

## Summary of the Trust's Financial Statements

### Introduction

The Trust has again had a successful financial year, achieving each of its key financial duties:

- i) **To achieve a breakeven position on the Income and Expenditure Account.** A small surplus of £9,000 was recorded.
- ii) **To achieve a 6% return on the assets which the Trust owns.** This is known as the Capital Cost Absorption duty and was met as the Trust's actual rate of return was 6.3%.
- iii) **To operate within the External Finance Limit** which controls the level of external borrowing which the Trust may access. An EFL of (-) £414,000 was set for the Trust and this was achieved exactly.
- iv) **To operate within the Capital Resource Limit** which is a control to ensure that capital expenditure is maintained within approved limits. A CRL of £1,106,000 was set for the Trust and this was achieved exactly.

In addition to the four main duties shown above there are a further two financial indicators which the Trust is also assessed against. The Trust was also successful in delivering these targets:

- i) To meet the targets set out within the Better Payment Practice Code which requires the Trust to pay its trade creditors within 30 days.
- ii) To maintain 'management costs' within the approved level. The Trust incurred expenditure of £1,810,000 on management costs, which was within the resources allowed and the target was therefore achieved.

The Trust's annual accounts have been given an unqualified opinion by the external auditors.

These targets are considered in more detail in the summary financial statements set out within this report.

### 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.

**Louise Shepherd** – Chief Executive

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

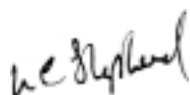
The directors are required under the National Health Services Act 1977 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure of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



15/09/03

**Louise Shepherd** – Chief Executive



15/09/03

**Steve Kirk** – Director of Finance

## 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

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 executive management team within the organisation who have responsibility for the development and maintenance of the internal control framework, and of the internal auditors. I have also taken account of comments made by external auditors and other review bodies in their reports.

The assurance framework is still being finalised and will be fully embedded during 2003/04 to provide the necessary evidence of an effective system of internal control.

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.
- Established governance arrangements by developing an appropriate infrastructure within the organisation.
- The Trust is developing the risk management framework ensuring that risks are identified on an ongoing basis.

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

- The development of a Board Assurance framework linking objectives to risks and controls.  
**Implementation: Quarter 4 2003/4**
- Cascading training and awareness of risk management requirements to all levels within the organisation.  
**Implementation: Quarter 3 2003/4**
- Deriving audit plans from the organisation's risk register.  
**Implementation: Quarter 4 2003/4**
- Structured risk identification at Board level linked to objectives.  
**Implementation: Quarter 4 2003/4**
- Ongoing Board monitoring of the effectiveness of the resulting Assurance framework.  
**Implementation: Quarter 4 2003/4**

By order of the Board

**Louise Shepherd** – Chief Executive

## Independent Auditor's 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 on pages 4 to 7.

### 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 31st March 2003 on which we have issued an unqualified opinion.

15/09/03

**Baker Tilly, Chartered Accountants, Manchester**

## Statement of Accounts for the year ended 31st March 2003

The accounts for the year ended 31st March 2003 have been prepared by Liverpool Women's Hospital 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 & Expenditure Account for the Year Ended 31st March 2003

	2002/03 £000	2001/02 £000
<b>Income from activities:</b>		
Continuing operations	50,989	47,675
<b>Other operating income:</b>		
Continuing operations	5,560	4,779
	<b>56,549</b>	<b>52,454</b>
<b>Operating expenses:</b>		
Continuing operations	(54,598)	(50,482)
<b>OPERATING SURPLUS</b>	<b>1,951</b>	<b>1,972</b>
Exceptional gain: on write-out of clinical negligence provisions	0	20,007
Exceptional loss: on write-out of clinical negligence debtors	0	(20,007)
<b>SURPLUS BEFORE INTEREST</b>	<b>1,951</b>	<b>1,972</b>
Interest receivable	76	86
Other finance costs – unwinding of discount	(63)	(25)
<b>SURPLUS FOR THE FINANCIAL YEAR</b>	<b>1,964</b>	<b>2,033</b>
Public Dividend Capital dividends payable	(1,955)	(2,033)
<b>RETAINED SURPLUS FOR THE YEAR</b>	<b>9</b>	<b>0</b>

#### Income

The Trust's total income in 2002/03 was £56.5m, representing an increase of almost 8.0% on the previous year and reflecting the Government's increased investment in healthcare services.

