

## Statement of the Chief Executive's responsibilities as the accountable officer of the Trust

The Secretary of State has directed that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accountable Officers' Memorandum issued by the Department of Health.

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

Ann Marr – Chief Executive

## Statement of directors' responsibilities in respect of the accounts

The directors are required under the National Health Services Act 1977 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure of the trust for that period. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury
- make judgements and estimates which are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors confirm they have complied with the above requirements in preparing the accounts.

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

By order of the Board

Ann Marr – Chief Executive

David Young – Finance Director

## Statement of directors responsibility in respect of internal financial control

The Board is accountable for internal control. As Accountable Officer, and Chief Executive Officer of this Board, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's objectives, and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing risk management process designed to identify the principal risks to the achievement of the organisation's objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. The system of internal control is underpinned by compliance with the requirements of the core controls assurance standards:

- Governance      ■ Financial Management      ■ Risk Management

I plan to have the necessary procedures in place by the beginning of the financial year 2003/2004 necessary to meet the Treasury guidance. This takes into account the time needed to fully embed the processes that the Board has agreed should be implemented.

The actions taken so far include:

- The organisation has undertaken a self-assessment exercise against The core Controls Assurance standards (Governance, Financial Management and Risk Management). An action plan has been developed and implemented to meet any gaps.
- The organisation has in place arrangements to monitor, as part of its risk identification and management processes, compliance with other key standards, including relevant Controls Assurance standards covering areas of potentially significant organisational risk.
- Establishment of Corporate Governance and Clinical Governance Committees.

In addition to the actions outlined above, in the coming year it is planned to:

- Extend risk awareness training for key staff and The Board
- Introduce the new Risk Management Standard and develop systems and procedures to ensure compliance.
- Fully implement the Trusts risk register in a consolidated format and utilise as a basis for monitoring and review
- Work towards achieving level two in the milestones for performance improvement as defined by the Department of Health

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control has taken account of the work of the internal auditors, and of the executive management team within the organisation who have responsibility for the development and maintenance of the internal control framework. I have also taken account of comments made by external auditors and other review bodies in their reports.

By order of the Board

Ann Marr – Chief Executive

## Independent auditors' report to the directors of the board of Liverpool Women's Hospital NHS Trust on the summary financial statements

We have examined the summary financial statements set out below/on pages 4 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. Our responsibility is to report to you our opinion on the consistency of the summary financial statements with the statutory financial statements. We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statements.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditor's statement on the summary financial statements' issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In our opinion the summary financial statements are consistent with the statutory financial statements of the Trust for the year ended 31 March 2002 on which we have issued an unqualified opinion.

KPMG LLP, Chartered Accountants, Manchester

## Income & Expenditure Account for the Year Ended 31st March 2002

	NOTE	£000	2000/01 £000
Income from activities:			
Continuing operations	2	47,675	35,841
Other operating income	3	4,779	3,921
Operating expenses:			
Continuing operations	4-7	(50,482)	(37,932)
OPERATING SURPLUS (DEFICIT)			
Continuing operations		1,972	1,830
Exceptional gain: on write-out of clinical negligence provisions	13	20,007	0
Exceptional loss: on write-out of clinical negligence debtors	13	(20,007)	0
Cost of fundamental reorganisation/restructuring		0	0
Profit (loss) on disposal of fixed assets	8	0	0
SURPLUS (DEFICIT) BEFORE INTEREST		1,972	1,830
Interest receivable		86	138
Interest payable	9	0	(10)
Other finance costs		(25)	0
SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR		2,033	1,958
Public Dividend Capital dividends payable		(2,033)	(1,931)
RETAINED SURPLUS (DEFICIT) FOR THE YEAR		0	27

## Balance Sheet as at 31st March 2002

	£000	£000	31 March 2001 £000
FIXED ASSETS			
Intangible assets	38		41
Tangible assets	31,285		31,611
		31,323	31,652
CURRENT ASSETS			
Stocks and work in progress	505		436
Debtors	2,288		10,624
Investments	0		0
Cash at bank and in hand	147		104
	2,940		11,164
			11,164
CREDITORS: Amounts falling due within one year	(4,266)		(4,999)
NET CURRENT ASSETS (LIABILITIES)		(1,326)	6,165
TOTAL ASSETS LESS CURRENT LIABILITIES		29,997	37,817
CREDITORS: Amounts falling due after more than one year		0	0
PROVISIONS FOR LIABILITIES AND CHARGES		(71)	(7,382)
TOTAL ASSETS EMPLOYED		29,926	30,435
FINANCED BY:			
CAPITAL AND RESERVES			
Public dividend capital		28,247	29,040
Revaluation reserve		3,119	2,799
Donated Asset reserve		237	273
Government grant reserve		0	0
Other reserves		0	0
Income and expenditure reserve		(1,677)	(1,677)
TOTAL CAPITAL AND RESERVES		29,926	30,435

