

1998/99 Trust Accounts pro-forma

Introduction

This workbook should be copied into the same directory as "TAC.XLW". It will then import the TAC forms to facilitate the presentation of the accounts data in the format required by

This workbook is not password-protected, and it is expected that trusts will wish to amend suit individual needs: they are intended to provide a starting-point for the preparation of a trust's responsibility. It is not the intention of the NHS Executive that this file should provide a version of the accounts, and trusts are free to use other systems to prepare final accounts.

Data entered below will be used throughout the workbook:

Trust name:	Sherwood Forest Hospitals NHS Trust
This year	2006/07
Last year	2005/06
This year ended	31 January 2007
Last year ended	31 March 2006
This year beginning	1 April 2006

FOREWORD TO THE ACCOUNTS

SHERWOOD FOREST HOSPITALS NHS TRUST

These accounts for the period ended 31 January 2007 have been prepared by the Sherwood Forest Hospitals NHS Trust under section 98(2) of the National Health Service Act 1977 (as amended by section 24(2), schedule 2 of the National Health Service and Community Care Act 1990) in the form which the Secretary of State has, with the approval of the Treasury, directed.

**INCOME AND EXPENDITURE ACCOUNT FOR THE 10 MONTH PERIOD ENDED
31 January 2007**

	NOTE	2006/07 £000	2005/06 £000
Income from activities	3	131,984	143,419
Other operating income	4	17,848	20,818
Operating expenses	5	<u>(144,783)</u>	<u>(160,920)</u>
OPERATING SURPLUS/(DEFICIT)		5,049	3,317
Cost of fundamental reorganisation/restructuring		0	0
Profit/(loss) on disposal of fixed assets	8	<u>0</u>	<u>0</u>
SURPLUS/(DEFICIT) BEFORE INTEREST		5,049	3,317
Interest receivable		369	269
Interest payable	9	(3)	(10)
Other finance costs - unwinding of discount *	16	(42)	(79)
Other finance costs - change in discount rate on provisions		<u>0</u>	<u>0</u>
SURPLUS/(DEFICIT) FOR THE PERIOD		5,373	3,497
Public Dividend Capital dividends payable		<u>(2,903)</u>	<u>(3,496)</u>
RETAINED SURPLUS/(DEFICIT) FOR THE PERIOD		<u><u>2,470</u></u>	<u><u>1</u></u>

The notes on pages 6 to 39 form part of these accounts.
All income and expenditure is derived from continuing operations.

*The "Unwinding of discount" figure is the charge which arises over time as a discounted provision approaches its time of settlement.

The accounting period throughout these accounts for 2006/07 is for the 10 months from the 1st April 2006 to the 31st January 2007, whereas the prior year comparators are for a full 12 month accounting period.

**NOTE TO THE INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED
31 January 2007**

	31 January 2007 £000	31 March 2006 £000
Retained surplus/(deficit) for the period	2,470	1
Financial support included in retained surplus/(deficit) for the period - NHS Bank	0	0
Financial support included in retained surplus/(deficit) for the period - Internally Generated	0	0
Retained surplus/(deficit) for the period excluding financial support	2,470	1

**BALANCE SHEET AS AT
31 January 2007**

	NOTE	31 January 2007 £000	31 March 2006 £000
FIXED ASSETS			
Intangible assets	10	3,473	836
Tangible assets	11	68,755	69,057
Investments	14.1	0	0
		72,228	69,893
CURRENT ASSETS			
Stocks	12	2,167	2,023
Debtors	13	50,006	50,573
Investments	14.2	0	0
Cash at bank and in hand	18.3	7,752	96
		59,925	52,692
CREDITORS: Amounts falling due within one year	15	(16,598)	(20,667)
NET CURRENT ASSETS/(LIABILITIES)		43,327	32,025
TOTAL ASSETS LESS CURRENT LIABILITIES		115,555	101,918
CREDITORS: Amounts falling due after more than one year	15	(41)	(73)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(1,340)	(925)
TOTAL ASSETS EMPLOYED		114,174	100,920
FINANCED BY:			
TAXPAYERS' EQUITY			
Public dividend capital	22	83,264	76,342
Revaluation reserve	17	23,658	21,519
Donated asset reserve	17	1,333	1,582
Government grant reserve	17	0	0
Other reserves	17	0	0
Income and expenditure reserve	17	5,919	1,477
TOTAL TAXPAYERS' EQUITY		114,174	100,920

The financial statements on pages 1 to 39 were approved by the Board on 5th June and signed on its behalf by:

Signed:(Chief Executive)

Date:

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED
31 January 2007**

	2006/07	2005/06
	£000	£000
Surplus/(deficit) for the period before dividend payments	5,373	3,497
Fixed asset impairment losses	0	2,148
Unrealised surplus/(deficit) on fixed asset revaluations/indexation	4,157	2,314
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	75	56
Defined benefit scheme actuarial gains/(losses)	0	0
Additions/(reductions) in "other reserves"	0	0
Total recognised gains and losses for the period	9,605	8,015
Prior period adjustment	0	0
Total gains and losses recognised in the period	<u>9,605</u>	<u>8,015</u>

