



# **ANNUAL ACCOUNTS**

**FOR THE YEAR ENDED**

**31<sup>ST</sup> MARCH 2010**

**Date of Issue: The Accountable Officer authorised these financial statements for issue on 24<sup>th</sup> June 2010**

# NHS 24

## ANNUAL ACCOUNTS and NOTES for the year ended 31 MARCH 2010

### CONTENTS

	<b>Page</b>
<b>DIRECTORS' REPORT</b>	
<b>A. DIRECTORS' REPORT</b>	2
<b>B. OPERATING AND FINANCIAL REVIEW</b>	8
<b>C. REMUNERATION REPORT</b>	13
<b>Statement of the Chief Executive's responsibilities as the Accountable Officer of NHS 24</b>	19
<b>Statement of the NHS 24 Board Members' responsibilities in respect of the Accounts</b>	20
<b>Statement on Internal Control</b>	21
<b>Independent Auditor's Report</b>	25
<b>The Financial Statements</b>	27
<b>Notes to the Accounts</b>	32
<b>Direction by the Scottish Ministers</b>	87

# NHS 24

## ANNUAL ACCOUNTS and NOTES for the year ended 31 MARCH 2010

### DIRECTORS' REPORT

#### A. DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March.

##### 1. Naming Convention

NHS 24 is the common name for NHS 24 Special Health Board.

##### 2. Principal activities and review of the business and future developments

The information that fulfils the requirements of the business review, principal activities and future developments can be found in the Operating and Financial Review, which is incorporated in this report by reference.

##### 3. Date of Issue

Financial statements were approved and authorised for issue by the Board on 24 June 2010.

##### 4. International Financial Reporting Standards

These financial statements have been prepared, for the first time, under International Financial Reporting Standards (IFRS) as adopted by the European Union and as interpreted or adapted for the public sector context as set out in Note 1 Accounting Policies. Financial Statements were previously prepared under UK Generally Accepted Accounting Principles (UK GAAP). The effect of the transition from UK GAAP to IFRS, with an effective date of 1 April 2008, is set out in Note 25 First Time Adoption of IFRS and Note 26 Restated Balance Sheet.

##### 5. Accounting Convention

The Annual Accounts and Notes have been prepared under the historical cost convention modified to reflect changes in the value of fixed assets and financial assets and liabilities at fair value through profit and loss and in accordance with the Financial Reporting Manual. The Accounts have been prepared under a direction issued by Scottish Ministers, which is included as an annex to the accounts.

The statement of the accounting policies, which have been adopted for 2009/10, is shown at Note 1.

##### 6. Appointment of Auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed Gillian Woolman, Assistant Director of Audit, Audit Scotland to undertake the audit of NHS 24. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

Deloitte LLP were appointed as Internal Auditors with effect from 1<sup>st</sup> October 2005. Their re-appointment was approved by the NHS 24 Board in March 2008, with confirmation of their contract being extended by 2 years to 30<sup>th</sup> June 2010.

A tendering exercise has taken place for the appointment of internal auditors to commence on 1<sup>st</sup> July 2010 following the expiration of Deloitte's contract.

## **7. Board Membership**

Under the terms of the Scottish Health Plan, NHS 24 is a board of governance whose membership will be conditioned by the functions of the Board. Members of Health Boards are selected on the basis of their position or the particular expertise which enables them to contribute to the decision-making process at strategic level.

The Board of NHS 24 has a collective responsibility for the performance of NHS 24.

During 2009/10, the Board met on a monthly basis, excluding July and December. The Meetings are held in public.

The **Members of the Board** during the year ended 31 March 2010 were as follows:

<b>Chairman</b>	Mr Allan Watson
<b>Non-Executives</b>	Mr Alexander Smith, Vice Chairman Mrs Emma Bell Mrs Cheryl Black (to 28 February 2010) Mrs Kay Blair Mr Martin Hill Miss Anne Jarvie Mr Graham Revie, Employee Director Mr John Rogerson Mr Stuart Smith

### **Executive Directors appointed by the Minister as Board Members were:**

Mr John Turner	Chief Executive
Dr George Crooks	Medical Director
Mr Robert Stewart	Director of Finance & Technology
Mrs Eunice Muir	Nurse Director

The responsibilities of the Members of the Board in relation to the Accounts are set out in a Statement following this Report.

## **8. Board members' and senior managers' interests**

The Board holds a Register of Interests for Executive Directors, Non-Executive Members and Senior Managers. This Register is held at the NHS 24 Headquarters in Caledonia House, Fifty Pitches Road, Cardonald Park, Glasgow G51 4EB.

All interests are updated on a regular basis throughout the year, to ensure that an up to date register is available at the 31<sup>st</sup> of March.

Details of any interests of board members, senior managers and other senior staff in contracts or potential contractors with NHS 24 as required by IAS 24 are disclosed in note 29.

## **9. Pension Liabilities**

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown in Note 24 and in the Remuneration Report.

## **10. Remuneration for non audit work**

During 2009/10, Deloitte LLP were paid a total of £5,000 relating to a Risk Management workshop for the NHS 24 Board. Audit Scotland did not receive any remuneration for non-audit work for NHS 24 during 2009/10.

## **11. Related Party Transactions**

Board members and Senior Staff are required to disclose any interests that they have in any organisations which may have material transactions with the Board. This is done through review of the annual Register of Interest returns. During 2009/10, NHS 24 did not carry out any transactions with any related parties.

## **12. Payment Policy**

The Board endeavours to comply with the principles of The Better Payment Practice Code (<http://www.payontime.co.uk/>) by processing suppliers' invoices for payment without unnecessary delay and by settling them in a timely manner.

- In 2009/10, average credit taken was 32 days (2008/09 - 42 days).
- In 2009/10, NHS 24 paid 67.5% of invoices by value (2008/09 – 41.7%) and 50.5% by volume (2008/09 – 55.5%) within 30 days.
- In 2009/10, NHS 24 paid 6.3% of invoices by value (2008/09 – 8.9%) and 10.4% by volume (2008/09 – 5.1%) within 10 days.

## **13. Corporate Governance**

The Board meets regularly throughout the year to progress the business of NHS 24. During 2009/10, the Board met on a monthly basis, excluding July and December.

Board meetings are open to the public and include scrutiny of performance and patient experience issues (including service and corporate performance); finance and technology; strategy and corporate projects; clinical governance, patient safety and quality; and staff governance and human resources.

The Board has in place a Schedule of Retained Decisions encompassing such matters as approval of key corporate documents (including the Strategic Framework, Annual Corporate Plan, Local Delivery Plan and Workforce Plan), financial and capital plans, and the annual report and accounts. All powers not retained by the Board are delegated to the Chief Executive, who

exercises these powers with the support of the NHS 24 Executive Team and in accordance with a Scheme of Delegation.

The respective roles of the Chairman, to lead the Board, and of the Chief Executive, to lead the management of the organisation, are separate and are defined in the Board's Standing Orders that are included within the NHS 24 Corporate Governance Manual. The Board includes an appropriate balance of Executive Directors and Non Executive Board Members, and appointments to the Board are made by the Scottish Government in accordance with an open process.

An induction programme is in place for new Board members, tailored to individual requirements. Board members refresh their knowledge through participation in workshop sessions on relevant topics. The Board takes steps on an ongoing basis to ensure that its performance, and that of its Committees, remains effective.

## **Committees**

The Board meets regularly during the year to progress the business of NHS 24. The Board is supported by the following standing committees that exist at unified NHS Board level:

- Clinical Governance
- Audit
- Staff Governance
- Equality, Diversity and Involvement of Patients and the Public (EQIPP)
- eHealth
- Remuneration.

The purpose and membership of each is as outlined below.

### **13.1 The Clinical Governance Committee**

The Committee provides assurance to the Board that appropriate clinical governance mechanisms are in place and are effective throughout the organisation. It also ensures that the principles and standards of clinical governance are applied to the health improvement and health protection activities of the Board.

The Committee met on 5 occasions during 2009/10. The Members of the Clinical Governance Committee during the year were: Mr Stuart Smith (Chairman); Mr Alexander Smith (as Chairman of the Audit Committee); Miss Anne Jarvie; Mr John Rogerson; Mr Graham Revie; Dr George Crooks; Mrs Eunice Muir; and Professor Lewis Ritchie (Clinical Advisory Group representative).

### **13.2 The Audit Committee**

The Committee provides assurance to the Board that appropriate governance structures are in place, and that NHS 24's activities comply with the regulatory framework applicable to the NHS. The Committee seeks to ensure that an effective system of internal control is maintained. The Committee considers Audit Reports received regularly from the Internal Auditor and the External Auditor on audit work relating to the systems of internal control and corporate governance, as directed by the agreed Annual Audit Plans.

The Committee met on 4 occasions during 2009/10. The Members of the Audit Committee during the year were: Mr Alexander Smith (Chairman); Mr Stuart Smith (as Chairman of the Clinical Governance Committee); Mrs Kay Blair; Mr John Rogerson; and Mr Graham Revie.

### **13.3 The Staff Governance Committee**

In providing assurance to the Board, the Committee seeks to ensure the delivery of the highest possible standard of staff management built upon partnership and collaboration. The Committee seeks to ensure that robust arrangements are in place in relation to the implementation of the Staff Governance Standard so that staff are well informed, appropriately trained, involved in decisions

which affect them, treated fairly and consistently and provided with an improved and safe working environment.

The Committee met 4 times during the year. The Members of the Committee during the year were: Miss Anne Jarvie (Chairman); Mrs Kay Blair (as Chairman of the EQIPP Committee); Mrs Emma Bell; Mrs Cheryl Black (to 28 February 2010); Mr Martin Hill; Mr Graham Revie; Mr John Turner; Mrs Eunice Muir; Ms Gaynor Carey and Mrs Mary Trivasse (as nominated Partnership Forum Representatives).

#### **13.4 The Equality, Diversity and Involvement of Patients and the Public (EQIPP) Committee**

The Committee provides assurance to the Board that appropriate structures and processes are in place to address issues of diversity and equality, human rights and Patient Focus Public Involvement. It seeks to ensure that the NHS 24 service, the cultural capacity of its staff, and its continuous development, better understands and meets the particular needs of individuals and diverse communities across Scotland and is responsive to their views.

The Committee met 4 times during the year. The Members of the Committee during the year were: Mrs Kay Blair (Chairman); Miss Anne Jarvie (as Chairman of the Staff Governance Committee); Mrs Emma Bell; Mr Martin Hill; Mr Graham Revie; Mr John Turner; Mrs Eunice Muir; Mr Jim Alexander (as nominated Partnership Forum Representative); Ms Margaret Donaldson and Mrs Pat Wells (from 27 August 2009) (as Public Partnership Forum Representatives).

#### **13.5 The eHealth Committee**

In providing assurance to the Board, the Committee seeks to ensure effective governance of NHS 24's technology and eHealth activities, including the application of best practice and the achievement of best value in relation to all technology systems and services that NHS 24 deploys, including information technology and telephony.

The Committee met 4 times during the year. The Members of the Committee during the year were: Mr John Rogerson (Chairman); Mrs Cheryl Black (to 28 February 2010); Mr Martin Hill; Mr Alexander Smith; Mr Graham Revie; Mr John Turner; Mr Robert Stewart; Dr Chris Stewart; Mr Kenny Woods (as nominated Partnership Forum Representative); and Dr Gareth Davies (external Clinical eHealth Lead).

#### **13.6 The Remuneration Committee**

In providing assurance to the Board, the Committee confirms that appropriate arrangements are in place for NHS 24 to meet the statutory requirements laid out in the Staff Governance Standard in respect of the remuneration of the Executive Directors and Directors.

Meetings of the Committee are arranged as required and there were 3 meetings during the year. The members of the Committee during 2009/10 were: Mr Allan Watson (Board and Committee Chairman); Mr Alexander Smith (as Chairman of the Audit Committee); Mr Stuart Smith (as Chairman of the Clinical Governance Committee); Miss Anne Jarvie (as Chairman of the Staff Governance Committee); Mrs Kay Blair (as Chairman of the EQIPP Committee); and Mr John Rogerson (as Chairman of the eHealth Committee).

#### **13.7 The Ethics Committee**

NHS 24 has not established an Ethics Committee but, appropriate advice is sought from other NHS organisations, including the Medical Research and Ethics Committee (MREC) as required.

The above Committees were supported by Executive Directors as required.