## Cash Flow Statement for the Year Ended 31st March 2002

	£000	£000	2000/01 £000
OPERATING ACTIVITIES			
Net cash inflow from operating activities		3,955	6,312
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received	94		134
Interest paid	(35)		0
Interest element of finance leases	0		0
Net cash inflow/(outflow) from returns on investments and servicing of finance		59	134
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets	(838)		(695)
Receipts from sale of tangible fixed assets	0		0
(Payments to acquire)/receipts from sale of intangible assets	(9)		0
Net cash inflow (outflow) from capital expenditure		(847)	(695)
DIVIDENDS PAID		(2,033)	(1,931)
Net cash inflow/(outflow) before management of liquid resources and financing		1,134	3,820
MANAGEMENT OF LIQUID RESOURCES			
Purchase of investments	0		0
Sale of investments	0		0
Net cash inflow (outflow) from management of liquid resources		0	0
Net cash inflow (outflow) before financing		1,134	3,820
FINANCING			
Public dividend capital received	0		0
Public dividend capital repaid (not previously accrued)	(793)		(3,716)
Public dividend capital repaid (accrued in prior period)	(298)		0
Loans received	0		0
Loans repaid	0		0
Other capital receipts	0		0
Capital element of finance lease rental payments	0		0
Cash transferred from/to other NHS bodies	0		0
Net cash inflow (outflow) from financing		(1,091)	(3,716)
Increase (decrease) in cash		43	104

## Statement of Total Recognised Gains and Losses for the Year Ended 31st March 2002

	£000	2000/01 £000
Surplus (deficit) for the financial year before dividend payments	2,033	1,958
Fixed asset impairment losses	0	0
Unrealised surplus (deficit) on fixed asset revaluations/indexation	324	422
Increases in the donated asset and government grant reserve due to receipt of donated and government grant financed assets	12	0
Reductions in the donated asset and government grant reserve due to the depreciation, impairment and disposal of donated and government grant financed assets	(51)	(52)
Additions/(reductions) in other reserves	0	0
Total recognised gains and losses for the financial year	2,318	2,328
[Prior period adjustment]	0	0
Total gains and losses recognised in the financial year	2,318	2,328

# Notes to the Accounts

## 1 Accounting Policies

The Secretary of State for Health has directed that the financial statements of NHS trusts shall meet the accounting requirements of the NHS Trusts Manual for Accounts which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2001/02 NHS Trusts Manual for Accounts issued by the Department of Health. The accounting policies contained in that manual follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the NHS. The accounting policies have been applied consistently in dealing with the items considered material in relation to the accounts.

## 2. Income from Activities

	2000/01	2000/01
	£000	£000
Health Authorities and Primary Care Groups*	46,603	34,671
NHS Trusts	183	144
Primary Care Trusts	0	0
Department of Health	0	0
Non NHS:		
– Private Patients	846	993
– Road Traffic Act	10	5
– Other	33	28
	<u>47,675</u>	<u>35,841</u>

## 3. Other Operating Income

	2000/01	2000/01
	£000	£000
Patient transport services	0	0
Education, training and research	2,911	2,419
Charitable and other contributions to expenditure	0	0
Transfers from donated asset reserve	51	52
Transfers from government grant reserve	0	0
Other income	1,817	1,450
	<u>4,779</u>	<u>3,921</u>

Other income includes £529,438 from provision of Cytogenetics services, £243,328 income from provision of Molecular genetics services and £241,560 from provision of Clinical genetics services.

## 4. Operating Expenses

	2000/01	2000/01
	£000	£000
Services from other NHS Trusts	7,803	4,261
Services from other NHS bodies	43	38
Directors' costs	461	399
Staff costs	28,662	21,970
Supplies and services		
– clinical	3,781	3,572
– general	1,431	1,386
Establishment	809	706
Transport	72	63
Premises	2,230	2,424
Bad debts	(3)	31
Depreciation and amortisation	1,625	1,518
Fixed asset impairments and reversals	0	0
Audit fees	98	40
Other auditor's remuneration	12	18
Clinical negligence	2,440	478
Non-medical education and training		0
Other	1,018	1,028
	<u>50,482</u>	<u>37,932</u>