CASH FLOW STATEMENT FOR THE PERIOD ENDED
31 January 2007

	NOTE	2006/07 £000	2005/06 £000
OPERATING ACTIVITIES			
Net cash inflow/(outflow) from operating activities	18.1	15,466	7,736
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		369	269
Interest paid		0	0
Interest element of finance leases		(3)	(10)
Net cash inflow/(outflow) from returns on investments and servicing of finance		366	259
CAPITAL EXPENDITURE			
(Payments) to acquire tangible fixed assets		(3,343)	(7,824)
Receipts from sale of tangible fixed assets		0	0
(Payments) to acquire intangible assets		(2,849)	(750)
Receipts from sale of intangible assets		0	0
(Payments to acquire)/receipts from sale of fixed asset investments		0	0
Net cash inflow/(outflow) from capital expenditure		(6,192)	(8,574)
DIVIDENDS PAID			
Net cash inflow/(outflow) before management of liquid resources and financing		7,898	(4,075)
MANAGEMENT OF LIQUID RESOURCES			
(Purchase) of investments with DH		0	0
(Purchase) of other current asset investments		0	0
Sale of investments with DH		0	0
Sale of other current asset investments		0	0
Net cash inflow/(outflow) from management of liquid resources		0	0
Net cash inflow/(outflow) before financing		7,898	(4,075)
FINANCING			
Public dividend capital received		7,918	4,023
Public dividend capital repaid (not previously accrued)		0	0
Public dividend capital repaid (accrued in prior period)		(8,203)	0
Loans received from DH		0	0
Other loans received		0	0
Loans repaid to DH		0	0
Other loans repaid		0	0
Other capital receipts		75	56
Capital element of finance lease rental payments		(33)	(43)
Cash transferred (to)/from other NHS bodies		0	0
Net cash inflow/(outflow) from financing		(243)	4,036
Increase/(decrease) in cash		7,655	(39)

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the NHS Trust Manual for Accounts which shall be agreed with HM Treasury. The accounting policies contained in that manual follow UK generally accepted accounting practice and HM Treasury's Government Financial Reporting Manual to the extent that they are meaningful and appropriate to the NHS. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs. NHS Trusts are not required to provide a reconciliation between current cost and historical cost surpluses and deficits.

1.2 Acquisitions and discontinued operations

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

1.3 Income Recognition

Income is accounted for applying the accruals convention. The main source of income for the Trust is from commissioners in respect of healthcare services provided under local agreements. Income is recognised in the period in which services are provided. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

1.4 Pooled Budgets

The Trust has no pooled budget arrangements.

1.5 Intangible fixed assets

Intangible assets are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is revalued using an appropriate index figure. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

1.6 Tangible fixed assets

Capitalisation

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- individually have a cost of at least £5,000; or
- collectively 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
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

Expenditure on digital hearing aids in the year ended 31 March 2004 (but not in earlier years) was treated as capital expenditure, in accordance with the amendment to the Capital Accounting Manual issued in July 2003, giving rise to an increase in fixed assets regardless of the cost of the individual hearing aids. Subsequent purchases of digital hearing aids are capitalised only when the total value is greater than £5,000. Where small numbers of appliances are purchased the costs are expensed as incurred.

Valuation

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

All land and buildings are restated to current value using professional valuations in accordance with FRS15 every five years and in the intervening years by the use of indices. The buildings index is based on the All in Tender Price Index published by the Building Cost Information Service (BCIS). The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office.

Professional valuations are carried out by the District Valuers of the Revenue and Customs Government Department. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. In accordance with the requirements of the Department of Health, the last asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005 and were applied on 31 March 2005.

The valuations are carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property. The value of land for existing use purposes is assessed at Existing Use Value. For non-operational properties including surplus land, the valuations are carried out at Open Market Value.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

All adjustments arising from indexation and five-yearly revaluations are taken to the Revaluation Reserve. Falls in value when newly constructed assets are brought into use are also charged there. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

Assets in the course of construction are valued at current cost using the indices as for land and buildings, as above. These assets include any existing land or buildings under the control of a contractor.

Residual interests in off-balance sheet Private Finance Initiative properties are included in tangible fixed assets as 'assets under construction and payments on account' where the PFI contract specifies the amount, or nil value at which the assets will be transferred to the Trust at the end of the contract. The residual interest is built up, on an actuarial basis, during the life of the contract by capitalising part of the unitary charge so that at the end of the contract the balance sheet value of the residual value plus the specified amount equal the expected fair value of the residual asset at the end of the contract. The estimated fair value of the asset on reversion is determined by the District Valuer based on Department of Health guidance. The District Valuer should provide an estimate of the anticipated fair value of the assets on the same basis as the District Valuer values the NHS Trust's estate.

Operational equipment other than IT equipment, which is considered to have nil inflation, is valued at net current replacement cost through annual uplift by the change in the value of the GDP deflator. Equipment surplus to requirements is valued at net recoverable amount.

Depreciation, amortisation and impairments

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land and assets surplus to requirements.

Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

Impairment losses resulting from short-term changes in price that are considered to be recoverable in the longer term are taken in full to the revaluation reserve. These include impairments resulting from the revaluation of fixed assets from their cost to their value in existing use when they become operational. This may lead to a negative revaluation reserve in certain instances.

Where, under Financial Reporting Standard 11, a fixed asset impairment is charged to the Income and Expenditure Account, offsetting income may be paid by the Trust's main commissioner using funding provided by the NHS Bank.

1.7 Donated fixed assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the Donated Asset Reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are also taken to the Donated Asset Reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Income and Expenditure account. Similarly, any impairment on donated assets charged to the Income and Expenditure Account is matched by a transfer from the Donated Asset Reserve. On sale of donated assets, the value of the sale proceeds is transferred from the Donated Asset Reserve to the Income and Expenditure Reserve.

1.8 Government Grants

Government grants are grants from government bodies other than funds from NHS bodies or funds awarded by Parliamentary Vote. The Government grants reserve is maintained at a level equal to the net book value of the assets which it has financed. Gains and losses on revaluations are also taken to the Government grant reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Government grant reserve to the Income and Expenditure account. Similarly, any impairment on grant funded assets charged to the Income and Expenditure Account is matched by a transfer from the Reserve.

1.9 Private Finance Initiative (PFI) transactions

The NHS follows HM Treasury's Technical Note 1 (Revised) "How to Account for PFI transactions" which provides definitive guidance for the application of the Application Note F to FRS 5 and the guidance 'Land and Buildings in PFI schemes Version 2'.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI obligations are recorded as an operating expense. Where the trust has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Income and Expenditure Account. Where, at the end of the PFI contract, a property reverts to the Trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.