#### **13.8 Other Advisory Forums**

In addition to the Committees noted above, the Board has a Clinical Advisory Group which operates as a reference group and includes representatives from clinicians and professional

bodies from across the NHS in Scotland. The Clinical Advisory Group, which reports to the Clinical Governance Committee, met three times during 2009/10.

**13.9 A Partnership Forum** was established in September 2003 to ensure there is a regular opportunity for consultation and dialogue between staff and managers on key issues arising in the workplace. Meetings are generally held each month and are co-chaired by the Chief Executive and the Employee Director, with attendance from various staff representatives, senior managers and Executive Directors and Non-Executive Board Members.

#### **14. Disclosure of Information to Auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Board's auditors are unaware; and each director has taken all the steps that he/she ought reasonably to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Board's auditors are aware of that information.

#### **15. Human Resources**

As an equal opportunities employer, the NHS 24 welcomes applications for employment from disabled persons and actively seeks to provide an environment where they and any employees who become disabled can continue to contribute to the work of the board. Other Human Resources issues are included in the Principal Activities and review of the year section on page 9.

#### **16. Events after the end of the reporting period**

No significant events affecting the Board have occurred since the year end.

#### **17. Financial Instruments**

Information in respect of the financial risk management objectives and policies of the Board and the exposure of the Board to price risk, credit risk, liquidity risk and cash flow risk is disclosed in note 27.

#### **18. Approval and signing of the directors' report**

The Accountable Officer shall sign and date the directors' report.



## **B. OPERATING AND FINANCIAL REVIEW**

NHS Health Boards are required to prepare an Operating and Financial Review as per the Financial Reporting Manual (FRoM).

### **1. Principal Activities and review of the year**

NHS 24 was established in April 2001, under the National Health Service (Scotland) Act 1974, and is responsible for the delivery of clinical assessment and triage, health advice and information by telephone and online services to the population of Scotland 24 hours a day, 365 days a year. Specifically, the role of NHS 24 is to:

- triage calls, assess patients' symptoms and refer patients to the most appropriate healthcare professional within an appropriate timescale based on clinical need;
- work in partnership with local health services provided by NHS Boards, NHS staff organisations and local communities through integration with other parts of the NHS - in particular, the Primary Care Out-of-Hours Services provided by NHS Boards throughout Scotland, the Scottish Ambulance Service and the Acute Hospitals' Accident and Emergency Departments;
- support the health improvement agenda across Scotland by working in partnership with local Boards to provide added value services where and when required, utilising the IT telephony and infrastructure to benefit patients 24 hours a day;
- provide other telephone-based and on line Health Information and Advice Services e.g.:
  - the NHS Helpline, a national health information service;
  - the Healthy Living Advice Line, which currently provides advice on diet and physical activity;
  - the Breathing Space Service, which provides support for people suffering low mood and depression.

2009/10 was a particularly challenging year for NHS 24 given the role that the organisation played, in partnership with the Scottish Government Health Directorates and NHS Boards across Scotland, in meeting the demands of the H1N1 pandemic. NHS 24 is able to report that it played a full and effective role in dealing with H1N1, and that at the same time, key service performance targets were met, including the demands of the Winter and Festive periods, and services continued to develop. Key points to note are:

- the development and adoption of our three year Strategic Framework, "Delivering and Moving Forward", and the supporting Corporate Plan;
- the development of the Scottish Flu Response Centre (SFREC) to manage the H1N1 pandemic, from containment of the mitigation phase through to the treatment phase, including the management of increased call demand, and increased web hits;
- participation in the QIS Clinical Governance and Risk Review assessment, and development of the subsequent action plan to meet the report recommendations;
- the continued involvement in the roll out of the Scottish Emergency Dental Service, with NHS 24 being the first point of contact for patients requiring emergency dental services in the out of hours period, providing assessment of symptoms and arranging face to face clinical treatment if needed. Work was undertaken during 2009/10 to fully integrate this service into NHS 24;
- the continued delivery of a pilot telephone based Cognitive Behavioural Therapy service, in partnership with five Health Boards, for people referred by their GP for help with mild to moderate depression, which provides talking therapies to patients who may otherwise have difficulty accessing CBT services due to rural location or social deprivation;

- the continued expansion of our local presence with the launch of a remote centre in NHS Fife, and development of a remote centre in NHS Orkney, scheduled to go live in summer 2010;
- the continued relationship building with our partners, including territorial Health Boards, the Scottish Government Health Directorates, and NHS Direct;
- the continued close working with the Scottish Ambulance Service in the delivery of unscheduled care services, with the establishment of a joint working group to further promote means of joint working between the organisations; work undertaken during 2009/10 included the co-location of the East Emergency Dispatch Centre with NHS 24 in Norseman House, South Queensferry, and the initiation of the project to consider a Common Triage Tool to be used by both organisations;
- completion of the Call Streaming project, which provides those patients who require to be called back with an indicative call back time;
- launch, and ongoing management, of the Taking Measure Service (a brief interventions alcohol telephony service, supported by information on [www.nhs24.com](http://www.nhs24.com));
- launch, and ongoing management, of the Care Information Scotland service;
- we continue to maintain a stable workforce, with our highest recorded attendance management figure achieved during the year; in addition, we held our staff conference events locally;
- we continue to develop our PFPI group, ensuring that patients and the public are involved in key service developments within the organisation;
- other ongoing developments include the development of a co-located centre in Inverness with NHS 24, SAS, and the Highland Hub; development of NHS Inform; development of the Life Begins @ 40 health check pilot; development of the Breathing Space BSL pilot; and ongoing development and enhancement of [www.nhs24.com](http://www.nhs24.com);
- the NHS 24 Communications Strategy is being enhanced through a three year Delivery Plan which outlines the key components of the Strategy. In addition, an annual Communications Action Plan will be developed with the first one for 2009/10 currently in draft form;
- in relation to Race Equality, partnership working with REACH, a national black minority ethnic (BME) community organisation, supported the review and re-publishing of the Race Equality Scheme. NHS 24 submitted a first entry to the Stonewall Top 100 Workplace Equality Index and will continue to work towards promoting equality of opportunity for lesbian, gay, bi-sexual and transgender staff. In Gender Equality, NHS 24 published a second report on equal pay;
- the organisation was delighted with the achievement of the e-learning team, working in collaboration with Nursing and Service Delivery Directorates as part of the call streaming roll out, in winning the 'Best Use of Rapid e-Learning' award at the National E-Learning Awards 2009;
- the Scottish Centre for Telehealth (SCT) formally joined NHS 24 on 1<sup>st</sup> April 2010 following a transitional period in the later months of the 2009/10 financial year.

## 2 Financial Performance and Position

As with other Health Bodies, the finances of NHS 24 are subject to resource limit controls. The SGHD sets three annual budget limits. These limits are:

- a) Revenue Resource Limit - a resource budget for ongoing operations;
- b) Capital Resource Limit - a resource budget for net capital investment; and
- c) Cash Requirement - a financing requirement to fund the cash consequences of the ongoing operations and the net capital investment.

NHS 24 is expected to stay within these limits and report on any variations from the limits as set.

The performance against the Targets is as follows:

	Limit as set by SGHD £'000	Actual outturn £'000	Variance (over)/under £'000 %	
Revenue Resource Limit (RRL)	63,496	63,477	19	0.03
Capital Resource Limit (CRL)	2,508	2,427	81	3.23
Cash Requirement	63,000	62,963	37	0.06

<b>2009</b> <b>£'000</b>	<b>MEMORANDUM FOR IN-YEAR OUTTURN*</b>	<b>2010</b> <b>£'000</b>
<u>(255)</u>	Brought forward deficit / (surplus) from previous financial year	<u>( 79)</u>
<u>(176)</u>	Saving / (excess) against in-year Revenue Resource Limit	<u>( 60)</u>

\*The 2009 figures show the surplus on a UKGAAP basis. The 2010 figure for the variance against the RRL is on an IFRS basis.

### Comment on the RRL

During 2009/10, NHS 24 reported a small underspend of £0.019 million against the budgeted RRL of £63.496 million. Of the £63.496 million received in year, £8.400 million related to earmarked funding, of which £2.059 million was recurrent and £6.341 million non-recurrent.

Of the £8.400 million earmarked funding, £3.184 million was in relation to funding for the H1N1 response. Other significant allocations included funding for the Scottish Emergency Dental Service, and other earmarked projects such as NHS Inform, Life Begins at 40, NHS Living Life and Care Information Scotland.

NHS 24 wrote off £0.748 million of assets that were deemed to be impaired. SGHD provided an increase to the NHS 24's Annually Managed Expenditure from its central budget for impairments to cover this.

Management accounting information comparing actual expenditure against original budget is reported to the Board at each meeting by Directorate and by major type of expenditure. These reports include, from the third month of the year and after discussion with each Director, revised forecasts of the year-end position against the resources provided and the budget set at the start of the year. Any forecast slippage in revenue or capital expenditure through the year is reported to the SGHD in monthly returns.

### Comment on the CRL

During 2009/10 £2.427 million was spent against the Capital Resource Limit of £2.508 million, representing an underspend of £0.081 million.

The expenditure incurred during 2009/10 in relation to Pandemic Flu was £1.245 million. There was also IT spend on the Wide Area Network (WAN), £0.690 million, and new Servers to replace those reaching the end of their economic life, £0.181 million. The balance of the £0.311 million was spent on other schemes included in the approved 2009/10 capital plan.

### Provision for bad and doubtful debts

A provision of £10k has been made in relation to debtors where it is deemed unlikely that NHS 24 will be able to recover these costs.

### 3. Performance against Key Non Financial Targets

The year ended 31<sup>st</sup> March 2010 was the fifth full financial year in which NHS 24 provided a fully national service to the population of Scotland.

Continued achievement of service standards means making sure that NHS 24 is efficient and achieves high levels of productivity. During 2009/10 focus has remained on maximising efficiency and effectiveness in order to improve performance across all areas of frontline operation.

During peak periods performance levels remain high over the majority of the day with call levels at certain times, for example on Saturday mornings and public holidays, being high with up to circa 200 calls being received during a 15 minute period at the busiest times. NHS 24 met all clinical KPIs during 2009/10.

In line with SGHD guidance, the Board developed a Local Delivery Plan for 2009/10 and received monthly reports at each meeting on progress against the quarterly targets. Comments on each of the targets for 2009/10 are provided below:

HEAT	SMART OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
<i>Health</i>	Breathing Space capacity to take 5,500 calls per month by March 2010	Average of 5,500 calls per month by the end of Q4	Average of 5,520 calls per month by the end of Q4
<i>Efficiency</i>	Operate within Revenue Resource Limit; operate within Capital Resource Limit; meet cash requirement	Meet financial targets	Target met
<i>Efficiency</i>	Meet cash efficiency target of 2% saving	Meet efficiency target	Target met
<i>Efficiency</i>	Reduce mileage rates by 10% by the end of 2009/10	10%	6%
<i>Efficiency</i>	Ensure at least 80% of staff covered by Agenda for Change have an annual PDP development review completed on eKSF by March 2011	18% by March 2010	23%
<i>Access</i>	90% Calls to be answered within 30 seconds	90%	Average of 95.7%
<i>Access</i>	90% GP priority calls responded to within 20mins	90%	Average of 99.9%
<i>Access</i>	90% GP routine calls responded to within 60mins	90%	Average of 99.8%
<i>Access</i>	Increase number of hits on the self care area of the NHS 24.com web site	Increase hits by 30% by year-end.	Average increase of 40% in Q4
<i>Treatment</i>	Improve measure of performance against QIS standards for patient safety and clinical governance	Evidence of improvement in all areas	Achieved—overall rating of 9 achieved (against previous rating of 5)
<i>Treatment</i>	65% of patients referred to NHS Living Life service complete the programme	65%	45.6%

The performance against the Clinical Access Targets over the eight days of the festive period when GP surgeries were closed was:

HEAT	SMART OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
<i>Access</i>	Calls to be answered within 30	90%	90.46%

	seconds		
Access	GP priority calls responded to within 20mins	90%	100%
Access	90% GP routine calls responded to within 60mins	90%	100%

The performance against the Clinical Access Targets over the four days of the Easter period when GP surgeries were closed was:

HEAT	SMART OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
Access	Calls to be answered within 30 seconds	90%	94%
Access	GP priority calls responded to within 20mins	90%	100%
Access	90% GP routine calls responded to within 60mins	90%	99.9%

#### 4. Environmental and Sustainability Reporting

NHS 24 appointed its first Facilities and Procurement Manager in January of 2010. This post is responsible for taking forward environmental issues within NHS 24. It is anticipated that this work will now be given greater time and priority within the organisation allowing improvements to be made from 2010/11 onwards.

