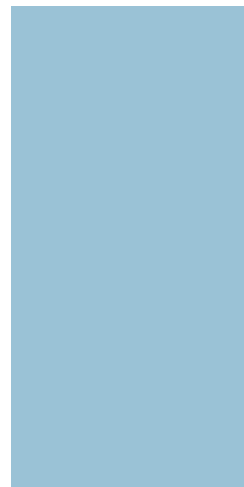


# Annual Report and Accounts

2009 – 2010







































































































































































































































































**10 Salary and Pension entitlement of directors and senior managers****10.1 Salaries and other remuneration**

<b>Name and title</b>	<b>Salary (Bands of £5,000) £000</b>	<b>Other Remuneration (Bands of £5,000) £000</b>	<b>Benefits in kind (to nearest £100) £000</b>
Mr R SeQueira CBE - Chairman *	20 - 25	-	0.4
Dr J Ellwood – NED, Interim Chairman, Chairman	15 - 20	-	0.4
<b>Non-Executive Directors</b>			
Mr C Spry	15 - 20	-	-
Mr R Knight	10 - 15	-	-
Ms P Turnbull	10 - 15	-	-
Mr P Knell	10 - 15	-	-
Mrs T Peters *	0 - 5	-	-
Ms J Gerzon *	5 - 10	-	-
<b>Executive Directors</b>			
Mr J Bergman, Chief Executive *	150 - 155	-	1.9
Mr D Smith, Interim Chief Executive * (1)			
Dr N Hateboer, Medical Director	145 – 150	-	3.3
Dr M Hitchcock, Medical Director *	125 – 130	-	0.1
Ms CA Tong, Director of Nursing	115 – 120	-	0.3
Mr K Goater, Acting Director of Finance *	35 – 40	-	-
Mr T Tonks, Interim Director of Finance * (1)			
Mrs T Peters, Interim Director of Human Resources *(1)			
Mr R Wainwright, Director of Operations * **	50 – 55	45 – 50	6.4
Ms J George, Director of Business Development	40 – 45	-	-
Mr J Shillito, Interim Turnaround Director * (1)			

\* Where individuals held office for only part of the year, amounts disclosed relate only to the relevant proportion of time that they were in that post.

\*\* The amount disclosed as other remuneration in respect of Mr R Wainwright relates to payments in lieu of notice.

Benefits in kind are the taxable value of benefits provided. The benefits are incurred in connection with Foundation Trust business, calculated and paid in accordance with HM Revenue & Customs rules relating to travel expenses, and are subject to income tax where applicable. Where applicable these are the amounts paid to the service provider for the expenses incurred by the interim Directors.

The total salary of senior managers as reported above is £781k (£727k 2008/09). This excludes Interim Directors which are disclosed in note (1) – See next page.

(1) The costs for Interim Directors are as follows:

Interim Director	Service provider or Agency	Amount paid Fees/expenses Including VAT	No. of Days	Contracted until
Mr D Smith, Interim Chief Executive	Durrow Ltd	£248,041 / £19,539	97	9 <sup>th</sup> July 2010
Mr T Tonks, Interim Director of Finance	Robert Half Ltd	£170,406 / £12,255	118	2 <sup>nd</sup> February 2010
Mr T Tonks, Interim Director of Finance	Amboise Ltd	£51,700 / £4,500	40	11 <sup>th</sup> June 2010
Mrs T Peters, Interim Director of HR	Wigwam Consulting	£115,491 / £4,040	174	7 <sup>th</sup> July 2010
Mr J Shillito, Interim Turnaround Director	Shillito Partners Ltd	£110,712 / £8,802	90	24 <sup>th</sup> February 2010