Where the balance of risks and rewards of ownership of the PFI property are borne by the Trust, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

1.10 Stocks

Stocks and work-in-progress are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.11 Research and development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- there is a clearly defined project;
- the related expenditure is separately identifiable;

- the outcome of the project has been assessed with reasonable certainty as to:
 - its technical feasibility;
 - its resulting in a product or service which will eventually be brought into use;
- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. The amortisation charge is calculated on the same basis as used for depreciation i.e. on a quarterly basis. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. NHS Trusts are unable to disclose the total amount of research and development expenditure charged in the income and expenditure account because some research and development activity cannot be separated from patient care activity.

Fixed assets acquired for use in research and development are amortised over the life of the associated project.

1.12 Provisions

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is material, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms.

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed at note

Since financial responsibility for clinical negligence cases transferred to the NHSLA at 1 April 2002, the only charge to operating expenditure in relation to clinical negligence in 2006/07 relates to the Trust's contribution to the Clinical Negligence Scheme for Trusts.

Non-clinical risk pooling

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

1.13 Pension 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. As a consequence it is not possible for the NHS Trust to identify its share of the underlying scheme assets and liabilities. Therefore the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period.

The Scheme is subject to a full valuation for FRS 17 purposes every four years. The last valuation on this basis took place as at 31 March 2003. The scheme is also subject to a full valuation by the Government Actuary to assess the scheme's assets and liabilities to allow a review of the employers' contribution rates; this valuation took place as at 31 March 2004 and has yet to be finalised. The last published valuation on which contributions are based covered the period 1 April 1994 to 31 March 1999. Between valuations, the Government Actuary provides an update of the scheme liabilities. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the Business Service Authority - Pensions Division website at www.nhs.gov.uk. Copies can also be obtained from The Stationery Office.

The conclusion of the 1999 valuation was that the scheme continues to operate on a sound financial basis and the notional surplus of the scheme is £1.1 billion. It was recommended that employers' contributions are set at 14% of pensionable pay from 1 April 2003. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

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 the final year's pensionable pay for death in service, and up to five times their annual pension for death after retirement, less pensions 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.

Additional pension liabilities arising from early retirement are not funded by the scheme except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the Income and Expenditure account at the time the NHS 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.

1.14 Liquid resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement. The Trust does not hold any investments with maturity dates exceeding one year from the date of purchase.

1.15 Value Added Tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.16 Foreign Exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the Income and Expenditure Account.

1.17 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in Note 28 to the accounts.

1.18 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Income and Expenditure Account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Income and Expenditure Account on a straight-line basis over the term of the lease.

1.19 Public Dividend Capital (PDC) and PDC Dividend

Public Dividend Capital represents the outstanding public debt of an NHS Trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the NHS Trust.

A charge, reflecting the forecast cost of capital utilised by the NHS Trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the forecast average carrying amount of all assets less liabilities, except for donated assets and cash with the Office of the Paymaster General. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets. A note to the accounts discloses the rate that the dividend represents as a percentage of the actual average carrying amount of assets less liabilities in the year.

1.20 Losses and Special Payments

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

Losses and Special Payments are charged to the relevant functional headings in the Income and Expenditure Account on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). Note 30 is compiled directly from the losses and compensations register which is prepared on a cash basis.

1.21 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as Government granted current asset investments, valued at open market value. As the Trust makes emissions a provision is recognised, with an offsetting transfer from the Government grant reserve. The provision is settled on surrender of the allowances. The current asset investment, provision and Government grant reserve are valued at current market value at the balance sheet date.

2. Segmental Reporting

Sherwood Forest Hospital NHS Trust acts as a lead body for East Midlands Procurement Hub and the North Nottinghamshire Health Informatics Service. Income and expenditure for these functions is not material to the overall accounts and has not therefore been separately disclosed. Expenditure is broadly in line with income for both these bodies.

3. Income from Activities

	2006/07	2005/06
	£000	£000
Strategic Health Authorities	61	0
NHS Trusts	3,460	799
Primary Care Trusts	124,744	141,445
Foundation Trusts	0	0
Local Authorities	0	0
Department of Health	2,865	253
NHS Other	0	0
Non NHS:		
- Private patients	210	202
- Overseas patients (non-reciprocal)	0	0
- Road Traffic Act *	570	634
- Injury cost recovery	0	0
- Other	74	86
	<u>131,984</u>	<u>143,419</u>

* Road Traffic Act income is subject to a provision for doubtful debts of 7.7% to reflect expected rates of collection.

4. Other Operating Income

	2006/07	2005/06
	£000	£000
Patient transport services	82	176
Education, training and research	6,094	6,988
Charitable and other contributions to expenditure	237	452
Transfers from donated asset reserve	370	676
Transfers from government grant reserve	0	0
Non-patient care services to other bodies	3,075	3,475
Income Generation	920	2,072
Other income	7,070	6,979
	<u>17,848</u>	<u>20,818</u>

5. Operating Expenses

5.1 Operating expenses comprise:

	2006/07	2005/06
	£000	£000
Services from other NHS Trusts	877	1,414
Services from other NHS bodies	0	0
Services from Foundation Trusts	36	132
Purchase of healthcare from non NHS bodies	400	864
Directors' costs	543	487
Staff costs	95,238	107,765
Supplies and services - clinical	17,481	21,300
Supplies and services - general	2,514	4,894
Establishment	2,343	2,746
Transport	194	350
Premises	4,302	5,540
Bad debts	4	9
Depreciation	6,111	11,228
Amortisation	212	0
Fixed asset impairments and reversals	1,456	0
Audit fees	78	173
Other auditor's remuneration	0	2
Clinical negligence	1,874	2,125
Redundancy costs	0	0
Other *	11,120	1,891
	144,783	160,920

* Other includes unitary charge and PFI costs.

5.2 Operating leases

5.2/1 Operating expenses include:

	2006/07	2005/06
	£000	£000
Hire of plant and machinery	453	411
Other operating lease rentals	182	291
	<u>635</u>	<u>702</u>

5.2/2 Annual commitments under non - cancellable operating leases are:

	Land and buildings		Other leases	
	2006/07	2005/06	2006/07	2005/06
	£000	£000	£000	£000
Operating leases which expire:				
Within 1 year	0	0	60	74
Between 1 and 5 years	136	0	327	241
After 5 years	46	0	0	177
	<u>182</u>	<u>0</u>	<u>387</u>	<u>492</u>

Please also refer to Note 25.1 PFI schemes deemed to be off-balance sheet for details relating to the PFI operating lease.