During 2009/10, NHS 24 continued to use the video conferencing technology that was implemented across its estate in 2008/09 in order to continue to achieve a reduction in car travel. In relation to the wider health economy, NHS 24 has a strategy of co-location with other out of hours and emergency services and Health Boards in order to achieve economies of scale for the NHS.

The continued development of the NHS 24 website also allows health care information to be provided via the internet without the need for travel.

## C. REMUNERATION REPORT

The terms of reference of the Remuneration Committee states its purpose as to provide assurance to the Board that appropriate arrangements are in place to ensure that NHS 24 meets the statutory requirements laid out in the Staff Governance Standard in respect of the remuneration of the Executive Directors (and any other staff employed under Executive or Senior Manager pay arrangements).

The Remuneration Committee membership comprises:

- the Board Chair (Committee Chair)
- the Chairman of the Audit Committee
- the Chairman of the Clinical Governance Committee
- the Chairman of the Staff Governance Committee
- the Chairman of the Equality and Diversity Committee
- the Chairman of the eHealth Committee.

The committee meets as required, with at least three meetings per year.

The specific duties of the committee are to:

- review and approve all of the Terms and Conditions of Employment of the Executive Board Directors and Executive Directors, including job descriptions, terms of employment, basic pay, performance pay (if applicable) and all benefits associated with each post (including superannuation arrangements and the provision of leased cars);
- review and approve annually the performance objectives for each Executive Board Director and Executive Director on a financial year basis and ensure that performance is regularly assessed against the objectives which may be revised during the course of the year, depending on circumstances and with the agreement of the individual;
- consider the assessment of performance of the Executive Board Directors and Executive Directors, and any changes to the remuneration or the terms and conditions of employment for the Executive Directors and Directors, arising from this assessment of performance during the review period;
- approve Executive performance ratings, following the process set down by NHS Scotland, which is subject to annual CEL and NPMC approval; and
- comply with any Scottish Government Health Directorates directions and take into consideration any relevant guidance supplied by NHSScotland on remuneration or terms and conditions of employment.

The duration, notice and termination of Executive Board Directors and Executive Directors contracts are as per the national contracts.

The remuneration arrangements and performance appraisal of Senior Managers is governed by the decisions of the Remuneration Committee. Such decisions have been made strictly in accordance with the provisions of HDL directives issued by the SGHD.

All performance methods and arrangements for remuneration matters within NHS 24 are consistent with guidance received from SGHD via national HDLs and CELs.

The Medical Director and all Medical staff are paid in accordance with Consultants' Conditions of Service, with eligibility for a further allowance as approved by Scottish Ministers.

**Directors' Remuneration**

Disclosure of Directors' Remuneration is provided separately for each individual Director, in bands of £5,000. The figures relate to all those individuals who hold or have held office as a Director of NHS 24 during the reporting year and are shown in the pro forma tables following this Section of the Report. These pro forma tables have been subject to audit.

# NHS 24

## BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION – CURRENT YEAR FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

Name	Remuneration (Bands of £5,000)  (Note 1)	Real increase in pension at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2010 (bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2009 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2010 £'000	Real increase in CETV in year  £'000	Benefits in kind  £'000
<b>BOARD EXECUTIVE DIRECTORS</b>							
Mr John Turner, Chief Executive	135 to 140	- -	25-30 Plus 85-90 Lump sum	464	471	-22	3.5
Dr George Crooks, Medical Director	200 to 205	0 – 2.5 Plus 2.5-5 Lump sum	45-50 Plus 140-145 Lump sum	1,022	1,093	19	6.5
Mrs Eunice Muir, Nurse Director	80 to 85	0 – 2.5 Plus 2.5-5 Lump sum	30-35 Plus 95-100 Lump sum	603	664	26	-
Mr Robert Stewart, Director of Finance and Technology	100 to 105	-	-	-	-	-	-
<b>EXECUTIVE DIRECTORS</b>							
Dr Chris Stewart, Director of Development	145 to 150	0 – 2.5 Plus 2.5-5.0 Lump sum	20-25 Plus 70-75 Lump sum	360	399	20	-
Mrs Jane McCartney, Director of Human Resources	85 to 90	- -	25 -30 Plus 75-80 Lump sum	534	552	-14	4.0
Mrs Gillian Stillie, Director of Service Delivery	95 to 100	- -	10-15 Plus 35-40 Lump sum	175	183	-3	4.9
<b>NON EXECUTIVE DIRECTORS</b>							
Mr Allan Watson, Chairman	25 to 30	-	-	-	-	-	-
Mr Alexander Smith, Vice Chairman	5 to 10	-	-	-	-	-	-
Mrs Kay Blair	5 to 10	-	-	-	-	-	-
Miss Anne Jarvie	5 to 10	-	-	-	-	-	-
Mr Stuart Smith	5 to 10	-	-	-	-	-	-
Mrs Cheryl Black	5 to 10	-	-	-	-	-	-
Mr John Rogerson	5 to 10	-	-	-	-	-	-
Mr Martin Hill	5 to 10	-	-	-	-	-	-
Mrs Emma Bell	5 to 10	-	-	-	-	-	-
Mr Graham Revie, Employee Director (Note 2)	60 to 65	-	-	-	-	-	-

**Note 1** Remuneration is that earned in the year to 31<sup>st</sup> March 2010, including employer's pension contributions at 13.5%.

**Note 2** Graham Revie had a dual role as Employee Director and Team Leader. The disclosure above represents his full salary with both these elements included. His remuneration as Employee Director only was in the band £5k - £10k.



### **Further Board and Senior Employees' Remuneration Information (2009/10)**

- Mrs Cheryl Black ended her term of appointment on 28th February 2010.

# NHS 24

## BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION – PRIOR YEAR FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009

Name	Remuneration (Bands of £5,000)  (Note 1)	Real increase in pension at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2009 (bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2008 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2009 £'000	Real increase in CETV in year  £'000	Benefits in kind  £'000
<b>BOARD EXECUTIVE DIRECTORS</b>							
Mr John Turner, Chief Executive	70 to 75	5 – 7.5 Plus 20-22.5 Lump sum	25-30 Plus 85-90 Lump sum	269	450	198	3.3
Dr George Crooks, Medical Director	195 to 200	5 – 7.5 Plus 15-17.5 Lump sum	45-50 Plus 135-140 Lump sum	668	995	195	6.5
Mrs Eunice Muir, Nurse Director	80 to 85	0 – 2.5 Plus 2.5-5 Lump sum	25-30 Plus 85-90 Lump sum	440	587	56	-
Mrs Eileen Burns, Interim Director of Nursing	40 to 45	-	-	-	-	-	-
Mr Robert Stewart, Director of Finance and Information/IT	105 to 110	-	-	-	-	-	-
<b>EXECUTIVE DIRECTORS</b>							
Dr Chris Stewart, Director of Development	140 to 145	0 – 2.5 Plus 5-7.5 Lump sum	20-25 Plus 65-70 Lump sum	238	350	62	-
Mrs Jane McCartney, Director of Human Resources	85 to 90	2.5 – 5 Plus 12.5-15 Lump sum	25 -30 Plus 75-80 Lump sum	347	520	149	3.8
Mrs Gillian Stillie, Director of Service Delivery	95 to 100	2.5 – 5 Plus 7.5-10 Lump sum	10-15 Plus 35-40 Lump sum	110	170	62	7.0
<b>NON EXECUTIVE DIRECTORS</b>							
Mr Allan Watson, Chairman	20 to 25	-	-	-	-	-	-
Mr Alexander Smith, Vice Chairman	5 to 10	-	-	-	-	-	-
Mrs Kay Blair	5 to 10	-	-	-	-	-	-
Miss Anne Jarvie	5 to 10	-	-	-	-	-	-
Mr Stuart Smith	5 to 10	-	-	-	-	-	-
Mrs Cheryl Black	5 to 10	-	-	-	-	-	-
Mr John Rogerson	5 to 10	-	-	-	-	-	-
Mr Martin Hill	5 to 10	-	-	-	-	-	-
Mrs Jacqui Low	5 to 10	-	-	-	-	-	-
Mrs Emma Bell	0 to 5	-	-	-	-	-	-
Mr Graham Revie, Employee Director (Note 2)	50 to 55	-	-	-	-	-	-

**Note 1** Remuneration is that earned in the year to 31<sup>st</sup> March 2009, including employer's pension contributions at 14%.

**Note 2** Graham Revie had a dual role as Employee Director and Team Leader. The disclosure above represents his full salary with both these elements included. His remuneration as Employee Director only was in the band £0k - £5k.

**Further Board and Senior Employees' Remuneration Information (2008/09)**

- Mr John Turner was appointed as Chief Executive with effect from 1st September 2008. Dr George Crooks ceased to be interim Chief Executive from 31<sup>st</sup> August 2008.
- Mrs Eunice Muir returned from secondment to her post as Nurse Director on 3rd November 2008. Mrs Eileen Burns ceased to be interim Nurse Director on 2nd November 2008.
- Mrs Jacqui Low ended her term of appointment on 30th November 2008.
- Mrs Emma Bell was appointed as a Non Executive Director with effect from 23rd February 2009.
- Mr Graham Revie became Employee Director with effect from 1<sup>st</sup> October 2008.

Signed .....  
John Turner, Chief Executive

Date .....

# NHS 24

## ANNUAL ACCOUNTS 2009/10

### STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF NHS 24

Under Section 15 of the Public Finance and Accountability (Scotland) Act 2000, the Principal Accountable Officer (PAO) of the Scottish Government has appointed me as Accountable Officer of NHS 24.

This designation carries with it responsibility for:

- the propriety and regularity of financial transactions under my control;
- the economical, efficient and effective use of resources placed at the Board's disposal;
- safeguarding the assets of the Board.

In preparing the accounts, I am required to comply with the requirements of the government's Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the government Financial Reporting Manual have been followed and disclose and explain any material departures
- prepare the accounts on a going concern basis.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officer's letter to me of 4th September 2008.

Signed .....

John Turner, Chief Executive

24<sup>th</sup> June 2010

# NHS 24

## ANNUAL ACCOUNTS 2009/10

### STATEMENT OF NHS 24 BOARD MEMBERS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Under the National Health Service (Scotland) Act 1978, NHS 24 is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of NHS 24 as at 31<sup>st</sup> March 2010 and of its operating costs for the year then ended. In preparing these accounts, the Directors are required to:

Apply on a consistent basis the accounting policies and standards approved for NHS Scotland by Scottish Ministers;

Make judgements and estimates that are reasonable and prudent;

State where applicable accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material; and

Prepare the accounts on the going concern basis unless it is inappropriate to presume that NHS 24 will continue to operate.

The NHS 24 Board Members are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of NHS 24 and enable them to ensure that the accounts comply with the National Health Service (Scotland) Act 1978 and the requirements of the Scottish Ministers. They are also responsible for safeguarding the assets of NHS 24 and hence taking reasonable steps for the prevention of fraud and other irregularities.

The Board Members confirm they have discharged the above responsibilities during the financial year and in preparing the accounts.

..... Director of Finance

..... Chairman

24<sup>th</sup> June 2010

# ANNUAL ACCOUNTS 2009/10

## STATEMENT ON INTERNAL CONTROL

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, set by Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

In order to ensure that sufficient assurance is provided in pursuit of the above, the following accountability arrangements are in place:

- the NHS 24 Board meets regularly in public to consider the plans and strategic direction of the organisation (the Board is comprised of four Executive Board Directors, nine external non Executive Members including the Employee Director);
- there are periodic reports to the Board from the Chairman of the Clinical Governance Committee, regarding standards of care;
- there are periodic reports to the Board from the Chairman of the Audit Committee, regarding the governance structures in place to ensure an effective system of internal control is in place;
- there are periodic reports to the Board from the Chairman of the Staff Governance Committee, regarding terms and conditions of employment;
- as appropriate, the Committees consider reports prepared by the Internal Auditor, which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control, together with recommendations for improvement;
- an organisation-wide risk register is maintained;
- there are regular reports from managers on the action they are taking to manage the risks in their areas of responsibility, including progress reports on key projects;
- there are regular Reports to the Board on the management and mitigation of the key strategic risks;
- key performance and risk indicators are in place.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

### **1. Purpose of the System of Internal Control**

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks to the achievement of the organisation's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The process within the organisation accords with guidance from the Scottish Ministers provided in the SPFM and has been in place for the year ended 31 March 2010 and up to the date of the approval of the annual report and accounts.