## 5. Clinical Negligence

	2000/01	2000/01
	£000	£000
Contribution to Clinical Negligence Scheme for Trusts	469	248
In-year settlements other than from provisions	0	220
In-year provisions for future settlements:		
Gross Provision	12,702	96
Less: expected from NHS Litigation Authority:	(10,731)	(86)
	<u>1,971</u>	<u>478</u>
	<u>2,440</u>	<u>478</u>

## 6. Salary and Pension entitlements of senior managers

Name and Title	Salary (bands of £5000)	Other Remuneration (bands of £5000)	Golden hello compensation for loss of office	Benefits in kind	Real increase in pension at age 60 (bands of £2500)	Total accrued pension at age 60 at 31 2002 (bands of £5000)
	£000	£000	£000	£000	£000	£000
Rosemary Cooper, Chairman	15-20					
Dr Gill Vince, Non Executive	5-10					
Samir Rihani, Non Executive *	0-5					
Ann McCracken Non Executive **	0-5					
Charles Parkinson, Non Executive	5-10					
Dorothy Bogle, Non Executive	5-10					
Dr Ebi Edward-Inatimi, Non Executive	5-10					
Ann Marr, Chief Executive	85-90				0-2.5	20-25
David Young, Director of Finance & Information	70-75				0-2.5	20-25
Ann-Marie Stretch, Director of Human Resources ***	40-45			2	0-2.5	10-15
Linda Matthew, Director of Corporate Services	45-50				0-2.5	10-15
Liz Craig, Director of Nursing & Midwifery	50-55				0-2.5	5-10
David Richmond, Medical Director	10-15	90-100			5-7.5	35-40

\* left 30th November 2001

\*\* started 1st December 2001

\*\*\* nature of benefit in kind – lease car

Consent has been withheld to disclose age.

## 7. Management costs

	£000	2000/01 £000
Management costs	1,737	1,521
Income	42,100	38,874

## 8. Public Sector Payment Policy

### 8.1 Better Payment Practice Code – measure of compliance

	Number	£000
Total bills paid in the year	10,895	8,740
Total bills paid within target	10,297	8,348
Percentage of bills paid within target	94.51%	95.51%

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

There are no amounts included within Interest Payable arising from claims made by businesses under this legislation.

## 9. Breakeven performance

The trust's breakeven performance for 2000/2001 is as follows:

	1997/1998 £000	1998/1999 £000	1999/2000 £000	2000/2001 £000	2001/2002 £000
Turnover	30,073	31,951	35,685	39,762	52,454
Retained (deficit)/surplus for the year	175	236	31	27	0
Adjustment for:					
– Timing/non-cash impacting distortions					
– Use of pre – 1.4.97 surpluses	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, 1998/99 and 1999/2000	0	0	1,637		
– 2001/02 Prior Period adjustment	0	0	0	0	
Break-even in-year position	175	236	1,668	27	0
Break-even cumulative position	175	411	2,079	2,106	2,106
Materiality test:					
– Break-even in-year position	0.58%	0.74%	4.95%	0.07%	0.00%
– Break-even cumulative position	0.58%	1.29%	6.17%	5.30%	4.01%

# 10 Capital cost absorption rate

The trust is required to absorb the cost of capital at a rate of 6% of average relevant net assets. The rate is calculated as the percentage that dividends paid on public dividend capital, totalling £2,033,000 bears to the average relevant net assets\* of £29,781,161, that is 6.8%.

The variance from 6% arises from a delay in the completion of capital schemes that had been expected to have been completed by 31st March 2002.

\*The average relevant net assets calculation differs from last year as follows;

- short-term investments are included in the calculation;
- cash held in Paymaster accounts is excluded from the calculation; and
- government grants reserve balances are excluded from the calculation.

# 11. External financing

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

	£000	£000	2000/01 £000
External financing limit set by the Department of Health		(1,134)	(3,820)
Cash flow financing	(1,134)		(3,820)
Finance leases taken out in the year	0		0
Other capital receipts	0		0
External financing requirement		(1,134)	(3,820)
Undershoot (overshoot)		0	0

# 12. Capital Resource Limit

The Trust is given a Capital Resource Limit which it is not permitted to overspend

	£000
Gross capital expenditure	971
Less: book value of assets disposed of	0
Less: capital grants	0
Less: donations	(12)
Charge against the CRL	959
Capital resource limit	959
(Over)/Underspend against the CRL	0

# 13. Clinical Negligence Provisions

Both the exceptional gain and loss relates to the transfer of clinical negligence claims to the NHS Litigation Authority on 1 April 2002.



**Liverpool Women's Hospital**  
Crown Street  
Liverpool  
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# Summary Financial Statements for the Year 31st March 2002



**LIVERPOOL WOMEN'S HOSPITAL **NHS** TRUST**  
In partnership with Aintree Centre for Women's Health