6. Staff costs and numbers

6.1 Staff costs

	Total	2006/07 Permanently Employed	Other	2005/06
	£000	£000	£000	£000
Salaries and wages	80,495	78,743	1,752	91,043
Social Security Costs	5,975	5,975	0	6,805
Employer contributions to NHS Pension Scheme	9,221	9,221	0	10,299
Other pension costs	46	46	0	55
	<u>95,737</u>	<u>93,985</u>	<u>1,752</u>	<u>108,202</u>

Staff costs exclude Non-Executive Director costs.

6.2 Average number of persons employed

	Total	2006/07 Permanently Employed	Other	2005/06
	Number	Number	Number	Number
Medical and dental	364	338	26	341
Ambulance staff	0	0	0	0
Administration and estates	726	723	3	700
Healthcare assistants and other support staff*	46	46	0	206
Nursing, midwifery and health visiting staff	1,374	1,359	15	1,329
Nursing, midwifery and health visiting learners	7	7	0	7
Scientific, therapeutic and technical staff	478	472	6	465
Social care staff	0	0	0	0
Other	0	0	0	0
Total	<u>2,995</u>	<u>2,945</u>	<u>50</u>	<u>3,048</u>

*The above WTE number of staff employed exclude those staff employed by Medirest under ROE arrangements, which would have otherwise been included in Healthcare assistants and other support staff.

6.3 Employee benefits

No other employee benefits were paid during 2006/07.

6.4 Management costs

	2006/07	2005/06
	£000	£000
Management costs	5,134	5,467
Income	144,166	157,132

Management costs are defined as those on the management costs website at www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSManagementCosts/fs/en..

6.5 Retirements due to ill-health

During 2006/07 there were 6 (2005/06, 6) early retirements from the NHS Trust on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £505,763 (£130,824). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

7. Better Payment Practice Code

7.1 Better Payment Practice Code - measure of compliance

	2006/07	
	Number	£000
Total Non-NHS trade invoices paid in the period	32,147	39,800
Total Non NHS trade invoices paid within target	31,379	39,101
Percentage of Non-NHS trade invoices paid within target	98%	98%
Total NHS trade invoices paid in the period	1,254	11,870
Total NHS trade invoices paid within target	1,122	11,011
Percentage of NHS trade invoices paid within target	89%	93%

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

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

	2006/07	2005/06
	£000	£000
Amounts included within Interest Payable (Note 9) arising from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0

8. Profit/(Loss) on Disposal of Fixed Assets

No profit or loss on the disposal of assets has been recognised in either the current or previous financial year.

9. Interest Payable

	2006/07	2005/06
	£000	£000
Finance leases	3	10
Late payment of commercial debt	0	0
Loans	0	0
Other	0	0
	<u>3</u>	<u>10</u>

10. Intangible Fixed Assets

	Software licences £000	Licenses and trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross cost at 1 April 2006	957	0	0	0	957
Indexation	0	0	0	0	0
Impairments	0	0	0	0	0
Reclassifications	62	0	0	0	62
Other revaluation	0	0	0	0	0
Additions purchased	2,838	0	0	0	2,838
Additions donated	11	0	0	0	11
Additions government granted	0	0	0	0	0
Disposals	0	0	0	0	0
Gross cost at 31 January 2007	3,868	0	0	0	3,868
Amortisation at 1 April 2006	121	0	0	0	121
Indexation	0	0	0	0	0
Impairments	0	0	0	0	0
Reversal of impairments	0	0	0	0	0
Reclassifications	62	0	0	0	62
Other revaluation	0	0	0	0	0
Charged during the year	212	0	0	0	212
Disposals	0	0	0	0	0
Amortisation at 31 January 2007	395	0	0	0	395
Net book value					
- Purchased at 1 April 2006	836	0	0	0	836
- Donated at 1 April 2006	0	0	0	0	0
- Government granted at 1 April 2006	0	0	0	0	0
- Total at 1 April 2006	836	0	0	0	836
- Purchased at 31 January 2007	3,463	0	0	0	3,463
- Donated at 31 January 2007	10	0	0	0	10
- Government granted at 31 January 2007	0	0	0	0	0
- Total at 31 January 2007	3,473	0	0	0	3,473

11. Tangible Fixed Assets

11.1 Tangible fixed assets at the balance sheet date comprise the following elements:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account*	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2006	16,228	36,869	0	809	25,778	16	6,521	1,931	88,152
Additions purchased	0	2,463	0	2,179	1,919	0	61	(3)	6,619
Additions donated	0	0	0	0	61	0	3	0	64
Additions government granted	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	154	0	(119)	182	0	(159)	(42)	16
Indexation	922	2,739	0	154	701	0	0	52	4,568
Other in year revaluation	0	0	0	0	0	0	0	0	0
Disposals	0	(28,307)	0	0	(5,234)	(17)	(650)	(1,176)	(35,384)
Cost or Valuation at 31 January 2007	17,150	13,918	0	3,023	23,407	(1)	5,776	762	64,035
Depreciation at 1 April 2006	0	0	0	0	13,206	16	4,320	1,553	19,095
Charged during the year	0	3,185	0	0	2,112	2	648	164	6,111
Impairments	0	700	0	0	756	0	0	0	1,456
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	171	0	(134)	(21)	16
Indexation	0	0	0	0	369	0	0	42	411
Other in year revaluation	0	0	0	0	0	0	0	0	0
Disposals	0	(24,758)	0	0	(5,226)	(19)	(630)	(1,176)	(31,809)
Depreciation at 31 January 2007	0	(20,873)	0	0	11,388	(1)	4,204	562	(4,720)
Net book value									
- Purchased at 1 April 2006	16,228	36,819	0	809	11,043	0	2,198	378	67,475
- Donated at 1 April 2006	0	50	0	0	1,529	0	3	0	1,582
- Government granted at 1 April 2006	0	0	0	0	0	0	0	0	0
- Total at 1 April 2006	16,228	36,869	0	809	12,572	0	2,201	378	69,057
- Purchased at 31 January 2007	17,150	34,741	0	3,023	10,751	0	1,567	200	67,432
- Donated at 31 January 2007	0	50	0	0	1,268	0	5	0	1,323
- Government granted at 31 January 2007	0	0	0	0	0	0	0	0	0
- Total at 31 January 2007	17,150	34,791	0	3,023	12,019	0	1,572	200	68,755

Residual interest for Assets under the PFI scheme is included in Assets under construction.