## **2. Risk and Control Framework**

All NHS Scotland bodies are subject to the requirements of the Scottish Public Finance Manual (SPFM) and must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

NHS 24's Risk Management Strategy for 2009/10 was approved by the Board at its meeting in February 2009. It is now part of the risk strategy to have the document reviewed annually to ensure continued relevance and development. Before the updated strategy was presented to the Board, it has also been presented at the Operational Risk Management Group (ORMG), the Risk Management Steering Group (RMSG), the Executive Team, and the Audit Committee all of whom had recommended the Strategy to the Board.

NHS 24's Risk Management Steering Group meets on a three monthly basis. This Group is chaired by the Director of Finance and Technology, and is attended by Executive Directors and the Head of Risk & Business Continuity. The Head of Risk & Business Continuity progresses work on regular risk assessments and reporting; provides training in risk awareness and risk management and embedding the process of risk management throughout NHS 24. Overall responsibility for implementation of the Risk Management Strategy lies with myself, as the Chief Executive Officer.

NHS 24 has an Information Governance function which is part of the Medical Directorate. Any risks that are identified relating to information governance will be brought to the attention of the Information Governance Manager and then the Medical Directorate risk lead, who will verify them, add them to the database and hence to the Information Governance risk register which was created in the last year, where they will be managed in accordance with our standard processes and procedures. If regarded as a more serious risk, a mechanism exists to escalate such a risk to the Corporate Risk Register where it is then managed at the most senior management level in the organisation.

More generally, the organisation is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area. These changes are reflected in the aforementioned Strategy.

## **3. Review of Effectiveness**

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 is informed by:-

- the managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to the organisation's Audit Committee regular reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement;
- comments made by the external auditors in their management letters and other reports.

I have received Certificates of Assurance from the Directors which confirm that they have considered the standard of internal control in their Directorates and that those internal controls have been and are working adequately. There has not been any significant matter raised in the Certificates of Assurance which has not previously been raised. The Board has also received Annual Reports from the Audit Committee, the Clinical Governance Committee, the eHealth Committee, the Staff Governance Committee, EQIPP Committee and the Remuneration Committee.

In response to recommendations from the Internal and External Auditors in their Reports, management has developed appropriate detailed action plans with agreed timescales. Implementation of the recommendations is monitored by Directors and overseen by the Audit Committee and the process of progress monitoring forms an integral part of our commitment to the continual review and strengthening of our internal control environment.

As part of the review process, NHS 24 has undertaken the following key elements of work during the last financial year:-

### **Best Value**

This Best Value group, which was established during 2008/09, has continued to progress the Best Value agenda during 2009/10. In this financial year, the group has considered how to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost. It has also reviewed economy, efficiency, effectiveness within the organisation and how this contributes to the achievement of sustainable development.

As part of the Best Value Group's workplan, benchmarking of certain services was undertaken with other public sector organisations in 2009/10. This will be assessed and expanded to other key services in 2010/11 in order to further inform the Group's ongoing agenda.

The group, which reports to NHS 24's Executive Management Team, also considers the Audit Scotland best value toolkits that are issued to the service and the outcome of this work.

### **Committees of the Board - Terms of Reference**

Each of the Committees to the Board have reviewed their Terms of Reference during 2009/10. The updated Terms of Reference will be included in the next version of NHS 24 Corporate Governance Manual. A review of this manual started during 2009/10, and will be completed in time for review at the September Audit Committee meeting.

### **Fixed Assets**

NHS 24 followed up on the Fixed Asset work that was undertaken during 2008/09, by migrating its Fixed Asset Register onto the Cedar financial management system. The Fixed Asset Register is now fully integrated with the other NHS 24 ledgers which means that processing can take place in a seamless fashion.

The migration has also resulted in an improvement in the level of detail that is able to be held within the system and the reporting functionality.

### **Customer Care Group meetings with National Services Scotland (NSS)**

NHS 24 established a set of meetings at which to discuss performance issues with NSS who provide financial and payroll services to NHS 24. These meetings are a Monthly Customer Care Group meeting for Finance and Payroll, which is attended by key personnel from both organisations for both of these disciplines, and a Quarterly Strategic review meeting, which is attended by Directors from both organisations.

This set up, which has been running throughout 2009/10, has been very useful in identifying and resolving Finance and Payroll issues as they arise.

### **Financial Controls Self Assessment**

One area of Internal Audit work, carried out during 2009/10, that was recognised as being of particular value, was the Financial Controls Self Assessment.

This involved senior personnel from the Finance Department assessing the NHS 24 control environment across 12 key control areas. Internal Audit reviewed NHS 24's findings as part of a secondary audit in this area and found that out of 128 key controls, only 1 was not in place.

This work also included a review of the areas under the control of National Services Scotland (NSS), the reliance that NHS 24 places on NSS across the key finance areas, and identified areas where NHS 24 should request additional assurance from NSS through the service audit, SAS 70, process.



**National Fraud Initiative**

NHS 24 carried out a review of the National Fraud Initiative download during 2009/10. In order to conduct a more thorough review, NHS 24 reviewed a sample of cases below the selected threshold. All cases were cleared following review.

Appropriate action is in place to address any weaknesses identified and to ensure the continuous improvement of the system.

Signed ..... Date 24<sup>th</sup> June 2010  
John Turner, Chief Executive Officer

# Independent Auditor's Report

## Independent auditor's report to the members of NHS 24 Special Health Board, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of NHS 24 Special Health Board for the year ended 31 March 2010 under the National Health Service (Scotland) Act 1978. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Taxpayers' Equity, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### Respective responsibilities of the board, Chief Executive and auditor

The board and Chief Executive are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers. The Chief Executive is also responsible for ensuring the regularity of expenditure and income. These responsibilities are set out in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Health Board.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers. I report to you whether, in my opinion, the information which comprises the Operating and Financial Review and Directors' Report, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

In addition, I report to you if, in my opinion, the body has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the board's compliance with the Scottish Government Health Directorate's guidance, and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the body's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only that part of the Remuneration Report which is not subject to audit. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## **Basis of audit opinion**

I conducted my audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and income included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the board and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the body's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## **Opinions**

### *Financial statements*

In my opinion

- the financial statements give a true and fair view, in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers, of the state of affairs of the board as at 31 March 2010 and of its net operating cost position, changes in taxpayers' equity and cash flows for the year then ended
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers
- information which comprises the Operating and Financial Review and Directors' Report, included in the Annual Report, is consistent with the financial statements.

### *Regularity*

In my opinion in all material respects the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Gillian Woolman  
Assistant Director  
Audit Scotland  
Osborne House  
1/5 Osborne Terrace  
EDINBURGH  
EH12 5HG

June 2010

# NHS 24

## OPERATING COST STATEMENT

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

2009 £'000		Note	£'000	£'000
	<b>Clinical Services Costs</b>			
37,225	Hospital and Community	4	42,232	
511	Less: Hospital and Community Income	8	240	
<b>36,714</b>				<b>41,992</b>
0	Family Health	5	0	
0	Less: Family Health Income	8	0	
<b>0</b>				<b>0</b>
<b>36,714</b>	<b>Total Clinical Services Costs</b>			<b>41,992</b>
20,490	Administration Costs	6	22,427	
129	Less: Administration Income	8	173	
<b>20,361</b>				<b>22,254</b>
28	Other Non Clinical Services	7	26	
53	Less: Other Operating Income	8	47	
<b>(25)</b>				<b>(21)</b>
<b>57,050</b>	<b>Net Operating Costs</b>			<b>64,225</b>

### SUMMARY OF REVENUE RESOURCE OUTTURN

£'000

#### Net Operating Costs (per above)

64,225

Capital Grants to / (from) Other Bodies

0

Profit / (Loss) on disposal of fixed assets

0

FHS Non Discretionary Allocation

0

Annually Managed Expenditure (write downs)

(748)

#### Net Resource Outturn

63,477

Revenue Resource Limit

63,496

**Saving / (excess) against Revenue Resource Limit**

19

No Revenue Resource Limit has been shown for 2008/09 as this was based on UKGAAP whilst the expenditure is based on IFRS.

The Notes to the Accounts, numbered 1 to 31, form an integral part of these Accounts.

# NHS 24

## BALANCE SHEET

AS AT 31<sup>st</sup> MARCH 2010

2008 £'000	2009 £'000		Note	£'000	£'000
		<b>Non-current assets:</b>			
12,190	10,568	Property, plant & equipment	11	9,794	
238	1,323	Intangible assets	10	1,322	
		Financial assets:			
0	147	Trade and other receivables	13	0	
<b>12,428</b>	<b>12,038</b>	<b>Total non-current assets</b>			<b>11,116</b>
		<b>Current Assets:</b>			
0	0	Inventories	12	0	
		Financial Assets:			
5,511	2,071	Trade and other receivables	13	1,180	
139	484	Cash and cash equivalents	15	494	
<b>5,650</b>	<b>2,555</b>	<b>Total current assets</b>			<b>1,674</b>
<b>18,078</b>	<b>14,593</b>	<b>Total assets</b>			<b>12,790</b>
		<b>Current liabilities:</b>			
(593)	(264)	Provisions	17	(179)	
		Financial Liabilities:			
(6,227)	(6,507)	Trade and other payables	16	(5,652)	
<b>(6,820)</b>	<b>(6,771)</b>	<b>Total current liabilities</b>			<b>(5,831)</b>
<b>11,258</b>	<b>7,822</b>	<b>Non-current assets plus/less net current assets/liabilities</b>			<b>6,959</b>
		<b>Non-current liabilities:</b>			
0	(40)	Provisions	17	(191)	
		Financial liabilities:			
0	0	Trade and other payables	16	0	
<b>0</b>	<b>(40)</b>	<b>Total non-current liabilities</b>			<b>(191)</b>
<b>11,258</b>	<b>7,782</b>	<b>Assets less liabilities</b>			<b>6,768</b>
		<b>Taxpayers' Equity</b>			
11,225	7,755	General Fund	SOCTE		6,746
33	27	Revaluation reserve	SOCTE		22
0	0	Donated asset reserve	SOCTE		0
<b>11,258</b>	<b>7,782</b>	<b>Total taxpayers' equity</b>			<b>6,768</b>

Adopted by the Board on 24<sup>th</sup> June 2010

..... Director of Finance

..... Chief Executive

The Notes to the Accounts, numbered 1 to 31 form an integral part of these Accounts.

# NHS 24

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

2009 £'000		Note	£'000	£'000
	<b>Cash flows from operating activities</b>			
(57,050)	Net operating cost	OCS	(64,225)	
2,398	Adjustments for non-cash transactions	3	3,460	
7	Add back: interest payable recognised in net operating cost	3	4	
3,293	(Increase) / decrease in trade and other receivables	18	1,038	
0	(Increase) / decrease in inventories	18	0	
973	Increase / (decrease) in trade and other payables	18	(516)	
(289)	Increase / (decrease) in provisions	18	66	
<b>(50,668)</b>	<b>Net cash outflow from operating activities</b>			<b>(60,173)</b>
	<b>Cash flows from investing activities</b>			
(2,211)	Purchase of property, plant and equipment		(2,563)	
(431)	Purchase of intangible assets		(213)	
58	Proceeds of disposal of property, plant and equipment		0	
0	Proceeds of disposal of intangible assets		0	
0	Interest received		0	
<b>(2,584)</b>	<b>Net cash outflow from investing activities</b>			<b>(2,776)</b>
	<b>Cash flows from financing activities</b>			
53,259	Funding	SOCTE	62,953	
345	Movement in general fund working capital	SOCTE	10	
53,604	Cash drawn down		62,963	
0	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		0	
(7)	Interest paid	3	(4)	
0	Interest element of finance leases and on-balance sheet PFI/PPP contracts		0	
<b>53,597</b>	<b>Net Financing</b>			<b>62,959</b>
345	Net Increase / (decrease) in cash and cash equivalents in the period			10
139	Cash and cash equivalents at the beginning of the period			484
<b>484</b>	<b>Cash &amp; cash equivalents at end of the period</b>			<b>494</b>
	<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
345	Increase / (decrease) in cash in year	15		10
139	Net debt/cash at 1 April	15		484
<b>484</b>	<b>Net debt/cash at 31 March</b>	15		<b>494</b>

The Notes to the Accounts, numbered 1 to 31 form an integral part of these Accounts.