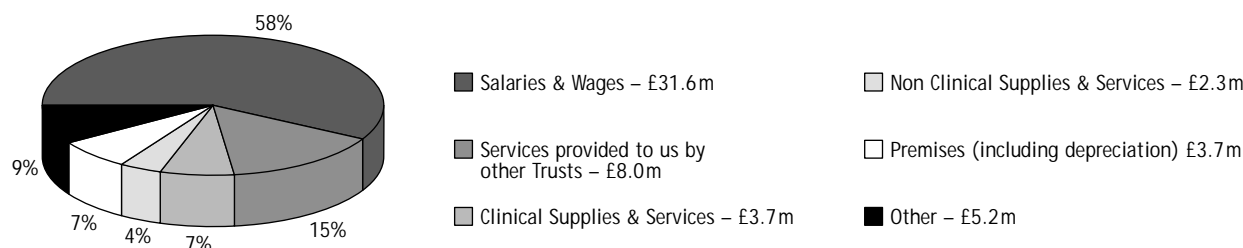
The majority of income is received from local Primary Care Trusts in return for which the Trust provides healthcare services to agreed standards. The provision of specialist services by the Trust means that we have agreements with over 20 Primary Care Trusts throughout the North West of England.

The Trust also received £3.8m for the provision of education, training and research which is used to train our staff and to develop new ways in which healthcare may be provided.

#### Expenditure

Our total expenditure excluding dividend and interest payments was £54.5m.

An analysis of what this money was spent on is shown in the following diagram and of course salaries and wages comprise easily the largest proportion.



#### Dividends Payable

The Trust is required to pay an annual dividend to the Government recognising their investment in Trust assets. This payment in 2002/03 totalled £1,955,000, representing a return of 6.3% on our assets. This return is known as the Capital Cost Absorption Duty and the achievement of 6.3% is within the tolerances allowed and therefore was achieved.

#### Achieve a Breakeven Position

The final line of the statement records a retained surplus of £9,000 for the year. The Trust therefore met the financial duty to achieve at least a breakeven position on income and expenditure.

# LIVERPOOL WOMEN'S HOSPITAL NHS TRUST

## Balance Sheet as at 31 March 2003

	31 March 2003		31 March 2002
	£000	£000	£000
<b>FIXED ASSETS</b>			
Intangible assets	25		38
Tangible assets	34,856		31,285
		<b>34,881</b>	31,323
<b>CURRENT ASSETS</b>			
Stocks and work in progress	481		505
Debtors	2,891		2,288
Cash at bank and in hand	171		147
		<b>3,543</b>	2,940
<b>CREDITORS: Amounts falling due within one year</b>		<b>(4,155)</b>	(4,266)
<b>NET CURRENT ASSETS (LIABILITIES)</b>		<b>(612)</b>	(1,326)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>34,269</b>	29,997
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>		<b>(1,546)</b>	(1,075)
<b>TOTAL ASSETS EMPLOYED</b>		<b>32,723</b>	28,922
<b>FINANCED BY:</b>			
<b>TAXPAYERS' EQUITY</b>			
Public dividend capital		<b>27,857</b>	28,247
Revaluation reserve		<b>7,323</b>	3,119
Donated Asset reserve		<b>215</b>	237
Income and expenditure reserve		<b>(2,672)</b>	(2,681)
<b>TOTAL TAXPAYERS EQUITY</b>		<b>32,723</b>	28,922

The Balance Sheet shows the net value of the Trust, described as total assets employed (£32.7m) and how this investment has been financed.