11.1 Tangible Fixed Assets (contd)

Of the totals at 31 January 2007, £nil related to land valued at open market value, £nil related to buildings valued at open market value and £nil related to dwellings valued at open market value.

As part of the transfer of assets to our PFI partner, impairments and accelerated depreciation have been charged during the year. Where these impact on the income and expenditure statement funding has been received from the NHS Bank to offset the cost. Once the value of these assets has been adjusted they have been disposed of as Fixed Assets and reclassified as long term current Assets within Debtors on the Balance Sheet.

No properties have an existing value which is materially different to its open market value.

The net book value of assets held under finance leases and hire purchase contracts at the balance sheet date are as follows:

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 31 January 2007	0	0	0	0	0	0	85	0	85
At 31 March 2006	0	0	0	0	0	0	117	0	117

The total amount of depreciation charged to the income and expenditure in respect of assets held under finance leases and hire purchase contracts:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Depreciation 31 January 2007	0	0	0	0	0	0	32	0	32
Depreciation 31 March 2006	0	0	0	0	0	0	43	0	43

11.2 The net book value of land, buildings and dwellings at 31 January 2007 comprises:

	31 January 2007	31 March 2006
	£000	£000
Freehold	51,941	53,097
Long leasehold	0	0
Short leasehold	0	0
TOTAL	<u>51,941</u>	<u>53,097</u>

12. Stocks

	31 January 2007	31 March 2006
	£000	£000
Raw materials and consumables	2,167	2,023
Work-in-progress	0	0
Finished goods	0	0
TOTAL	<u>2,167</u>	<u>2,023</u>

13. Debtors

	31 January 2007	31 March 2006
	£000	£000

Amounts falling due within one year:

NHS debtors	10,348	11,315
Provision for irrecoverable debts	(97)	(103)
Other prepayments and accrued income	474	426
Other debtors	2,069	5,129
Sub Total	<u>12,794</u>	<u>16,767</u>

Amounts falling due after more than one year:

NHS debtors	100	100
Provision for irrecoverable debts	0	0
Other prepayments and accrued income *	36,584	33,706
Other debtors**	528	0
Sub Total	<u>37,212</u>	<u>33,806</u>
TOTAL	<u>50,006</u>	<u>50,573</u>

*Other prepayments falling due after more than one year relates to the deferred asset created as part of the transfer of Fixed Assets to our PFI partner.

**Other debtors greater than one year relate to Compensation Recovery Unit debtors.
The prior year comparative figure of £513k is included in other debtors less than one year.

14. Investments

14.1 Fixed Asset Investments

	Description £000	Description £000	Other £000	Total £000
Balance at 1 April 2006	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Balance at 31 January 2007	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

14.2 Current Asset Investments

	EU emissions trading scheme £000	Department of Health £000	Other £000	Total £000
Balance at 1 April 2006	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Balance at 31 January 2007	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

15. Creditors

15.1 Creditors at the balance sheet date are made up of:

	31 January 2007	31 March 2006
	£000	£000
Amounts falling due within one year:		
Bank overdrafts	0	0
Current instalments due on loans	0	0
Interest payable	0	0
Payments received on account	0	0
NHS creditors	1,739	8,217
Non - NHS trade creditors - revenue	4,483	827
Non - NHS trade creditors - capital	175	1,230
Tax	1,410	2,054
Social security costs	1,073	0
Obligations under finance leases and hire purchase contracts	44	44
Other creditors	95	104
Accruals and deferred income *	7,579	8,191
Sub Total	16,598	20,667
Amounts falling due after more than one year:		
Long - term loans	0	0
Obligations under finance leases and hire purchase contracts	41	73
NHS creditors	0	0
Other	0	0
Sub Total	41	73
TOTAL	16,639	20,740

*Accruals and deferred income include £2.56m of deferred income.

15.2 Loans [and other long-term financial liabilities]

The Trust's only debt, for both accounting periods, is Public Dividend Capital, which is shown under Capital and reserves.

15.3 Finance lease obligations

	31 January 2007	31 March 2006
	£000	£000
Payable:		
Within one year	44	44
Between one and five years	41	73
After five years	0	0
	<hr/> 85	<hr/> 117
Less finance charges allocated to future periods	0	0
	<hr/> 85 <hr/>	<hr/> 117 <hr/>

15.4 Finance Lease Commitments

The Trust has no Finance Lease commitment in either accounting period, other than the Finance lease for I.T. Equipment disclosed in note 15.3.

16. Provisions for liabilities and charges

	Pensions relating to former directors £000	Pensions relating to other staff £000	Legal claims £000	Restructurings £000	Other £000	Total £000
At 1 April 2006	0	600	204	0	121	925
Arising during the year	0	0	239	0	276	515
Utilised during the year	0	(37)	(69)	0	(5)	(111)
Reversed unused	0	(8)	(23)	0	0	(31)
Unwinding of discount	0	44	0	0	(2)	42
At 31 January 2007	0	599	351	0	390	1,340

Expected timing of cashflows:

Within one year	0	51	351	0	282	684
Between one and five years	0	548	0	0	108	656
After five years	0	0	0	0	0	0

The Legal Claims provision relates to claims made under the Liabilities to Third Parties Scheme element of the Trust's insurance policy. In addition to the provisions shown, contingent liabilities are given in note 21.