# NHS 24

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

	Note	General Fund £'000	Revaltn Reserve £'000	Total Reserves £'000
<b>Balance as at 31<sup>st</sup> March 2009</b>		7,886	27	<b>7,913</b>
Prior Year adjustments for changes in accounting policy and material errors	26	(131)	0	<b>(131)</b>
<b>Restated balance at 1 April 2009</b>		<b>7,755</b>	<b>27</b>	<b>7,782</b>
<b>Changes in taxpayers' equity for 2009/10</b>		0	0	0
Net gain/(loss) on revaln/indexn of property, plant and equipment	11	0	0	0
Net gain/(loss) on revaln/indexn of intangible assets	10	0	0	0
Net gain/(loss) on revaln of available for sale financial assets	14	0	0	0
Impairment of property, plant and equipment	11	0	(748)	(748)
Impairment of intangible assets	10	0	0	0
Receipt of donated assets		0	0	0
Revaluation and impairments taken to operating costs	3	0	748	748
Non-cash charges – cost of capital	3	258	0	258
Transfers between reserves		5	(5)	0
Transfer of Fixed Assets from other bodies		0	0	0
Pension reserve movements		0	0	0
Other adjustments		0	0	0
Net operating cost for the year		(64,225)	0	(64,225)
<b>Total recognised income and expense for 2009/10</b>		<b>(63,962)</b>	<b>(5)</b>	<b>(63,967)</b>
<b>Funding:</b>				
Drawn down		62,963	0	62,963
Movement in General Fund (Creditor) / Debtor		(10)	0	(10)
<b>Balance at 31 March 2010</b>		<b>6,746</b>	<b>22</b>	<b>6,768</b>

The Notes to the Accounts, numbered 1 to 31, form an integral part of these Accounts.

# NHS 24

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009

	Note	General Fund £'000	Revaltn Reserve £'000	Total Reserves £'000
<b>Balance as at 31<sup>st</sup> March 2008</b>		11,283	33	<b>11,316</b>
Prior Year adjustments for changes in accounting policy and material errors	26	(58)	0	<b>(58)</b>
<b>Restated balance at 1 April 2008</b>		<b>11,225</b>	<b>33</b>	<b>11,258</b>
<b>Changes in taxpayers' equity for 2008/09</b>		0	0	0
Net gain/(loss) on revaln/indexn of property, plant and equipment	11	0	0	0
Net gain/(loss) on revaln/indexn of intangible assets	10	0	0	0
Net gain/(loss) on revaln of available for sale financial assets	14	0	0	0
Impairment of property, plant and equipment	11	0	(65)	(65)
Impairment of intangible assets	10	0	0	0
Receipt of donated assets		0	0	0
Revaluation & impairments taken to operating costs	3	0	65	65
Non-cash charges – cost of capital	3	315	0	315
Transfers between reserves		6	(6)	0
Transfer of Fixed Assets from other bodies		0	0	0
Pension reserve movements		0	0	0
Other adjustments		0	0	0
Net operating cost for the year		(57,050)	0	(57,050)
<b>Total recognised income and expense for 2008/09</b>		<b>(56,729)</b>	<b>(6)</b>	<b>(56,735)</b>
<b>Funding:</b>				
Drawn down		53,604	0	53,604
Movement in General Fund (Creditor) / Debtor		(345)	0	(345)
<b>Balance at 31 March 2009</b>		<b>7,755</b>	<b>27</b>	<b>7,782</b>

The Notes to the Accounts, numbered 1 to 31, form an integral part of these Accounts.



# NHS 24

## ACCOUNTING POLICIES

## Note 1

### 1. Authority

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in section 28 below.

### 2. First time adoption of International Financial Reporting Standards

These financial statements have been prepared under International Financial Reporting Standards for the first time and the comparatives have been restated from UK Generally Accepted Accounting Policy (UK GAAP) where required. The reconciliation to IFRS from the previous UK GAAP accounts is summarised at Note 25.

New Financial Instruments Standards FRS 25, FRS 26 and FRS 29 as interpreted and adapted by the Government Financial Reporting Manual (FReM) were adopted under UK GAAP in 2008/09. Prior year comparatives for 2007/08 were restated to reflect these standards. These standards are identical to their equivalent IFRS standards, IAS 32, IAS 39 and IFRS 7.

### 3. Going Concern

The accounts are prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future.

### 4. Accounting Convention

The Accounts are prepared on a historical cost basis, as modified by the revaluation of property, plant and equipment, intangible assets, inventories, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value.

### 5. Funding

Most of the expenditure of the Health Board as Commissioner is met from funds advanced by the Scottish Government within an approved revenue resource limit. Cash drawn down to fund expenditure within this approved revenue resource limit is credited to the general fund.

All other income receivable by the board that is not classed as funding is recognised in the year in which it is receivable.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Non discretionary funding out with the RRL is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, dental or ophthalmic services identified by the Scottish

Government. Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the RRL in the Statement of Resource Outturn.

Funding for the acquisition of fixed assets received from the Scottish Government is credited to the general fund when cash is drawn down.

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in the operating cost statement except where it results in the creation of a non-current asset such as property, plant and equipment.

## **6. Property, plant and equipment**

The treatment of fixed assets in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with NHS Capital Accounting Manual. Title to properties included in the accounts is held by Scottish Ministers.

### **6.1 Recognition**

Property, Plant and Equipment is capitalised where: it is held for use in delivering services or for administrative purposes; it is probable that future economic benefits will flow to, or service potential be provided to, the Board; it is expected to be used for more than one financial year; and the cost of the item can be measured reliably.

All assets falling into the following categories are capitalised:

- 1) Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5,000.
- 2) In cases where a new hospital would face an exceptional write off of items of equipment costing individually less than £5,000, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.
- 3) Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total, or where they are part of the initial costs of equipping a new development and total over £20,000.

Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

### **6.2 Measurement**

Valuation:

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

All assets are measured subsequently at fair value as follows:

Specialised NHS land, buildings, equipment, installations and fittings are stated at depreciated replacement cost, as a proxy for fair value as specified in the FReM.

Non specialised land and buildings, such as offices, are stated at fair value.

Valuations of all land and building assets are reassessed by valuers under a 5-year programme of professional valuations and adjusted in intervening years to take account of movements in prices since the latest valuation. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government .

Non specialised equipment, installations and fittings are valued at fair value. Boards value such assets using the most appropriate valuation methodology available (for example, appropriate

indices). A depreciated historical cost basis as a proxy for fair value in respect of such assets which have short useful lives or low values (or both).

Assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.

To meet the underlying objectives established by the Scottish Government the following accepted variations of the RICS Appraisal and Valuation Manual have been required:

Specialised operational assets are valued on a modified replacement cost basis to take account of modern substitute building materials and locality factors only.

Subsequent expenditure:

Subsequent expenditure is capitalised into an asset's carrying value when it is probable the future economic benefits associated with the item will flow to the Board and the cost can be measured reliably. Where subsequent expenditure does not meet these criteria the expenditure is charged to the operating cost statement. If part of an asset is replaced, then the part it replaces is de-recognised, regardless of whether or not it has been depreciated separately.

Revaluations and Impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the operating cost statement, in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together.

Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to the operating cost statement.

### 6.3 Depreciation

Items of Property, Plant and Equipment are depreciated to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Depreciation is charged on each main class of tangible asset as follows:

- 1) Freehold land is considered to have an infinite life and is not depreciated.
- 2) 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 Board, respectively.
- 3) Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
- 4) Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
- 5) Equipment is depreciated over the estimated life of the asset.
- 6) Property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation is charged on a straight line basis.

The following asset lives have been used:

Computer Equipment	5 years
Telecommunications Equipment	10 years

Fit out costs	10 years
Consultancy (professional fees that result in a realisable project)	5 years

## 7. Intangible Assets

### 7.1 Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Board's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Board and where the cost of the asset can be measured reliably.

Intangible assets that meet the recognition criteria are capitalised when they are capable of being used in a Board's activities for more than one year and they have a cost of at least £5,000.

The main classes of intangible assets recognised are:

#### Internally generated intangible assets:

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Board intends to complete the asset and sell or use it;
- the Board has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Board to complete the development and sell or use the asset; and
- the Board can measure reliably the expenses attributable to the asset during development.

Expenditure so deferred is limited to the value of future benefits.

#### Software:

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

#### Software licences:

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred.

#### Carbon Emissions (Intangible Assets):

A cap and trade scheme gives rise to an asset for allowances held, a government grant and a liability for the obligation to deliver allowances equal to emissions that have been made.

Intangible Assets, such as EU Greenhouse Gas Emission Allowances intended to be held for use on a continuing basis whether allocated by government or purchased are classified as intangible assets. Allowances that are issued for less than their fair value are measured initially at their fair value.

When allowances are issued for less than their fair value, the difference between the amount paid and fair value is revaluation and charged to the government grant reserve. The government grant reserve is charged with the same proportion of the amount of the revaluation, which the amount of the grant bears to the acquisition cost of the asset.

A provision is recognised for the obligation to deliver allowances equal to emissions that have been made. It is measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. This will usually be the present market price of the number of allowances required to cover emissions made up to the balance sheet date.

## **7.2 Measurement**

Valuation:

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at fair value. Where an active (homogeneous) market exists, intangible assets are carried at fair value. Where no active market exists, the intangible asset is revalued, using indices or some suitable model, to the lower of depreciated replacement cost and value in use where the asset is income generating. Where there is no value in use, the intangible asset is valued using depreciated replacement cost. These measures are a proxy for fair value.

Revaluation and impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the operating cost statement, in which case they are recognised in income.

Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to the operating cost statement.

Intangible assets held for sale are reclassified to 'non-current assets held for sale' measured at the lower of their carrying amount or 'fair value less costs to sell'.

## **7.3 Amortisation**

Intangible assets are amortised to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Amortisation is charged to the operating cost statement on each main class of intangible asset as follows:

- 1) Internally generated intangible assets. Amortised on a systematic basis over the period expected to benefit from the project.
- 2) Software. Amortised over their expected useful life
- 3) Software licences. Amortised over the shorter term of the licence and their useful economic lives.
- 4) Other intangible assets. Amortised over their expected useful life.
- 5) Intangible assets which have been reclassified as 'Held for Sale' cease to be amortised upon the reclassification.

Amortisation is charged on a straight line basis.

The following asset lives have been used:

Software	5 years
----------	---------

## 8. Non-current assets held for sale

Non-current assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
  - management are committed to a plan to sell the asset;
  - an active programme has begun to find a buyer and complete the sale;
  - the asset is being actively marketed at a reasonable price;
- the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

## 9. Sale of Property, plant and equipment, intangible assets and non-current assets held for sale

Disposal of non-current assets is accounted for as a reduction to the value of assets equal to the net book value of the assets disposed. When set against any sales proceeds, the resulting gain or loss on disposal will be recorded in the Operating Cost Statement. Non-current assets held for sale will include assets transferred from other categories and will reflect any resultant changes in valuation.

## 10. Leasing

### Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Board, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IFRS.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to interest payable in the Operating Cost Statement.

### **Operating leases**

Other leases are regarded as operating leases and the rentals are charged to expenditure on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to expenditure over the life of the lease.

### **Leases of land and buildings**

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease unless title to the land is expected to transfer.

## **11. Impairment of non-financial assets**

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the OCS are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

## **12. General Fund Debtors and Creditors**

Where the Health Board has a positive net cash book balance at the year end, a corresponding creditor is created and the general fund debited with the same amount to indicate that this cash is repayable to the SGHD. Where the Health Board has a net overdrawn cash position at the year end, a corresponding debtor is created and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHD.

## **13. Losses and Special Payments**

Operating expenditure includes certain losses which would have been made good through insurance cover had the NHS not been bearing its own risks. Had the NHS provided insurance cover, the insurance premiums would have been included as normal revenue expenditure.

## **14. Employee Benefits**

### **Short-term Employee Benefits**

Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following year.

### **Pension Costs**

The Board participates in the NHS Superannuation Scheme for Scotland providing defined benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the

operating cost statement represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer. The pension cost is assessed every five years by the Government Actuary and determines the rate of contributions required. The most recent actuarial valuation took place in the year to 31 March 2004, details of which are published by the Scottish Public Pensions Agency.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating cost statement at the time the Board commits itself to the retirement, regardless of the method of payment.

#### **15. Clinical and Medical Negligence Costs**

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to an annual limit. Costs above this limit are reimbursed to Boards from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government.