## 10.2 Pension arrangements

Name and title	Real increase/ (decrease) in pension and related lump sum at age 60 (Bands of £2,500) £000	Total accrued pension at age 60 at 31/03/10 (Bands of £5,000) £000	Related lump sum at age 60 at 30/03/10 (Bands of £5,000) £000	Cash Equivalent Transfer Value at 31/03/10 £000	Cash Equivalent Transfer Value at 31/03/09 £000	Real increase in Cash Equivalent Transfer Value £000
<b>Executive Directors</b>						
Mr J Bergman, Chief Executive *	0 - 2.5	55.0 – 60.0	175.0 – 180.0	1,388	1,133	74
Mr K Goater, Acting Director of Finance *	0 – (2.5)	20.0 – 25.0	60.0 – 65.0	348	320	5
Mr R Wainwright, Director of Operations *	0 - 2.5	0 – 5.0	0 – 5.0	14	3	6
Ms J George, Director of Business Development (1)	n/a	n/a	n/a	n/a	n/a	n/a
Dr N Hateboer, Medical Director	2.5 – 5.0	25.0 – 30.0	75.0 – 80.0	429	340	72
Dr M Hitchcock, Medical Director *	0 - 2.5	25.0 – 30.0	85.0 – 90.0	531	443	60
Ms CA Tong, Director of Nursing	7.5 – 10.0	30.0 – 35.0	90.0 – 95.0	552	372	161

\* These individuals only served as Directors for part of the year.

(1) The pension data for Ms George is incomplete at the date of these accounts. Therefore data has not been included in the table above.

As non-executive directors do not receive pensionable remuneration, there are no entries in respect of pensions for Non-Executive directors.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefits in another scheme or arrangement that the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV - this reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the year.

The Foundation Trust did not make any contributions to other pension arrangements for directors and senior managers during the year.

<b>11. Finance income</b>	<b>2009/10</b>	2008/09
	<b>£000</b>	£000
Interest on loans and receivables	46	643
<b>Total</b>	<b>46</b>	<b>643</b>
<b>12. Finance costs – interest expense</b>	<b>2009/10</b>	2008/09
	<b>£000</b>	£000
Finance costs in PFI obligations:		
Main finance cost	(24)	(25)
Other finance costs - unwinding of discount on provisions	(11)	(11)
<b>Total</b>	<b>(35)</b>	<b>(36)</b>

### 13. Property, plant and equipment.

Assets utilised by the Foundation Trust under PFI arrangements are treated under IFRS as being subject to a finance lease. Including these items, the net book value of fixed assets held at the balance sheet date that were subject to a finance lease was £198k (2009: £214k).

Until 31 March 2008, the depreciated replacement cost of specialised buildings was estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. HM Treasury has agreed that NHS Foundation Trusts must apply these new valuation requirements by 1 April 2010 at the latest. Dorset County Hospital NHS Foundation Trust has adopted these requirements from 31 March 2010 for reporting under IFRS.

## 13.1 Property, plant and equipment. Current year

## Current year 2009/10

	Total £000	Land £000	Buildings exc. Dwellings £000	Dwellings £000	Assets Under Construction £000	Plant & Machinery £000	Transport equipment £000	Information Technology £000	Furniture & Fittings £000
<b>Cost or Valuation at 1 April 2009</b>	113,733	17,610	61,436	2,906	289	23,097	24	7,842	529
Additions – purchased	3,108	-	986	46	226	1,362	-	480	8
Additions – donated	94	-	-	-	-	87	-	5	2
Impairments charged to revaluation reserve	(16,957)	(4,808)	(11,316)	(833)	-	-	-	-	-
Reclassifications	25	(156)	420	-	(264)	25	-	-	-
Revaluation surpluses	264	10	-	254	-	-	-	-	-
Transferred to Assets held for sale	(625)	(201)	(424)	-	-	-	-	-	-
Disposals	(2,235)	(200)	-	(383)	-	(627)	(24)	(982)	(19)
<b>Cost or Valuation at 31 March 2010</b>	<b>97,407</b>	<b>12,255</b>	<b>51,102</b>	<b>1,990</b>	<b>251</b>	<b>23,944</b>	<b>-</b>	<b>7,345</b>	<b>520</b>
<b>Depreciation at 1 April 2009</b>	20,273	-	2,418	621	-	12,803	17	4,322	92
Provided in the year	5,666	-	2,577	220	-	1,878	3	961	27
Impairments recognised in operating expenses	571	200	351	-	20	-	-	-	-
Reversal of impairments	(20)	(20)	-	-	-	-	-	-	-
Reclassifications	5	-	-	-	-	5	-	-	-
Revaluation surpluses	(6,359)	(180)	(5,346)	(833)	-	-	-	-	-
Disposals	(1,638)	-	-	(8)	-	(609)	(20)	(982)	(19)
<b>Depreciation at 31 March 2010</b>	<b>18,498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>14,077</b>	<b>-</b>	<b>4,301</b>	<b>100</b>
<b>Net book value as at 31 March 2010</b>									
Owned assets	76,328	12,255	49,921	1,780	231	8,988	-	3,039	114
Private Finance Initiative	210	-	-	210	-	-	-	-	-
Donated assets	2,371	-	1,181	-	-	879	-	5	306
<b>Total 31 March 2010</b>	<b>78,909</b>	<b>12,255</b>	<b>51,102</b>	<b>1,990</b>	<b>231</b>	<b>9,867</b>	<b>-</b>	<b>3,044</b>	<b>420</b>