The other provision relates to allowances payable by the Trust in respect of Injury benefits and agenda for change payments.

£2,564,894 is included in the provisions of the NHS Litigation Authority at 31 January 2007 in respect of clinical negligence liabilities of the NHS Trust (31 March 2006 £2,167,759).

17. Movements on Reserves

Movements on reserves in the year comprised the following:

	Revaluation Reserve £000	Donated Asset Reserve £000	Government Grant Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000	Total £000
At 1 April 2006 as previously stated	21,519	1,582	0	0	1,477	24,578
Prior Period Adjustments	0	0	0	0	0	0
At 1 April 2006 as restated	<u>21,519</u>	<u>1,582</u>	<u>0</u>	<u>0</u>	<u>1,477</u>	<u>24,578</u>
Transfer from the income and expenditure account	0	0	0	0	2,470	2,470
Fixed asset impairments	0	0	0	0	0	0
Surplus/(deficit) on other revaluations/indexation of fixed/current assets	4,111	46	0	0	0	4,157
Transfer of realised profits/(losses) to the income and expenditure reserve	0	0	0	0	0	0
Receipt of donated/government granted assets	0	75	0	0	0	75
Transfers to the income and expenditure account for depreciation, impairment, and disposal of donated/government granted assets	0	(370)	0	0	0	(370)
Other transfers between reserves *	(1,972)	0	0	0	1,972	0
Other movements on reserves	0	0	0	0	0	0
Reserves eliminated on dissolution	0	0	0	0	0	0
At 31 January 2007	<u><u>23,658</u></u>	<u><u>1,333</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>5,919</u></u>	<u><u>30,910</u></u>

* The transfer between reserves is due to the difference between current and historical cost depreciation.

18. Notes to the cash flow Statement

18.1 Reconciliation of operating surplus to net cash flow from operating activities:

	2006/07	2005/06
	£000	£000
Total operating surplus/(deficit)	5,049	3,317
Depreciation and amortisation charge	6,323	11,228
Fixed asset impairments and reversals	1,456	0
Transfer from donated asset reserve	(370)	(676)
Transfer from the government grant reserve	0	0
(Increase)/decrease in stocks	(144)	126
(Increase)/decrease in debtors	5,825	(18,986)
Increase/(decrease) in creditors	(3,046)	14,256
Increase/(decrease) in provisions	373	(1,529)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities before restructuring costs	15,466	7,736
Payments in respect of fundamental reorganisation/restructuring	0	0
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>15,466</u>	<u>7,736</u>

The movement in debtors and creditors relates to the receipt and repayment of funding for impairments and accelerated depreciation as disclosed in the 2005/06 accounts (£7.2m).

18.2 Reconciliation of net cash flow to movement in net debt

	2006/07	2005/06
	£000	£000
Increase/(decrease) in cash in the period	7,655	(39)
Cash (inflow) from new debt	0	0
Cash outflow from debt repaid and finance lease capital payments	33	43
Cash (inflow)/outflow from (decrease)/increase in liquid resources	0	0
	<hr/>	<hr/>
Change in net debt resulting from cash flows	7,688	4
Non - cash changes in debt	0	0
Net debt at 1 April 2006	(21)	(25)
	<hr/>	<hr/>
Net debt at 31 January 2007	<u>7,667</u>	<u>(21)</u>

18.3 Analysis of changes in net debt

	At 1 April 2006	Cash Transferred (to)/from other NHS bodies	Other cash changes in year	Non-cash changes in year	At 31 January 2007
	£000	£000	£000	£000	£000
OPG cash at bank	96	0	7,656	0	7,752
Commercial cash at bank and in hand	0	0	0	0	0
Bank overdraft	0	0	0	0	0
Loan from DH due within one year	0	0	0	0	0
Other debt due within one year	0	0	0	0	0
Loan from DH due after one year	0	0	0	0	0
Other debt due after one year	0	0	0	0	0
Finance leases	(117)	0	32	0	(85)
Current asset investments	0	0	0	0	0
	(21)	0	7,688	0	7,667

19. Capital Commitments

Commitments under capital expenditure contracts at 31 January 2007 were £1,188,000 (31 March 2006 £936,000).

20. Post Balance Sheet Events

Sherwood Forest Hospitals NHS Trust was licensed as a Foundation Trust from the 1 February 2007.

21. Contingencies

	2006/07 £000	2005/06 £000
Contingent liabilities	(240)	(133)
Amounts recoverable against contingent liabilities	0	0
Net value of contingent liabilities	(240)	(133)
Contingent Assets	0	0

The contingent liability relates to claims made under the Liability to Third Parties Scheme element of the Trust insurance policy. Provision relating to these claims is shown in note 16.

22. Movement in Public Dividend Capital

	2006/07 £000	2005/06 £000
Public Dividend Capital as at 1 April 2006	76,342	79,522
New Public Dividend Capital received (including transfers from dissolved NHS Trusts)	7,918	4,023
Public Dividend Capital repaid in year	0	0
Public Dividend Capital repayable (creditor)	0	(7,203)
Public Dividend Capital written off	0	0
Public Dividend Capital issued as originating capital on new establishment	0	0
Public Dividend Capital transferred to Foundation Trust	0	0
Other movements in Public Dividend Capital in year	(996)	0
Public Dividend Capital as at 31 January 2007	83,264	76,342

23. Financial Performance Targets

23.1 Breakeven Performance

The Trust's breakeven performance for 2006/07 is as follows:

	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Turnover	60,153	63,304	69,606	74,933	102,773	114,207	124,785	146,149	164,237	149,832
Retained surplus/(deficit) for the year	90	43	80	88	2	1	2	8	1	2,470
Adjustment for:										
- Timing/non-cash impacting distortions										
- Use of pre - 1.4.97 surpluses [FDL(97)24 Agreements]	0	0	0	0	0	0	0	0	0	0
- 1999/2000 Prior Period Adjustment (relating to 1997/98 and 1998/99)	0	0								
- 2000/01 Prior Period Adjustment (relating to 1997/98 to 1999/2000)	0	0	0							
- 2001/02 Prior Period Adjustment (relating to 1997/98 to 2000/01)	0	0	0	0						
- 2002/03 Prior Period adjustment (relating to 1997/98 to 2001/02)	0	0	0	0	0					
- 2003/04 Prior Period Adjustment (relating to 1997/98 to 2002/03)	0	0	0	0	0	0				
- 2004/05 Prior Period Adjustment (relating to 1997/98 to 2003/04)	0	0	0	0	0	0	0			
- 2005/06 Prior Period Adjustment (relating to 1997/98 to 2004/05)	0	0	0	0	0	0	0	0		
- 2006/07 Prior Period Adjustment (relating to 1997/98 to 2005/06)	0	0	0	0	0	0	0	0	0	
- Other agreed adjustments	0	0	0	0	0	0	0	0	0	0
Break-even in-year position	90	43	80	88	2	1	2	8	1	2,470
Break-even cumulative position	90	133	213	301	303	304	306	314	315	2,785
The Trust has achieved a surplus position and is therefore not under recovery plan arrangements with the SHA.										0
If anticipated financial year of recovery is more than two years state the period agreed with SHA										0
Materiality test (I.e. is it equal to or less than 0.5%):										
- Break-even in-year position as a percentage of turnover	0.15%	0.07%	0.11%	0.12%	0.00%	0.00%	0.00%	0.01%	0.00%	1.65%
- Break-even cumulative position as a percentage of turnover	0.15%	0.21%	0.31%	0.40%	0.29%	0.27%	0.25%	0.21%	0.19%	1.86%

23.2 External financing

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

	2006/07 £000	2005/06 £000
External financing limit *	7,918	4,023
Cash flow financing	(7,898)	4,075
Finance leases taken out in the year	0	0
Other capital receipts	(75)	(56)
External financing requirement	<u>(7,973)</u>	<u>4,019</u>
Undershoot/(overshoot)	<u>15,891</u>	<u>4</u>

23.3 Capital Resource Limit

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

	2006/07 £000	2005/06 £000
Gross capital expenditure	9,532	9,791
Less: book value of assets disposed of	(3,575)	(33,908)
Plus: loss on disposal of donated assets	0	0
Less: capital grants	0	0
Less: donations towards the acquisition of fixed assets	(75)	(56)
Charge against the capital resource limit	<u>5,882</u>	<u>(24,173)</u>
Capital resource limit *	12,068	(18,788)
(Over)/Underspend against the capital resource limit	<u>6,186</u>	<u>5,385</u>

* As the Trust was authorised as a Foundation Trust part way through the Financial Year, the Department of Health has agreed to match the target EFL and CRL to our actual outturn as at the 31st January 2007.

24. Related Party Transactions

Sherwood Forest Hospitals NHS Trust is a body corporate established by order of the Secretary of "State for Health".

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

The Department of Health is regarded as a related party. During the year Sherwood Forest Hospitals NHS 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:

Bassetlaw Primary Care Trust
Department of Health
Derby Hospitals NHS Foundation Trust
Derbyshire County Primary Care Trust
Doncaster and Bassetlaw Hospitals NHS Foundation Trust
East Midlands Ambulance Services NHS Trust
East Midlands Strategic Health Authority
Leicester County and Rutland PCT
Lincolnshire Primary Care Trust
NHS Blood and Transport
NHS Litigation Authority
NHS Purchasing and Supply Agency
Northampton General Hospitals NHS Trust
Nottingham University Hospitals NHS Trust
Nottinghamshire County Primary Care Trust
Nottinghamshire Healthcare NHS Trust
Oxfordshire and Buckinghamshire Mental Health Partnerships NHS Trust
University Hospitals of Leicester NHS Trust

In addition the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with the Department of Health for Education and Skills in respect of University Hospitals.

The Trust has also received revenue and capital payments from a number of charitable funds, certain of the Trustees for which are also members of the NHS Trust Board. The Sherwood Forest Hospitals Charitable Fund purchased goods and services for the Trust during the financial year, and also provided purchases for patients and staff at the Sherwood Forest Hospitals. The administration of the Charity is carried out by the Trust, and during the financial year the Trust charged the Charity for this service.

The audited accounts / the Summary Financial Statements of the Funds Held on Trust are available separately.

25. Private Finance Transactions

25.1 PFI schemes deemed to be off-balance sheet

The Trust is currently committed to two off-balance sheet PFI schemes.

Expenditure recognised within the expenditure for the Trust for 2006/07 is as follows:

	2006/07	2005/06
	£000	£000
Amounts included within operating expenses in respect of PFI transactions deemed to be off-balance sheet - gross	1,843	493
Amortisation of PFI deferred asset	(689)	(201)
Net charge to operating expenses	<u>1,154</u>	<u>292</u>

A credit was also recognised within operating expenses relating to the Unitary charge offset to recreate the Fixed Assets of the Trust over the life of the PFI contract. However in line with the DOH guidance this has been excluded in the above Net charge calculation.

Central Nottinghamshire Hospitals PLC

The Trust is committed to make the following annual payment to Central Nottinghamshire Hospitals PLC on completion of the PFI redevelopment:

	£000
PFI scheme which expires; 36 years and over	30,828
	£000
Estimated capital value of the PFI scheme	315,696
Contract Start date:	November 2005
Contract End date:	March 2043

This project involves a major redevelopment of the King's Mill Hospital Site which is funded through the Private Finance Initiative with Central Nottinghamshire PLC being our Private Sector partner. Commercial close was reached in November 2005 and since this date circa £30m of assets have transferred to the PFI provider, along with the transfer of responsibility for facilities management to an external provider as part of the PFI service provision contract. The annual payment referred to above is the full annual payment once the scheme is complete in 5yrs time. During the construction phase the Trust has contracted with Central Nottinghamshire PLC for facilities management services (Circa £8.7m, 2006/07) and pays a reduced unitary charge payment relating to phases of the scheme as they are completed.