NHS 24 provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' as 50% of the claim and those in 'category 1' as nil. The balance of the value of claims not provided for is disclosed as a contingent liability. This procedure is intended to estimate the amount considered to be the liability in respect of any claims outstanding and which will be recoverable from the Clinical Negligence and Other Risks Indemnity Scheme in the event of payment by an individual health body. The corresponding recovery in respect of amounts provided for is recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

#### **16. Related Party Transactions**

Material related party transactions are disclosed in the note 29 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4.

#### **17. Value Added Tax**

Most of the activities of the Board 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.

#### **18. PFI Schemes**

NHS 24 has not initiated any schemes under PFI.

#### **19. Provisions**

The Board 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 significant, the estimated cash flows are discounted using the discount rate prescribed by HM Treasury.

#### **20. Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets, but are disclosed in note 19 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 19, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or



- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

## **21. Corresponding Amounts**

Corresponding amounts are shown for the primary statements and notes to the financial statements. Where the corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, IAS 1 'Presentation of Financial Statements', requires that they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

## **22. Financial Instruments**

### **Financial assets**

#### Classification

The Board classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### (a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise derivatives. Assets in this category are classified as current assets. The Board does not trade in derivatives and does not apply hedge accounting.

#### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash at bank and in hand in the balance sheet.

#### (c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available for sale financial assets comprise investments.

#### Recognition and measurement

Financial assets are recognised when the Board becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Board has transferred substantially all risks and rewards of ownership.

#### (a) Financial assets at fair value through profit or loss

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the operating cost statement.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the operating cost statement.

(b) Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the loan and receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the operating cost statement. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the operating cost statement.

(c) Available-for-sale financial assets

Available-for-sale financial assets are initially recognised and subsequently carried at fair value. Changes in the fair value of financial assets classified as available for sale are recognised in equity in other reserves. When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the operating cost statement. Dividends on available-for-sale equity instruments are recognised in the operating cost statement when the Board's right to receive payments is established.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment.

The Board assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the operating cost statement. Impairment losses recognised in the operating cost statement on equity instruments are not reversed through the income statement.

## **Financial Liabilities**

### Classification

The Board classifies its financial liabilities in the following categories: at fair value through profit or loss, and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise derivatives. Liabilities in this category are classified as current liabilities. The NHS Board does not trade in derivatives and does not apply hedge accounting.

(b) Other financial liabilities

Other financial liabilities are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities. The NHS Board's other financial liabilities comprise trade and other payables in the balance sheet.

#### Recognition and measurement

Financial liabilities are recognised when the NHS Board Scotland becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the balance sheet when it is extinguished, that is when the obligation is discharged, cancelled or expired.

#### (a) Financial liabilities at fair value through profit or loss

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the operating cost statement.

#### (b) Other financial liabilities

Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **23. Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as clinical/frontline and corporate/non frontline service functions.

### **24. Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held by the Office of the Paymaster General and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### **25. Cost of Capital Charge**

A charge, reflecting the cost of capital utilised by the Board is included in the operating cost statement. The charge for each item in the balance sheet is calculated on the basis of the average net book value of that item over the year. This is calculated at the Government's standard rate (3.5% in current and prior year) in real terms on all assets less liabilities, except for:

- Balances with OPG;
- General Fund Debtor or Creditor balances; and
- Donated assets.

### **26. Foreign exchange**

The functional and presentational currencies of the Board are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Board has assets or liabilities denominated in a foreign currency at the balance sheet date:

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;

- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the balance sheet date) are recognised in income or expenditure in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

### **27. Third party assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Board has no beneficial interest in them.

However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

### **28. Key sources of judgement and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Board makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Board makes judgements in applying accounting policies. The estimates, assumptions and judgements that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below.

The Board includes a provision in its annual accounts for the year ended 31<sup>st</sup> March 2010 for Clinical and Medical negligence costs, and dilapidations.

The method for calculating the Clinical and Medical negligence costs provision is outlined in accounting policy number 15.

The dilapidations provision is calculated on the basis that NHS 24 will have to return buildings that it leases from third parties to their original condition at the end of the lease period. NHS 24 has used the services of a valuer to calculate the cost of carrying out this work, and will create a provision for this value on a straight line basis for each year of the lease. NHS 24 will continue to monitor this area to ensure that the value, and in turn the amount provided to date, remain reasonable based on the latest valuation advice received.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### STAFF NUMBERS AND COSTS

Note 2a

STAFF COSTS		Exec Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other	Outward Secondees	Total
2009 £'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
30,207	Salaries and Wages	648	99	32,978	0	0	(285)	33,440
2,271	Social Security	70	5	2,437	0	0	(40)	2,472
3,484	Costs							
	NHS scheme employers' costs	76	0	3,531	0	0	(23)	3,584
0	Other employers' pension costs	0	0	0	0	0	0	0
2,741	Inward secondees	113	0	677	2,681	0	0	3,471
279	Agency Staff	0	0	0	0	820	0	820
<u>38,982</u>		<u>907</u>	<u>104</u>	<u>39,623</u>	<u>2,681</u>	<u>820</u>	<u>(348)</u>	<u>43,787</u>
0	Compensation for the loss of office	0	0	62	0	0	0	62
0	Pensions to former Board members	0	0	0	0	0	0	0
<u>38,982</u>	<b>Total</b>	<u>907</u>	<u>104</u>	<u>39,685</u>	<u>2,681</u>	<u>820</u>	<u>(348)</u>	<u>43,849</u>

Included in the total staff costs above were costs of staff directly engaged on capital projects, charged to capital expenditure of: £NIL.

NHS Scheme employers' costs include £NIL provision in respect of early retirement (2008/09 £NIL).

Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the Scheme are shown in Note 24.

2009 <u>ANNUAL</u> <u>MEAN</u> <u>WTE</u>	<u>STAFF NUMBERS</u> <u>(EMPLOYEES BY WHOLE TIME EQUIVALENT)</u>	<u>ANNUAL</u> <u>MEAN</u> <u>WTE</u>
142.3	Administration	147.9
732.6	Hospital and Community Services	802.9
0	Non Clinical Services	0
0	Local Health Councils	0
0	Other, including recharge Trading Accounts	0
49.3	Inward secondees	58.4
0	Agency staff	14.9
(8.3)	Outward secondees	(4.2)
<u>915.9</u>	<b><u>Total Average Staff</u></b>	<u>1,019.9</u>
<u>58.4</u>	<b><u>Disabled Staff</u></b>	<u>125.5</u>

The total number of staff engaged directly on capital projects, included in staff numbers above and charged to capital expenditure was: 0.

The number of disabled staff has risen due to a change in classification. Any staff accessing the Disability Leave policy are now considered under this category. Previously, only staff declaring a disability were included.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### HIGHER PAID EMPLOYEES' REMUNERATION

Note 2b

2009 Number	Other employees whose remuneration fell within the following ranges	2010 Number
	Clinicians	
28	£ 50,000 to £ 60,000	86
4	£ 60,001 to £ 70,000	13
5	£ 70,001 to £ 80,000	2
0	£ 80,001 to £ 90,000	5
1	£ 90,001 to £100,000	0
0	£100,001 to £110,000	0
1	£110,001 to £120,000	0
0	£120,001 to £130,000	1
1	£130,001 to £140,000	0
1	£140,001 to £150,000	2
0	£150,001 to £160,000	0
0	£160,001 to £170,000	0
0	£170,001 to £180,000	0
0	£180,001 to £190,000	0
1	£190,001 to £200,000	0
0	£200,001 and above	1

2009 Number	Others	2010 Number
	10	
4	£ 60,001 to £ 70,000	9
2	£ 70,001 to £ 80,000	2
1	£ 80,001 to £ 90,000	2
0	£ 90,001 to £100,000	1
0	£100,001 to £110,000	1
0	£110,001 to £120,000	0
0	£120,001 to £130,000	0
0	£130,001 to £140,000	1
0	£140,001 to £150,000	0
0	£150,001 to £160,000	0
0	£160,001 to £170,000	0
0	£170,001 to £180,000	0
0	£180,001 to £190,000	0
0	£190,001 to £200,000	0
0	£200,001 and above	0

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### OTHER OPERATING COSTS

Note 3

The Operating Cost Statement has been charged / (credited) with the following:

2009 £'000		Note	£'000	£'000
	<b>Expenditure not paid in cash</b>			
1,916	Depreciation	11	2,147	
148	Amortisation	10	307	
315	Cost of Capital	SOCTE	258	
65	Impairments – Charge	11	748	
0	Impairments - Reversal		0	
0	Revaluation loss on fixed assets charged to OCS		0	
0	Revaluation EC Carbon Emissions taken to Govt Grant		0	
0	Loss / (Profit) on disposal of intangible fixed assets		0	
(46)	Loss / (Profit) on disposal of purchased fixed assets		0	
0	Other non-cash costs	CFS	0	
<b>2,398</b>	<b>Total Expenditure not paid in cash</b>			<b>3,460</b>
	<b>Interest Payable</b>			
0	Interest on late payment of commercial debt		0	
7	Bank and other interest payable		4	
0	Finance lease charges allocated in the year		0	
0	Other Interest		0	
<b>7</b>	<b>Total</b>			<b>4</b>
	<b>Statutory Audit</b>			
58	External Auditor's remuneration and expenses			62
	<b>During the year the Board purchased the following non-audit services from its internal auditor:</b>			
24	Deloitte LLP – Fixed Assets review and assistance with Connect project			0
0	Deloitte LLP – Risk Management workshop			5
<b>24</b>				<b>5</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### HOSPITAL AND COMMUNITY HEALTH SERVICES

Note 4

<b>2009</b>			<b>£'000</b>
<b>£'000</b>	<b>BY PROVIDER</b>		<b>£'000</b>
33,107	Treatment in Board area of NHSScotland Patients		38,116
4,118	Other NHS Scotland Bodies		4,116
0	Health Bodies outside Scotland		0
0	Primary Care Bodies		0
0	Private Sector		0
0	Support Finance		0
0	Resource Transfer		0
0	Contributions to Voluntary Bodies and Charities		0
<b>37,225</b>	<b>Total of NHSScotland Patients</b>		<b>42,232</b>
0	Treatment of UK residents based outside Scotland		0
<b>37,225</b>	<b>Total Hospital and Community Health Services</b>	<b>OCS</b>	<b>42,232</b>



# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### FAMILY HEALTH SERVICE EXPENDITURE

Note 5

2009 £'000		Note	Unified Budget £'000	Non Disc £'000	TOTAL £'000
0	Primary Medical Services		0	0	0
0	Pharmaceutical Services		0	0	0
0	General Dental Services		0	0	0
0	General Ophthalmic Services		0	0	0
<u>0</u>			<u>0</u>	<u>0</u>	<u>0</u>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### ADMINISTRATION COSTS

Note 6

2009 £'000		£'000
1,024	Board Members' Remuneration*	1,011
190	Administration of Board Meetings and Committees	145
136	Corporate Governance and Statutory Reporting	166
0	Health Planning, Commissioning and Performance Reporting	0
0	Treasury Management and Financial Planning	0
99	Public Relations	105
19,041	Other**	21,000
<b>20,490</b>	<b>Total administration costs</b>	<b>22,427</b>

OCS

\*Board Members' Remuneration includes salaries and other remuneration for all Executive and Non-Executive Directors as noted in the Remuneration Report in the Directors' Report, along with the employer's pension and NIC contributions as appropriate.