## 13.2 Property, plant and equipment. Prior year

## Prior Year 2008/09

	Total £000	Land £000	Buildings exc. Dwellings £000	Dwellings £000	Assets Under Construction £000	Plant & Machinery £000	Transport equipment £000	Information Technology £000	Furniture & Fittings £000
<b>Cost or Valuation at start of year (UK GAAP)</b>	114,252	21,390	59,170	2,280	557	23,454	23	6,961	417
PFI scheme on-balance sheet	652	-	-	652	-	-	-	-	-
<b>Restated Cost or Valuation at start of year</b>	<b>114,904</b>	<b>21,390</b>	<b>59,170</b>	<b>2,932</b>	<b>557</b>	<b>23,454</b>	<b>23</b>	<b>6,961</b>	<b>417</b>
Additions - purchased	5,518	786	1,553	87	129	1,931	-	942	90
Additions - donated	401	-	316	-	-	74	-	-	11
Impairments charged to revaluation reserve	(3,907)	(3,794)	-	(113)	-	-	-	-	-
Reclassifications	-	-	397	-	(397)	-	-	-	-
Revaluation surpluses	(147)	(772)	-	-	-	613	1	-	11
Disposals	(3,036)	-	-	-	-	(2,975)	-	(61)	-
<b>Cost or Valuation at 31 March 2009</b>	<b>113,773</b>	<b>17,610</b>	<b>61,436</b>	<b>2,906</b>	<b>289</b>	<b>23,097</b>	<b>24</b>	<b>7,842</b>	<b>529</b>
<b>Depreciation at start of year (UK GAAP)</b>	17,077	-	-	-	-	13,513	13	3,473	78
PFI scheme on-balance sheet	422	-	-	422	-	-	-	-	-
<b>Restated Depreciation at start of year</b>	<b>17,499</b>	<b>-</b>	<b>-</b>	<b>422</b>	<b>-</b>	<b>13,513</b>	<b>13</b>	<b>3,473</b>	<b>78</b>
Provided in the year	5,418	-	2,418	199	-	1,876	3	910	12
Revaluation surpluses	356	-	-	-	-	353	1	-	2
Disposals	(3,000)	-	-	-	-	(2,939)	-	(61)	-
<b>Depreciation at 31 March 2009</b>	<b>20,273</b>	<b>-</b>	<b>2,418</b>	<b>621</b>	<b>-</b>	<b>12,803</b>	<b>17</b>	<b>4,322</b>	<b>92</b>
<b>Net Book Value at 31 March 2009</b>									
Owned assets	90,434	17,610	57,495	2,071	289	9,311	7	3,520	131
Private Finance Initiative	214	-	-	214	-	-	-	-	-
Donated assets	2,812	-	1,523	-	-	983	-	-	306
<b>Total 31 March 2009</b>	<b>93,460</b>	<b>17,610</b>	<b>59,018</b>	<b>2,285</b>	<b>289</b>	<b>10,294</b>	<b>7</b>	<b>3,520</b>	<b>437</b>