### Fixed Assets

The Trust holds fixed assets valued at £34.8m and included within this valuation are the acquisitions made during 2002/03. The major elements of capital investments included the replacement of all monitors within the neonatal unit (£293,000), investment in IT facilities (£120,000) and other medical equipment acquisitions (£505,000). The amount of capital expenditure the Trust is allowed is controlled by the Capital Resource Limit which in 2002/03 was set at £1,106,000. The Trust utilised this limit exactly, thereby achieving the financial duty.

### Current Assets

Current assets are represented by stocks, debtors and cash held in the bank. The debtors value of £2.9m is the most substantial element and relates to organisations and individuals who owe money to the Trust. Other NHS organisations comprise the great majority of this value.

### Creditors

This represents the value owed by the Trust to organisations and individuals.

### Provisions for Liabilities & Charges

The Trust is required to set aside funds to meet costs which will be paid in future years. These costs are assessed at £1.5m and reflect future payments for early retirements which have already occurred and the cost of settling legal claims made against the Trust.

### Public Dividend Capital

Almost all of the Trust's assets have been financed by the Government. The Public Dividend Capital figure of £27.8m represents the Government's investment in the Trust.

**Statement of Total Recognised Gains and Losses for the Year Ended 31 March 2003**

	2002/03 £000	2001/02 £000
Surplus (deficit) for the financial year before dividend payments	1,964	2,033
Unrealised surplus (deficit) on fixed asset revaluations/indexation	4,188	324
Increases in the donated asset and government grant reserve due to receipt of donated assets	28	12
Reductions in the donated asset and government grant reserve due to depreciation	(34)	(51)
<b>Total recognised gains and losses for the financial year</b>	<b>6,146</b>	<b>2,318</b>
Prior period adjustment – Pre-95 early retirement	(1,004)	0
<b>Total gains and losses recognised in the financial year</b>	<b>5,142</b>	<b>2,318</b>

A number of gains and losses to the Trust's overall financial value can be made which are not to be recorded within the Income and Expenditure Account. The statement of recognised gains and losses is required to identify these items which are mostly technical accounting entries relating to the valuation of the Trust's assets and prior period charge.

The prior period charge of £1,004,000 relates to a national change in the accounting treatment of early retirements which took place prior to 1st April 1995. This change will not have any ongoing effect on the Trust's financial position.

**Cash Flow Statement for the Year Ended 31 March 2003**

	2002/03 £000	2001/02 £000
<b>OPERATING ACTIVITIES</b>		
<b>Net cash inflow(outflow) from operating activities</b>	<b>3,490</b>	<b>3,955</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	73	94
Interest paid	0	(35)
Net cash inflow (outflow) from returns on investments and servicing of finance	73	59
<b>CAPITAL EXPENDITURE</b>		
Payments to acquire tangible fixed assets	(1,194)	(838)
Payments to acquire intangible assets	0	(9)
<b>Net cash inflow (outflow) from capital expenditure</b>	<b>(1,194)</b>	<b>(847)</b>
<b>DIVIDENDS PAID</b>	<b>(1,955)</b>	<b>(2,033)</b>
<b>Net cash inflow (outflow) before financing</b>	<b>414</b>	<b>1,134</b>
<b>FINANCING</b>		
Public dividend capital repaid (not previously accrued)	(390)	(793)
Public dividend capital repaid (accrued in prior period)	0	(298)
Net cash inflow (outflow) from financing	(390)	(1,091)
Increase (decrease) in cash	24	43

The cash flow statements sets out the various cash movements that took place in the year. The Trust generates cash from its normal operations (£3,490,000 in 2002/03) and from investment income (£73,000). This was utilised to finance capital expenditure (£1,194,000) and to pay a dividend to the Government (£1,955,000).

The amount of money which a Trust may borrow is controlled by the External Finance Limit which for 2002/03 was set as (-) £414,000. Effectively the Trust had to pay back to the Government some of its original investment. This was achieved exactly by a repayment of Public Dividend Capital in the sum of £390,000 and an increase of £24,000 in the level of cash held.