\*\* Others comprise the following:-

£'000		£'000
459	Earmarked SGHD-funded projects	523
6,303	Software Developments, Licences and Maintenance	6,706
4,649	Directorate Staff costs	5,394
1,947	Telecommunications	1,642
492	Training and Recruitment	282
2,599	Depreciation, Cost of Capital and Impairment charges	3,460
1,035	Property Running Costs	1,125
690	Marketing, Advertising and Media Buying	660
359	External Administration Services	415
508	Miscellaneous	793
<b>19,041</b>	<b>Total Other</b>	<b>21,000</b>

NHS 24 has a unique set up in NHS Board terms, in that it is a highly technology driven organisation. The classification of technology costs as an administration expense makes the organisation appear to be largely administrative in nature, however it should be noted that the vast majority of the technology costs are incurred supporting front line patient care.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### OTHER NON-CLINICAL SERVICES

Note 7

£'000		£'000
0	Nurse Teaching	0
0	Occupational Health	0
0	Closed hospital charges	0
0	Compensation payments – Clinical	0
0	Compensation payments – Other	0
0	Pension enhancement and redundancy	0
0	Patients' Travel Attending Hospitals	0
0	Patients' Travel Highlands and Islands scheme	0
0	Clinical Audit	0
0	Health Promotion	0
0	Public Health	0
0	Public Health Medicine Trainees	0
0	Emergency Planning	0
0	Post Graduate Medical Education	0
0	Shared Services	0
0	Loss on disposal of fixed assets	0
28	Other	26
28	<b>Total Other Non Clinical Services</b>	26
		OCS

# NHS 24

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### OPERATING INCOME

Note 8

2009 £'000		£'000
	<b>HCH Income</b>	
89	SGHD	32
381	NHS Scotland Bodies	204
0	NHS Non-Scottish Bodies	0
	<b>Non-NHS</b>	
0	Private Patients	0
0	Compensation Income	0
41	Other HCH Income	4
<b>511</b>	<b>Total HCH Income</b>	<b>240</b>
	<b>Administration Income</b>	
<b>129</b>		<b>173</b>
	<b>Other Operating Income</b>	
0	NHSScotland Bodies	0
0	NHS Non-Scottish Bodies	0
0	SGHD	0
0	Contributions in respect of Clinical / Medical Negligence Claims	0
0	Profit on disposal of fixed assets	0
0	Transfer from Donated Asset Reserve in respect of Depreciation	0
0	Transfer from Donated Asset Reserve in respect of Disposals	0
0	Transfer from Donated Asset Reserve in respect of Impairment	0
0	Interest Received	0
0	Shared Services	0
53	Other Income	47
<b>53</b>	<b>Total Other Operating Income</b>	<b>47</b>
<b>693</b>	<b>Total Income</b>	<b>460</b>
<b>423</b>	<b>Of the above, the amount derived from NHS bodies is</b>	<b>183</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### ANALYSIS OF CAPITAL EXPENDITURE

Note 9

2009 £'000		Note	£'000
	<b>EXPENDITURE</b>		
431	Acquisition of Intangible Assets	10	213
1,173	Acquisition of Property, plant and equipment	11a	2,214
0	Capital Grants to / (from) Other Bodies	OCS	0
(46)	(Profit) / Loss on disposal of non-current assets	3	0
<u>1,558</u>	<b>Gross Capital Expenditure</b>		<u>2,427</u>
	<b>INCOME</b>		
0	Net book value of disposal of Intangible Assets	10	0
12	Net book value of disposal of Property, plant and equipment	11a	0
<u>12</u>	<b>Capital income</b>		<u>0</u>
<u>1,546</u>	<b>Net Capital Expenditure</b>		<u>2,427</u>
	<b>SUMMARY OF CAPITAL RESOURCE OUTTURN</b>		
	Net capital expenditure as above		2,427
	Capital Resource Limit		2,508
	<b>Saving / (excess) against Capital Resource Limit</b>		<u>81</u>

No Capital Resource Limit has been shown for 2008/09 as this was based on UKGAAP whilst the expenditure is based on IFRS.

# NHS 24

## INTANGIBLE ASSETS

Note 10

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

	Note	Software Licences £'000	Information Technology Software £'000	Other Intangible £'000	Total £'000
<b>Cost or valuation – at 1 April 2009</b>		213	1,270	0	1,483
Additions		81	132	0	213
Completions		0	93	0	93
Transfers		0	0	0	0
Disposals		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
<b>As at 31 March 2010</b>		<b>294</b>	<b>1,495</b>	<b>0</b>	<b>1,789</b>
<b>Amortisation</b>					
As at 1 April 2009		19	141	0	160
Provided during the year		51	256	0	307
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
Disposals		0	0	0	0
<b>As at 31 March 2010</b>		<b>70</b>	<b>397</b>	<b>0</b>	<b>467</b>
Net Book Value at 1st April 2009		194	1,129	0	1,323
Net Book Value at 31st March 2010		224	1,098	0	1,322

### Classification of Assets under Development

	Net Book Value
Information Technology Software	0
Website	0
	<u>0</u>

**INTANGIBLE ASSETS, cont. -  
PRIOR YEAR**

	Note	Software Licences £'000	Information Technology Software £'000	Other Intangible £'000	Total £'000
<b>Cost or valuation – at 1 April 2008</b>		0	250	0	250
Additions		213	218	0	431
Completions		0	802	0	802
Transfers		0	0	0	0
Disposals		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
<b>As at 31 March 2009</b>		<b>213</b>	<b>1,270</b>	<b>0</b>	<b>1,483</b>
<b>Amortisation</b>					
As at 1 April 2008		0	12	0	12
Provided during the year		19	129	0	148
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
Disposals		0	0	0	0
<b>As at 31 March 2009</b>		<b>19</b>	<b>141</b>	<b>0</b>	<b>160</b>
<b>Net Book Value at 1st April 2008</b>		<b>0</b>	<b>238</b>	<b>0</b>	<b>238</b>
<b>Net Book Value at 31st March 2009</b>		<b>194</b>	<b>1,129</b>	<b>0</b>	<b>1,323</b>

**Classification of Assets under Development**

	Net Book Value
Information Technology Software	0
Website	0
	<u>0</u>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### PROPERTY, PLANT & EQUIPMENT (PURCHASED ASSETS)

Note 11a

	Note	Information Technology £'000	Furniture & Fittings £'000	Assets Under Constructn £'000	Total £'000
<b>Cost or valuation – at 1 April 2009</b>		13,710	4,420	1,195	19,325
Addition		1,280	53	881	2,214
Completions		176	0	(269)	(93)
Transfers		0	0	0	0
Disposals		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		(1,721)	0	0	(1,721)
Impairment Reversal		0	0	0	0
<b>As at 31 March 2010</b>		<b>13,445</b>	<b>4,473</b>	<b>1,807</b>	<b>19,725</b>
<b>Depreciation</b>					
As at 1 April 2009		6,806	1,951	0	8,757
Provided during the year		1,726	421	0	2,147
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		(973)	0	0	(973)
Impairment Reversal		0	0	0	0
Disposals		0	0	0	0
<b>As at 31 March 2010</b>		<b>7,559</b>	<b>2,372</b>	<b>0</b>	<b>9,931</b>
<b>Net Book Value at 1st April 2009</b>		<b>6,904</b>	<b>2,469</b>	<b>1,195</b>	<b>10,568</b>
<b>Net Book Value at 31st March 2010</b>		<b>5,886</b>	<b>2,101</b>	<b>1,807</b>	<b>9,794</b>
<b>Asset Financing:</b>					
Owned		5,886	2,101	1,807	9,794
Finance Leased		0	0	0	0
On Balance Sheet PFI contracts		0	0	0	0
<b>Net Book Value at 31<sup>st</sup> March 2010</b>		<b>5,886</b>	<b>2,101</b>	<b>1,807</b>	<b>9,794</b>

Open Market Value of land and Dwellings Included Above - £NIL

NHS 24 has no assets held under finance leases, hire purchase or PFI/PPP contracts. NHS 24 has no assets which fall into the category of Land and Buildings (excluding dwellings), Dwellings, Transport Equipment or Plant and Machinery. The total amount of depreciation charged in the Operating Cost Statement in respect of assets held under finance leases and hire purchase contracts was: £NIL (2008/09 - £NIL).



**PROPERTY, PLANT AND EQUIPMENT  
(Purchased Assets) - PRIOR YEAR**

	Note	Information Technology £'000	Furniture & Fittings £'000	Assets Under Constructn £'000	Total £'000
<b>Cost or valuation – at 1 April 2008</b>		10,443	3,667	5,016	19,126
Addition		616	154	403	1,173
Completions		2,659	763	(4,224)	(802)
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	(153)	0	(153)
Impairment Reversal		0	0	0	0
Disposals		(8)	(11)	0	(19)
<b>As at 31 March 2009</b>		<b>13,710</b>	<b>4,420</b>	<b>1,195</b>	<b>19,325</b>
<b>Depreciation</b>					
As at 1 April 2008		5,303	1,633	0	6,936
Provided during the year		1,504	412	0	1,916
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	(88)	0	(88)
Impairment Reversal		0	0	0	0
Disposals		(1)	(6)	0	(7)
<b>As at 31 March 2009</b>		<b>6,806</b>	<b>1,951</b>	<b>0</b>	<b>8,757</b>
<b>Net Book Value at 1st April 2008</b>		<b>5,140</b>	<b>2,034</b>	<b>5,016</b>	<b>12,190</b>
<b>Net Book Value at 31st March 2009</b>		<b>6,904</b>	<b>2,469</b>	<b>1,195</b>	<b>10,568</b>
<b>Asset Financing:</b>					
Owned		6,904	2,469	1,195	10,568
Finance Leased		0	0	0	0
On Balance Sheet PFI contracts		0	0	0	0
<b>Net Book Value at 31<sup>st</sup> March 2009</b>		<b>6,904</b>	<b>2,469</b>	<b>1,195</b>	<b>10,568</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### PROPERTY, PLANT & EQUIPMENT (DONATED ASSETS)

Note 11b

	Note	Information Technology £'000	Furniture & Fittings £'000	Assets Under Constructn £'000	Total £'000
<b>Cost or valuation – at 1 April 2009</b>		0	0	0	0
Addition		0	0	0	0
Completions		0	0	0	0
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
Disposals		0	0	0	0
<b>As at 31 March 2010</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Depreciation</b>					
As at 1 April 2009		0	0	0	0
Provided during the year		0	0	0	0
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
Disposals		0	0	0	0
<b>As at 31 March 2010</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 1st April 2009</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 31st March 2010</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Asset Financing:</b>					
Owned		0	0	0	0
Finance Leased		0	0	0	0
On Balance Sheet PFI contracts		0	0	0	0
<b>Net Book Value at 31<sup>st</sup> March 2010</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**PROPERTY, PLANT AND EQUIPMENT  
(Donated Assets) - PRIOR YEAR**

	Note	Information Technology £'000	Furniture & Fittings £'000	Assets Under Constructn £'000	Total £'000
<b>Cost or valuation – at 1 April 2008</b>		0	0	0	0
Addition		0	0	0	0
Completions		0	0	0	0
Transfers		0	0	0	0
Disposals		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
<b>As at 31 March 2009</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Depreciation</b>					
As at 1 April 2008		0	0	0	0
Provided during the year		0	0	0	0
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
Disposals		0	0	0	0
<b>As at 31 March 2009</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 1st April 2008</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 31st March 2009</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Asset Financing:</b>					
Owned		0	0	0	0
Finance Leased		0	0	0	0
On Balance Sheet PFI contracts		0	0	0	0
<b>Net Book Value at 31<sup>st</sup> March 2009</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### ASSETS HELD FOR SALE

Note 11c

NHS 24 does not have any assets held for sale as at 31<sup>st</sup> March 2010.

		Property, Plant & Equipment	Intangible Assets	Total
	Note	£'000	£'000	£'000
<b>At 1<sup>st</sup> April 2009</b>		<b>0</b>	<b>0</b>	<b>0</b>
Transfers (to)/from Property, Plant & Equipment	11a	0	0	0
Transfers (to)/from Intangible Assets	10	0	0	0
Gains or losses recognised on remeasurement of non-current assets held for sale		0	0	0
Disposals of non-current assets held for sale		0	0	0
<b>As at 31<sup>st</sup> March 2010</b>	<b>BS</b>	<b>0</b>	<b>0</b>	<b>0</b>

		Property, Plant & Equipment	Intangible Assets	Total
	Note	£'000	£'000	£'000
<b>At 1<sup>st</sup> April 2008</b>		<b>0</b>	<b>0</b>	<b>0</b>
Transfers (to)/from Property, Plant & Equipment	11a	0	0	0
Transfers (to)/from Intangible Assets	10	0	0	0
Gains or losses recognised on remeasurement of non-current assets held for sale		0	0	0
Disposals of non-current assets held for sale		0	0	0
<b>As at 31<sup>st</sup> March 2009</b>	<b>BS</b>	<b>0</b>	<b>0</b>	<b>0</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### PROPERTY, PLANT & EQUIPMENT DISCLOSURES

Note 11d

2009 £'000		Note	£'000
	<b>Net book value of tangible fixed assets at 31 March</b>		
10,568	Purchased	11a	9,794
0	Donated	11b	0
10,568	<b>Total</b>	BS	9,794
0	Net book value related to land valued at open market value at 31 March		0
0	Net book value related to buildings valued at open market value at 31 March		0
	<b>Total value of assets held under:</b>		
0	Finance Leases and Hire Purchase Contracts		0
0	PFI / PPP contracts		0
0			0
	<b>Total depreciation charged in respect of assets held under:</b>		
0	Finance Leases and hire purchase contracts		0
0	PFI and PPP contracts		0
0			0

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### INVENTORIES

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

Note 12

NHS 24 has no inventory at 31<sup>st</sup> March 2010 (2009 - £NIL).