## 13.3 Property, plant and equipment, Analysis of Protected / Unprotected assets

Analysis of Property, plant and equipment	Total £000	Land £000	Buildings exc. Dwellings £000	Dwellings £000	Assets Under Construction £000	Plant & Machinery £000	Transport equipment £000	Information Technology £000	Furniture & Fittings £000
<b>Net Book Value 31 March 2010</b>									
Protected assets	57,490	7,200	50,290	-	-	-	-	-	-
Unprotected assets	21,419	5,055	812	1,990	231	9,867	-	3,044	420
<b>Total 31 March 2010</b>	<b>78,909</b>	<b>12,255</b>	<b>51,102</b>	<b>1,990</b>	<b>231</b>	<b>9,867</b>	<b>-</b>	<b>3,044</b>	<b>420</b>
<b>Net book value 31 March 2009</b>									
Protected assets	70,466	12,001	58,465	-	-	-	-	-	-
Unprotected assets	22,994	5,609	553	2,285	289	10,294	7	3,520	437
<b>Total 31 March 2009</b>	<b>93,460</b>	<b>17,610</b>	<b>59,018</b>	<b>2,285</b>	<b>289</b>	<b>10,294</b>	<b>7</b>	<b>3,520</b>	<b>437</b>

<b>14 Intangible Assets</b>	<b>Software Licences 2009/10 £000</b>	<b>Software Licences 2008/09 £000</b>
<b>Cost or Valuation at 1 April</b> (no change from UK GAAP to IFRS)	2,336	1,389
Reclassifications	(25)	-
Additions – purchased	746	942
Additions - donated	-	5
Disposals	(63)	-
<b>Cost or Valuation at 31 March</b>	<b>2,994</b>	<b>2,336</b>
<b>Amortisation at 1 April</b>	605	370
Provided in the year	355	235
Reclassification	(5)	-
Disposals	(63)	-
<b>Amortisation at 31 March</b>	<b>892</b>	<b>605</b>
<b>Net Book Value</b>		
Purchased	2,097	1,726
Donated	5	5
<b>NBV Total at 31 March</b>	<b>2,102</b>	<b>1,731</b>

Software licences have been assigned asset lives of between 5 and 10 years.

#### 15 Capital commitments

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

	<b>31 March 2010 £000</b>	31 March 2009 £000
Property, plant and equipment	256	1,213
Intangible assets	99	257
<b>Total</b>	<b>355</b>	<b>1,470</b>

#### 16 Inventories

<b>16.1. Inventories</b>	<b>31 March 2010 £000</b>	31 March 2009 £000	31 March 2008 £000
Raw materials and consumables	2,495	2,420	2,272
<b>Total</b>	<b>2,495</b>	<b>2,420</b>	<b>2,272</b>
<b>16.2 Inventories recognised in expenses</b>	<b>31 March 2010 £000</b>	31 March 2009 £000	
Inventories recognised as an expense in the period	14,970	14,482	
<b>Total</b>	<b>14,970</b>	<b>14,482</b>	

Inventories comprise stocks of medical supplies, drugs and other consumable items. The Foundation Trust does not currently operate a complete inventory management control system, and is therefore not able to separately evaluate any amounts arising from write-downs or losses.

## 17 Trade and other receivables

## 17.1 Trade and other receivables

	31 March 2010		31 March 2009		31 March 2008	
	Financial £000	Non- Financial £000	Financial £000	Non- Financial £000	Financial £000	Non- Financial £000
<b>Current</b>						
NHS receivables	2,839	-	5,852	-	4,787	-
Provision for the impaired receivables	(27)	-	(44)	-	(42)	-
Prepayments	-	1,198	-	737	-	760
Accrued income	539	-	457	-	444	-
Other receivables	536	-	192	2	561	-
<b>Total</b>	<b>3,887</b>	<b>1,198</b>	<b>6,457</b>	<b>739</b>	<b>5,750</b>	<b>760</b>
<b>Non-current</b>						
NHS receivables	-	-	114	-	115	-
Prepayments	-	748	-	117	-	159
Accrued income	103	-	110	-	-	-
Other receivables	-	-	-	-	111	-
<b>Total</b>	<b>103</b>	<b>748</b>	<b>224</b>	<b>117</b>	<b>226</b>	<b>159</b>
<b>GRAND TOTAL</b>	<b>3,990</b>	<b>1,946</b>	<b>6,681</b>	<b>856</b>	<b>5,976</b>	<b>919</b>