Leicestershire Housing Association

The Trust is committed to make the following payments during the next year with regard to Leicester Housing.

	£000
PFI scheme which expires; 26th to 30th years (inclusive)	131
	£000
Estimated capital value of the PFI scheme	6,694
Contract Start date:	June 1999
Contract End date:	June 2034

The Trust entered into a Private Finance Initiative contract with Leicester Housing Association, which included the construction of new residential accommodation and the upgrade of existing accommodation combined with a 35 year contract to manage and operate the accommodation. The Trust has guaranteed to utilise a minimum level of the overall accommodation but the majority of risks associated with operating and letting the properties have been transferred to the Housing Association. The value shown above relates solely to the Trust's committed element of the contract and not the full income received by Leicester Housing Association.

The deferred asset created as part of the Leicester Housing Association contract was fully written off in 2000/01.

25.2. 'Service' element of PFI schemes deemed to be on-balance sheet

The Trust has no "on-balance sheet" schemes.

26. Pooled Budget

The Trust has no pooled budgets.

27. Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with local Primary Care Trusts and the way those Primary Care Trusts are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than the currency profile.

Liquidity Risk

The NHS Trust's net operating costs are incurred under annual service agreements with local Primary Care Trusts, which are financed from resources voted annually by Parliament. The Trust also largely finances its capital expenditure from funds made available from Government under an agreed borrowing limit. Sherwood Forest Hospitals NHS Trust is not, therefore, exposed to significant liquidity risks.

Interest-Rate Risk

100% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. Sherwood Forest Hospitals NHS Trust is not, therefore, exposed to significant interest-rate risk. The following two tables show the interest rate profiles of the Trust's financial assets and liabilities:

27.1 Financial Assets

	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate Weighted average interest rate	Weighted average period for which fixed	Non-interest bearing Weighted average term
Currency	£000	£000	£000	£000	%	Years	Years
At 31 January 2007							
Sterling	7,852	0	100	7,752	2.20%	0	0
Other *	0	0	0	0	2.20%	0	0
Gross financial assets	7,852	0	100	7,752			
At 31 March 2006							
Sterling	196	0	100	96	2.20%	0	0
Other *	0	0	0	0	2.20%	0	0
Gross financial assets	196	0	100	96			

27.2 Financial Liabilities

	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate Weighted average interest rate	Weighted average period for which fixed	Non-interest bearing Weighted average term
Currency	£000	£000	£000	£000	%	Years	Years
At 31 January 2007							
Sterling	82,712	0	(548)	83,260	9.00%	0	0
Other *	(42)	0	(42)	0	23.00%	0	0
Gross financial liabilities	82,670	0	(590)	83,260			
At 31 March 2006							
Sterling	75,790	0	(552)	76,342	9.00%	0	0
Other *	(73)	0	(73)	0	23.00%	1	0
Gross financial liabilities	75,717	0	(625)	76,342			

Note: The public dividend capital is of unlimited term.

* Other relates to working capital debtors and creditors greater than 1 year.

Foreign Currency Risk

The Trust has no/negligible foreign currency income or expenditure.

27.3 Fair Values

Set out below is a comparison, by category, of book values and fair values of the NHS Trust's financial assets and liabilities as at 31 January 2007.

	Book Value	Fair Value	Basis of fair valuation
	£000	£000	
Financial assets			
Cash	7,752	7,752	
Debtors over 1 year:			
- Agreements with commissioners to cover creditors and provisions	100	100	Note a
Investments	0	0	
Total	<u>7,852</u>	<u>7,852</u>	
Financial liabilities			
Overdraft	0	0	
Creditors over 1 year:			
- Early retirements	(548)	(548)	Note b
- Finance leases	(41)	(41)	Note c
Provisions under contract	0	0	Note d
Loans	0	0	
Public dividend capital	(83,264)	(83,264)	Note e
Total	<u>(83,853)</u>	<u>(83,853)</u>	

Notes

- a These debtors reflect agreements with commissioners to cover creditors over 1 year for early retirements and provisions under contract, and their related interest charge/unwinding of discount. In line with notes c and e, below, fair value is not significantly different from book value.
- b Fair value is not significantly different from book value since interest at 9% is paid on early retirement creditors.
- c To obtain fair value, cash flows have been discounted at prevailing market interest rates for finance leases for a similar term.
- d Fair value is not significantly different from book value since, in the calculation of book value, the expected cash flows have been discounted by the Treasury discount rate of 3.5% in real terms.
- e The figure here should be the full value of PDC in the balance sheet and 'book value' should equal 'fair value'.

28. Third Party Assets

The Trust held £606.42 cash at bank and in hand at 31 January 2007 (£912.19 - at 31 March 2006) which relates to monies held by the NHS Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the accounts.

29. Intra-Government and Other Balances

	Debtors: amounts falling due within one year	Debtors: amounts falling due after more than one year	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year
	£000	£000	£000	£000
Balances with other Central Government Bodies	8,982	100	398	0
Balances with Local Authorities	49	0	1	0
Balances with NHS Trusts and Foundation Trusts	1,369	0	1,056	0
Balances with Public Corporations and Trading Funds	515	0	0	0
Balances with bodies external to government	1,879	37,112	15,143	41
At 31 January 2007	<u>12,794</u>	<u>37,212</u>	<u>16,598</u>	<u>41</u>
Balances with other Central Government Bodies	10,625	100	7,948	0
Balances with Local Authorities	26	0	0	0
Balances with NHS Trusts and Foundation Trusts	563	0	340	0
Balances with Public Corporations and Trading Funds	126	0	0	0
Balances with bodies external to government	5,427	33,706	12,379	73
At 31 March 2006	<u>16,767</u>	<u>33,806</u>	<u>20,667</u>	<u>73</u>

30. Losses and Special Payments

There were 379 cases of losses and special payments (2005/06: 513 cases full year) totalling £22,608 (2005/06: £19,118) paid during the 10 months period ending January 2007.