# LIVERPOOL WOMEN'S HOSPITAL NHS TRUST

## Salary and Pension entitlements of senior managers

Name and Title	Age	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 age 60 (bands of £5000)
		£000	£000	£000	£000	£000	£000
Rosemary Cooper, Chairman	52	15-20					
Ann Marr, Chief Executive *		65-70				0-2.5	20-25
Terry Windle Acting Chief Executive **	49	20-25					0-5
Terry Windle Deputy Chief Executive ***	49	5-10					
David Richmond, Medical Director	50	100-105	15-20			0-2.5	35-40
David Young, Director of Finance ****	50	50-55		30		0-2.5	25-30
Steve Kirk Acting Director of Finance *****	45	20-25				0-2.5	15-20
Ann-Marie Stretch, Director of Human Resources	37	45-50				0-2.5	10-15
Linda Matthew, Director of Corporate Services	43	45-50				0-2.5	10-15
Liz Craig, Director of Nursing & Midwifery	56	55-60				0-2.5	10-15
Dr Gill Vince, Non Executive	45	5-10					
Ann McCracken Non Executive	44	5-10					
Charles Parkinson, Non Executive	63	5-10					
Dorothy Bogle, Non Executive	63	5-10					
Dr Ebi Edward-Inatimi, Non Executive *****	53	0-5					
Muriel Mayor, Non Executive *****	53	0-5					

\* Consent to disclose age has been withheld. Left 31st December 2002.

\*\* Commenced 1st January 2003.

\*\*\* Commenced 11th November 2002 for the period to 31st December 2002.

\*\*\*\* Left 12th November 2002

\*\*\*\*\* Commenced 21st November 2002.

\*\*\*\*\* Left 30th November 2002.

\*\*\*\*\* Commenced 1st January 2003.

The level of remuneration received by Non-Executive members of the Trust Board is determined nationally by the Secretary of State. Remuneration of Executive members of the Board is determined by the Remuneration Sub-Committee.

## Statement of Compliance with Guidance on NHS Managers Pay Awards

The Department of Health has issued guidance on the appropriate level of pay rises for managers. The guidance requires that NHS organisations take the necessary steps to ensure that such increases in 2002/03 did not exceed 3.60%. The Trust has complied with this guidance.

Management Costs	2002/03 £000		2001/02 £000	
Management Costs	1,810		1,737	
Income	55,392	3.27%	42,100	4.13%

The NHS seeks to reduce year on year the amount spent in real terms on 'management costs'. These costs are well defined and are wide ranging, incorporating many clinical posts as well as the more obvious costs such as the Trust Board and the cost of Corporate functions such as Human Resources and Finance.

The Trust incurred expenditure of £1,810,000 on management costs in 2002/03, representing 3.27% of relevant income. This was within the resources allowed and the management cost target was therefore achieved.

## Better Payment Practice Code – measure of compliance

	Number	£000
Total bills paid in the year	11,937	9,152
Total bills paid within target	11,293	8,755
Percentage of bills paid within target	94.61%	95.66%

The 'Better Payment Practice Code' was introduced to encourage Public Bodies to promptly settle any amounts due to trade creditors. The target requires that the Trust pays at least 95% of its trade creditors within 30 days of receipt of a valid invoice.

Liverpool Women's Hospital NHS Trust  
in partnership with Aintree Centre for Women's Health

Summary Financial Statements for the year to 31st March 2003

A full set of the Statutory Accounts for 2002/03 is available on request to the  
Director of Finance, Trust Offices, Liverpool Women's Hospital NHS Trust, Crown Street, Liverpool L8 7SS,

Telephone: 0151 702 4041

**Liverpool Women's Hospital**  
NHS Trust  
Crown Street  
Liverpool  
L8 7SS

# Summary Financial Statements for the Year 31st March 2003



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