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

17.2 Receivables past their due date but not impaired		<b>31 March</b>	31 March
		<b>2010</b>	2009
		<b>£000</b>	£000
	By up to three months	494	1,476
	By three to six months	373	31
	By more than six months	31	59
<b>Total</b>		<b>898</b>	<b>1,566</b>
17.3 Receivables past their due date and impaired		<b>31 March</b>	31 March
		<b>2010</b>	2009
		<b>£000</b>	£000
	By up to three months	6	10
	By three to six months	22	31
	By more than six months	317	292
<b>Total</b>		<b>345</b>	<b>333</b>
17.4 Provision for impairment of receivables		<b>31 March</b>	31 March
		<b>2010</b>	2009
		<b>£000</b>	£000
	<b>Balance at 1 April</b>	44	33
	Amount written off during the year	(7)	(3)
	Unused amount reversed	(11)	-
	(Increase)/decrease in receivables impaired	1	14
	<b>Balance at 31 March</b>	<b>27</b>	<b>44</b>

**18 Non current assets held for sale**

	Property, plant & equipment £000	Total £000
At 1 April 2009	-	-
Assets classified available for sale in the year	<b>625</b>	625
<b>NBV Non current assets held for sale 31 March 10</b>	<b>625</b>	625

There were no non-current assets held for sale at 1 April 2008

	<b>31 March 2010 £000</b>	31 March 2009 £000	31 March 2008 £000
<b>19 Cash and cash equivalents</b>			
Balance at 1 April	<b>124</b>	984	3,701
Net change in year	<b>406</b>	(860)	(2,717)
<b>Balance at 31 March</b>	<b>530</b>	124	984
<b>Made up of</b>			
Commercial banks and cash in hand	<b>68</b>	33	(205)
Cash with Government banking service	<b>462</b>	91	1,189
<b>Cash and cash equivalents</b>	<b>530</b>	124	984

**20 Trade and other payables**

	<b>31 March 2010</b>		31 March 2009		31 March 2008	
	Financial £000	Non- Financial £000	Financial £000	Non- Financial £000	Financial £000	Non- Financial £000
<b>Current</b>						
NHS payables	<b>2,447</b>	-	1,578	-	1,100	-
Trade payables - capital	<b>398</b>	<b>52</b>	1,321	58	738	-
Other payables	<b>4,993</b>	<b>1,468</b>	5,242	1,070	5,235	-
Accruals	<b>630</b>	<b>803</b>	316	1,491	373	1,279
PDC payable	-	<b>1,309</b>	-	-	-	-
<b>Total</b>	<b>8,468</b>	<b>3,632</b>	8,457	2,619	7,446	1,279

Other creditors includes outstanding pension contributions of £1,100k (2009 £1,058k)

**21 Borrowings**

	<b>31 March 2010 £000</b>	<b>Current</b> 31 March 2009 £000	31 March 2008 £000
Obligations under Private Finance Initiative contracts	<b>42</b>	41	39
<b>Total</b>	<b>42</b>	41	39
	<b>31 March 2010 £000</b>	<b>Non-current</b> 31 March 2009 £000	31 March 2008 £000
Obligations under Private Finance Initiative contracts	<b>610</b>	652	693
<b>Total</b>	<b>610</b>	652	693

**22 Provisions**

	<b>31 March 2010 £000</b>	<b>Current 31 March 2009 £000</b>	<b>31 March 2008 £000</b>
Pensions relating to other staff	48	46	43
Other legal claims	73	39	52
<b>Total</b>	<b>121</b>	<b>85</b>	<b>95</b>

	<b>31 March 2010 £000</b>	<b>Non-current 31 March 2009 £000</b>	<b>31 March 2008 £000</b>
Pensions relating to other staff	497	498	490
<b>Total</b>	<b>497</b>	<b>498</b>	<b>490</b>

<b>22.1 Provisions movement</b>	<b>Total £000</b>	<b>Pensions relating to staff £000</b>	<b>Legal claims £000</b>
At 1 April 2009	583	544	39
Arising during the year	89	38	51
Utilised during the year	(52)	(48)	(4)
Reversed unused	(13)	-	(13)
Unwinding of discount	11	11	-
At 31 March 2010	<b>618</b>	<b>545</b>	<b>73</b>

**Expected timing of cash flows:**

Within one year	121	48	73
Between one and five years	214	214	-
After 5 years	283	283	-
<b>Total</b>	<b>618</b>	<b>545</b>	<b>73</b>

Provisions that are not expected to become due for several years are shown at a reduced value to take account of inflation. The unwinding of discounts relates to the increase in the value of provisions as their settlement date gets nearer.

