	760	255
Other financial assets	22	**82**	121	165
Trade and other receivables	21	**1,626**	1,762	1,476
Total non-current assets		**156,742**	148,479	182,415
Current assets				
Inventories	20	**3,182**	3,139	3,309
Trade and other receivables	21	**9,570**	11,026	13,926
Other financial assets	22	**82**	61	55
Cash and cash equivalents	23	**2,000**	690	1,470
Total current assets		**14,834**	14,916	18,760
Total assets		**171,576**	163,395	201,175
Current liabilities				
Trade and other payables	24	**(12,038)**	(10,073)	(13,813)
Other liabilities	26	**0**	(24)	(24)
Department of Health working capital loan	25	**(7,200)**	(7,000)	(6,800)
Borrowings	25	**(231)**	(233)	(246)
Provisions	29	**(1,733)**	(1,844)	(1,175)
Net current liabilities		**(6,368)**	(4,258)	(3,298)
Total assets less current liabilities		**150,374**	144,221	179,117
Non-current liabilities				
Borrowings	25	**(345)**	(497)	(649)
Department of Health working capital loan	25	**(6,500)**	(13,700)	(20,700)
Provisions	29	**(2,066)**	(1,688)	(743)
Other liabilities	26	**0**	0	(24)
Total assets employed		**141,463**	128,336	157,001
Financed by taxpayers' equity:				
Public dividend capital		**135,545**	130,445	127,445
Retained earnings		**(39,237)**	(44,425)	(45,860)
Revaluation reserve		**38,957**	37,256	69,302
Donated asset reserve		**6,198**	5,060	6,114
Government grant reserve		**0**	0	0
Total Taxpayers' Equity		**141,463**	128,336	157,001

The financial statements on pages 13 to 46 were approved by the Board on 8 June and signed on its behalf by:

Signed: .....

James Scott, Chief Executive
8 June 2011

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Public dividend capital (PDC) £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Govenment grant reserve £000	Total £000
Changes in taxpayers' equity for 2009/10						
Balance at 31 March 2009	127,445	(45,860)	69,302	6,114	0	157,001
Total Comprehensive Income for the year:						
Retained surplus for the year	0	1,398	0	0	0	1,398
Transfers between reserves	0	37	(37)	0	0	0
Impairments and reversals	0	0	(32,009)	(385)	0	(32,394)
Receipt of donated/government granted assets	0	0	0	458	17	475
Reclassification adjustments:						
- transfers from donated asset/government grant reserve	0	0	0	(1,127)	(17)	(1,144)
New Public Dividend Capital received	3,000	0	0	0	0	3,000
Balance at 31 March 2010	130,445	(44,425)	37,256	5,060	0	128,336
Changes in taxpayers' equity for 2010/11						
Balance at 1 April 2010	130,445	(44,425)	37,256	5,060	0	128,336
Total Comprehensive Income for the year:						
Retained surplus for the year	0	4,143	0	0	0	4,143
Transfers between reserves	0	1,045	(1,045)	0	0	0
Impairments and reversals	0	0	(786)	0	0	(786)
Net gain on revaluation of property, plant and equipment	0	0	3,532	0	0	3,532
Receipt of donated/government granted assets	0	0	0	1,892	21	1,913
Reclassification adjustments:						
- transfers from donated asset/government grant reserve	0	0	0	(754)	(21)	(775)
New Public Dividend Capital received	5,100	0	0	0	0	5,100
Balance at 31 March 2011	**135,545**	**(39,237)**	**38,957**	**6,198**	**0**	**141,463**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 March 2011

	Note	2010/11 £000	2009/10 £000 (Restated)
Cash flows from operating activities			
Operating surplus		**9,525**	7,571
Depreciation and amortisation		**8,748**	9,299
Impairments and reversals		**52**	4,402
Transfer from donated asset reserve		**(754)**	(1,127)
Transfer from government grant reserve		**(21)**	(17)
Interest paid		**(990)**	(1,419)
Dividends paid		**(4,435)**	(4,723)
Decrease/(increase) in inventories		**(43)**	170
Decrease/(increase) in trade and other receivables		**2,268**	2,614
(Decrease)/increase in trade and other payables		**2,365**	(4,372)
Decrease in other liabilities		**(24)**	(24)
Increase/(decrease) in provisions	29	**205**	1,703
Net cash inflow from operating activities		**16,896**	14,077
Cash flows from investing activities			
Interest received		**29**	48
Payments for property, plant and equipment		**(14,654)**	(10,831)
Proceeds from disposal of plant, property and equipment		**106**	28
Payments for intangible assets		**(131)**	(595)
Net cash outflow from investing activities		**(14,650)**	(11,350)
Net cash inflow before financing		**2,246**	2,727
Cash flows from financing activities			
Public dividend capital received		**5,100**	3,000
Loans repaid to the Department of Health		**(7,000)**	(6,800)
Other capital receipts		**1,216**	458
Capital element of finance leases		**(252)**	(165)
Net cash outflow from financing		**(936)**	(3,507)
Net decrease in cash and cash equivalents		**1,310**	(780)
Cash and cash equivalents at the beginning of the financial year		**690**	1,470
Cash and cash equivalents at the end of the financial year	23	**2,000**	690

Comparative balances for 2009/10 have been restated to reflect donated assets as 'Other capital receipts'. This has increased the payments recognised for Property Plant and Equipment by £458,000 with a corresponding increase in 'Other capital receipts'. Additionally, changes in trade and other payables, and in provisions have been restated to reflect the reassessment of certain accruals as provisions (see Note 29).