Provisions shown under the heading 'Pensions relating to staff' have been calculated using figures provided by the NHS Pensions Agency. They assume certain life expectancies.

Provisions shown under the heading 'Legal claims' relate to public and employer liability claims. The amounts have been calculated using information provided by the NHS Litigation Authority and are based on the best information available at the balance sheet date.

**Clinical Negligence Liabilities**

	<b>31 March 2010 £000</b>	<b>31 March 2009 £000</b>
Amount included in Provisions of the NHSLA in respect of CN Liabilities of the Foundation Trust	14,036	15,303

<b>23</b>	<b>Tax Payable</b>	<b>31 March</b>	31 March	31 March
		<b>2010</b>	2009	2008
		<b>£000</b>	£000	£000
	Other tax and social security costs	<b>1,907</b>	1,870	1,788
	<b>Total</b>	<b>1,907</b>	1,870	1,788
<b>24</b>	<b>Other liabilities</b>	<b>31 March</b>	31 March	31 March
		<b>2010</b>	2009	2008
		<b>£000</b>	£000	£000
	Deferred income	<b>139</b>	-	129
	<b>Total</b>	<b>139</b>	-	129
<b>25</b>	<b>Prudential Borrowing Limit</b>	<b>31 March</b>	31 March	
		<b>2010</b>	2009	
		<b>£000</b>	£000	
	Total Long Term Borrowing Limit set by Monitor	28,900	19,100	
	Working Capital Facility	10,000	10,000	
	<b>Total Prudential Borrowing Limit</b>	<b>38,900</b>	29,100	
	Actual Borrowing in Year – Long Term	610	652	
	Actual Borrowing in Year – Working Capital	-	-	
	<b>Total Borrowing</b>	<b>610</b>	652	

The Foundation Trust is required to comply with and remain within the prudential borrowing limit. The limit is made up of two elements:

- The maximum cumulative amount of long-term borrowing. This is set by reference to the five ratio tests defined in Monitor's prudential borrowing code. The financial risk rating set under Monitor's Compliance Framework determines one of the ratios and therefore can impact on the long term borrowing limit.
- The amount of any working capital facility approved by Monitor.

Further information on the NHS Foundation Trusts Prudential Borrowing Code and Compliance Framework can be found on the web-site of Monitor, the Independent Regulator of Foundation Trusts.

	<b>Max/Min</b>	<b>2010 Actual</b>	2009 Actual
Maximum Debt/Capital Ratio	15%	0.7%	0.7%
Minimum Dividend Cover	1 x	1.3	2.1
Minimum Interest Cover	3 x	156	279
Minimum Debt Service Cover	2 x	91	179
Maximum Debt Service to Revenue	3%	0%	0%

## **26 Finance lease obligations**

The Foundation Trust utilises assets subject to a PFI arrangement. Under IFRS this arrangement is accounted for as if it was a finance lease, and details are disclosed in the note below. There were no other current or future finance lease obligations at the reporting date.

**27 Private Finance Initiative contracts**

The Foundation Trust participates in one PFI Scheme, in respect of part of its staff accommodation that is operated by Western Challenge Housing Association Ltd. Under International Financial Reporting Standards, this is treated as a finance lease in accordance with IAS 17 with an associated Service Concession Arrangement as defined in IFRIC 12. Under IFRS the Foundation Trust has no PFI schemes deemed to be off-balance sheet.

Details of the scheme are as follows:

	<b>Staff Accommodation</b>
Estimated Capital Value	£1,054,000
Length of Project	25 yrs
Start Date of Contract	20 Oct 1997
Finish Date of Contract	19 Oct 2022
Remaining Contractual Period at 31 March 2010	12 yrs 7 mth

**27.1 Service element of PFI schemes deemed to be on-balance sheet**

	<b>Year ended 31 March 2010 £000</b>	Year ended 31 March 2009 £000
Amounts included within operating expenses in respect of the 'service' element of PFI schemes deemed to be on-balance sheet	90	80
Depreciation of PFI Deferred Asset	16	16
<b>Net Charge to Operating Expenses</b>	<b>106</b>	<b>96</b>
	<b>Year ended 31 March 2010 £000</b>	Year ended 31 March 2009 £000
<b>Imputed finance lease obligations comprise:</b>		
Rentals due within 1 year	65	65
Rentals due within 2 to 5 years	260	260
Rentals due thereafter	490	555
Sub total	815	880
Less: interest element	(163)	(187)
<b>Total</b>	<b>652</b>	<b>693</b>

**The Trust is Committed to make the following Service Payments during the next year in which the Commitment Expires in:**

Later than 5 years	83	80
--------------------	----	----

**28 Contingencies**

<b>Contingent liabilities</b>	<b>2009/10</b>	2008/09
	<b>£000</b>	£000
Risk pooling (1)	<b>29</b>	16
Early retirement	<b>98</b>	115
Injury benefits	<b>26</b>	28
<b>Total</b>	<b>153</b>	159

- (1) The above contingencies are in respect of employer and public liability incidents for which claims have been made against the Foundation Trust. The contingent liabilities have been calculated using information provided by the NHS Litigation Authority. Provisions relating to these cases are included in Note 22.

**29 Financial instruments****29.1 Financial assets****Loans and receivables**

	<b>£000</b>
Trade and other receivables	<b>3,375</b>
Other financial assets	<b>615</b>
Cash at bank and in hand	<b>530</b>
<b>Total at 31 March 2010</b>	<b>4,520</b>
Trade and other receivables	6,158
Other financial assets	523
Cash at bank and in hand	124
<b>Total at 31 March 2009</b>	<b>6,805</b>

The financial assets consists of the financial element of trade and other receivables (Note 17.1) plus cash at bank and in hand.

**29.2 Financial liabilities****Financial Liabilities**

	<b>£000</b>
Obligations under Private Finance Initiative contract	<b>652</b>
Trade and other payables	<b>7,838</b>
Other financial liabilities	<b>630</b>
Provisions under contract	<b>545</b>
<b>Total at 31 March 2010</b>	<b>9,665</b>
Obligations under Private Finance Initiative contract	693
Trade and other payables	8,141
Other financial liabilities	316
Provisions under contract	544
<b>Total at 31 March 2009</b>	<b>9,694</b>

The financial liabilities consists of the financial element of trade and other payables (Note 20), plus current and non current borrowings (Note 21) and provisions (Note 22.1) excluding legal costs.

**29.3 Financial risk management**

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Foundation Trust has with Primary Care Trusts and the way those Primary Care Trusts are financed, the NHS Foundation Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS Foundation 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 Foundation Trust in undertaking its activities.

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

**29.3.1 Currency risk**

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

**29.3.2 Interest rate risk**

All of the Foundation Trust's financial assets and financial liabilities carry a nil or fixed rate of interest. Dorset County Hospital NHS Foundation Trust is not, therefore, exposed to significant interest-rate risk.

**29.3.3 Credit risk**

The Foundation Trust's risk profile is low with the maximum being disclosed in receivables to customers. The Foundation Trust does not generally enter into derivatives as a financial instrument.

**29.3.4 Liquidity risk**

The Foundation 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 Foundation Trust also largely finances its capital expenditure from internally generated funds, or from facilities made available from Government under an agreed borrowing limit. Dorset County Hospital NHS Foundation Trust is not, therefore, exposed to significant liquidity risks.

**30 Events after the reporting period**

There have been no significant post balance sheet events requiring disclosure.











## Contact Details

### **Dorset County Hospital NHS Foundation Trust**

Trust Headquarters  
Dorset County Hospital  
Williams Avenue  
Dorchester  
Dorset DT1 2JY

Telephone: **01305 254645**

Fax: **01305 254185**

Minicom: **01305 254444**

E-mail: [headquarters@dchft.nhs.uk](mailto:headquarters@dchft.nhs.uk)

Website: [www.dchft.nhs.uk](http://www.dchft.nhs.uk)

Main Switchboard: **01305 251150**

### **Patient and Customer Service Team**

Freephone: **0800 7838058**

E-mail: [PALS@dchft.nhs.uk](mailto:PALS@dchft.nhs.uk)

### **Foundation Trust Membership**

Telephone: **01305 254114**

E-mail: [foundation@dchft.nhs.uk](mailto:foundation@dchft.nhs.uk)

If you would like a printed copy of this annual report, or would like it in audiotape format or in another language, please call 01305 254645 or e-mail [headquarters@dchft.nhs.uk](mailto:headquarters@dchft.nhs.uk)