### TRADE AND OTHER RECEIVABLES

Note 13

2008 £'000	2009 £'000		Note	£'000
		<b>Receivables due within one year</b>		
		<b>NHS Scotland</b>		
0	59	- SGHD		13
1,701	698	- Boards		552
<b>1,701</b>	<b>757</b>	<b>Total NHS Scotland Receivables</b>		<b>565</b>
0	0	NHS Non-Scottish Bodies		0
0	0	General Fund Debtor		0
3,415	614	VAT Recoverable		268
241	548	Prepayments		205
0	145	Other Receivables		42
0	0	Reimbursement of Provisions		100
154	7	Other Public Sector Bodies		0
0	0	Other Significant Receivables		0
<b>5,511</b>	<b>2,071</b>	<b>Total Receivables due within one year</b>	BS	<b>1,180</b>
		<b>Receivables due after more than one year</b>		
		<b>NHS Scotland</b>		
0	0	- SGHD		0
0	0	- Boards		0
0	0	Other Public Sector Bodies		0
0	147	Prepayments		0
0	0	Other Receivables		0
0	0	Reimbursement of Provisions		0
<b>0</b>	<b>147</b>	<b>Total Receivables due after more than one year</b>	BS	<b>0</b>
<b>5,511</b>	<b>2,218</b>	<b>TOTAL RECEIVABLES</b>		<b>1,180</b>
50	8	The total receivables figure above includes a provision for bad debts of :		10
		<b>WGA Classification</b>		
1,700	698	NHSScotland		552
3,505	680	Central Government Bodies		281
0	0	Whole of Government Bodies		0
0	0	Balances with NHS bodies in England and Wales		0
306	840	Balances with bodies external to Government		347
<b>5,511</b>	<b>2,218</b>	<b>Total</b>		<b>1,180</b>

<b>2009</b>		<b>£'000</b>
<b>£'000</b>	Movements on the provision for impairment of debtors are as follows:	<b>£'000</b>
50	At 1 April 2009	8
8	Provision for debtors impairment	10
(44)	Debtors written off during the year as uncollectible	(5)
(6)	Unused amounts reversed	(3)
<u>8</u>	<b>At 31 March 2010</b>	<u>10</u>

As of 31 March 2010, debtors with a carrying value of £10k (2009: £8k) were impaired and provided for. The amount of the provision was £10k (2009:£8k). The aging of these receivables is as follows:

<b>2009</b>		<b>£'000</b>
<b>£'000</b>		<b>£'000</b>
0	3 to 6 months past due	0
8	Over 6 months past due	10
<u>8</u>		<u>10</u>

The receivables assessed as individually impaired were mainly staff who have left the organisation owing money.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2010, debtors of carrying value of £9k (2009:£90k) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:

<b>2009</b>		<b>£'000</b>
<b>£'000</b>		<b>£'000</b>
47	Up to 3 months past due	8
43	3 to 6 months past due	1
0	Over 6 months past due	0
<u>90</u>		<u>9</u>

The receivables assessed as past due but not impaired were mainly Health Boards and there is no history of default from these customers recently.

Concentration of credit risk is limited due to NHS 24's debtors all being Health Boards and Government bodies.

The credit quality of receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available. Where no external credit rating is available, historical information about counterparty default rates is used.

Receivables that are neither past due nor impaired are shown by their credit risk below;

<b>2009</b>		<b>£'000</b>
<b>£'000</b>	Counterparties with external credit ratings	<b>£'000</b>
0	A	0
0	BB	0
0	BBB	0
	Counterparties with no external credit rating:	
0	New customers	0
698	Existing customers with no defaults in the past	556
0	Existing customers with some defaults in the past	0
<u>698</u>	<b>Total neither past due or impaired</b>	<u>556</u>

The maximum exposure to credit risk is the fair value of each class of receivable. The NHS Board does not hold any collateral as security.

<b>2009</b>		<b>£'000</b>
<b>£'000</b>	The carrying amount of debtors are denominated in the following currencies:	<b>£'000</b>
2,218	Pounds	1,180
0	Euros	0
0	US Dollars	0
<u>2,218</u>		<u>1,180</u>

The carrying amount of short term receivables approximates to their fair value.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### AVAILABLE FOR SALE FINANCIAL ASSETS

Note 14

2008 £'000	2009 £'000			£'000
0	0	Government Securities		0
0	0	Other		0
0	0	<b>Total</b>	BS	0
£'000	£'000			£'000
		<b>At 1 April 2009</b>		
0	0	Additions		0
0	0	Disposals		0
0	0	Impairment recognised in Operating Cost Statement		0
0	0	Revaluation surplus / (deficit) transfer to equity		0
0	0	<b>At 31 March 2010</b>		0
0	0	Current	BS	0
0	0	Non-current	BS	0
0	0	<b>At 31 March 2010</b>		0

### CASH AND CASH EQUIVALENTS

Note 15

	Note	At 01/04/09 £000s	Cash Flow £000s	At 31/03/10 £000s
PGO Account Balance		466	15	481
Cash at Bank and in Hand		18	(5)	13
<b>Total Cash and Cash Equivalents – Balance Sheet</b>	BS	<b>484</b>	<b>10</b>	<b>494</b>
Overdrafts	16	0	0	0
<b>Total Cash – Cash Flow Statement</b>		<b>484</b>	<b>10</b>	<b>494</b>
	Note	At 01/04/08 £000s	Cash Flow £000s	At 31/03/09 £000s
PGO Account Balance		120	346	466
Cash at Bank and in Hand		19	(1)	18
<b>Total Cash and Cash Equivalents – Balance Sheet</b>	BS	<b>139</b>	<b>345</b>	<b>484</b>
Overdrafts	16	0	0	0
<b>Total Cash – Cash Flow Statement</b>		<b>139</b>	<b>345</b>	<b>484</b>

Cash at bank is with major UK banks. The credit risk associated with cash at bank is considered to be low.



# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### TRADE AND OTHER LIABILITIES

Note 16

2008 £'000	2009 £'000		Note	£'000
		<b>Payables due within one year</b>		
		<b>NHSScotland</b>		
0	0	SGHD		0
1,362	1,989	Boards		655
<b>1,362</b>	<b>1,989</b>	<b>Total NHSScotland Payables</b>		<b>655</b>
0	0	NHS Non-Scottish Bodies		0
139	484	General Fund Payable		494
0	0	FHS Practitioners		0
0	0	Trade Payables		0
3,585	2,838	Accruals		3,299
0	0	Deferred income		0
0	0	Payments received on account		0
0	0	Interest payable		0
0	0	Net obligations under Finance Leases	22	0
0	0	Net obligations under PPP/PFI Contracts	23	0
0	0	Bank overdrafts	15	0
686	750	Income tax and social security		770
390	438	Superannuation		434
0	0	Clinical/Medical negligence claims		0
0	0	VAT		0
0	0	Other Public Sector Bodies		0
0	0	EC Carbon Emissions Grant		0
65	8	Other payables		0
<b>6,227</b>	<b>6,507</b>	<b>Total Payables due within one year</b>	BS	<b>5,652</b>
		<b>Payables due after more than one year</b>		
		<b>NHSScotland</b>		
0	0	- SGHD		0
0	0	- Boards		0
0	0	Other Public Sector Bodies		0
0	0	Net obligations under Finance Leases due within 5 years	22	0
0	0	Net obligations under Finance Leases due after 5 years	22	0
0	0	Net obligations under PPP/PFI Contracts due within 5 years	23	0
0	0	Net obligations under PPP/PFI Contracts due after 5 years	23	0
0	0	EC Carbon Emissions Grant		0
0	0	Accruals		0
0	0	Other		0
<b>0</b>	<b>0</b>	<b>Total Payables due after more than one year</b>	BS	<b>0</b>
<b>6,227</b>	<b>6,507</b>	<b>TOTAL PAYABLES</b>		<b>5,652</b>
		<b>WGA Classification</b>		
1,362	1,989	NHSScotland		655
0	1,188	Central Government Bodies		1,204
0	0	Whole of Government Bodies		0
0	0	Balances with NHS Bodies in England and Wales		0
4,865	3,330	Balances with bodies external to Government		3,793
<b>6,227</b>	<b>6,507</b>	<b>Total</b>		<b>5,652</b>

**TRADE AND OTHER LIABILITIES, cont.**

<b>2009</b>		
<b>£'000</b>	Borrowings included above comprise:	<b>£'000</b>
0	Bank overdrafts	0
0	Finance Leases	0
0	PFI Contracts	0
<b>0</b>	<b>Total</b>	<b>0</b>

<b>2009</b>	The carrying amount and fair value of the non-current borrowings are as follows	
<b>£'000</b>	<b>Carrying amount</b>	<b>£'000</b>
0	Finance Leases	0
0	PFI Contracts	0
<b>0</b>	<b>Total</b>	<b>0</b>

<b>2009</b>	The carrying amount and fair value of the non-current borrowings are as follows	
<b>Fair Value</b>		<b>Fair Value</b>
<b>£'000</b>	<b>Fair value</b>	<b>£'000</b>
0	Finance Leases	0
0	PFI Contracts	0
<b>0</b>	<b>Total</b>	<b>0</b>

The carrying amount of short term payables approximates their fair value.

<b>2009</b>	The carrying amount of payables are denominated in the following currencies	
<b>£'000</b>		<b>£'000</b>
6,507	Pounds	5,652
0	Euros	0
0	US Dollars	0
<b>6,507</b>	<b>Total</b>	<b>5,652</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### PROVISIONS

Note 17

	Pensions & Similar obligations £'000	Clinical & Medical £'000	EC Carbon Emissions £'000	Other £'000	Total £'000
<b>At 1 April 2009</b>	<b>0</b>	<b>244</b>	<b>0</b>	<b>60</b>	<b>304</b>
Arising during the year	0	0	0	161	161
Utilised during the year	0	0	0	(5)	(5)
Unwinding of discount	0	0	0	0	0
Reversed unutilised	0	(85)	0	(5)	(90)
<b>At 31 March 2010</b>	<b>0</b>	<b>159</b>	<b>0</b>	<b>211</b>	<b>370</b>

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as debtors in note 13.

#### Analysis of expected timing of discounted flows

	Pensions & Similar obligations £'000	Clinical & Medical £'000	EC Carbon Emissions £'000	Other £'000	Total £'000
Current	0	159	0	20	179
Non-current	0	0	0	191	191
<b>At 31 March 2010</b>	<b>0</b>	<b>159</b>	<b>0</b>	<b>211</b>	<b>370</b>

#### Provisions – Prior Year

	Pensions & Similar obligations £'000	Clinical & Medical £'000	EC Carbon Emissions £'000	Other £'000	Total £'000
<b>At 1 April 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>593</b>	<b>593</b>
Arising during the year	0	244	0	40	284
Utilised during the year	0	0	0	(393)	(393)
Unwinding of discount	0	0	0	0	0
Reversed unutilised	0	0	0	(180)	(180)
<b>At 31 March 2009</b>	<b>0</b>	<b>244</b>	<b>0</b>	<b>60</b>	<b>304</b>

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as debtors in note 13.

#### Analysis of expected timing of discounted flows

	Pensions & Similar obligations £'000	Clinical & Medical £'000	EC Carbon Emissions £'000	Other £'000	Total £'000
Current	0	244	0	20	264
Non-current	0	0	0	40	40
<b>At 31 March 2009</b>	<b>0</b>	<b>244</b>	<b>0</b>	<b>60</b>	<b>304</b>

	<b>Pensions &amp; Similar obligations</b>	<b>Clinical &amp; Medical</b>	<b>EC Carbon Emissions</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Current	0	0	0	593	593
Non-current	0	0	0	0	0
<b>At 31 March 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>593</b>	<b>593</b>

### **Pensions and similar obligations**

The Board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 1.8% in real terms. NHS 24 currently has no such cases.

### **Clinical & Medical**

The Clinical and Medical provision is based on a review of all outstanding and potential claims for which NHS 24 may be liable. Provision is made for all claims assessed by CLO as "Category 3" plus a view on the likely outcome of "Category 2" claims. All Category 2 and 3 claims that are not provided for are disclosed as contingent liabilities in Note 19.

### **EC Carbon Emissions**

NHS 24 does not participate in the EC Carbon Emissions scheme.

### **Other**

Dilapidations - This is a provision to re-instate the properties that NHS 24 leases to their original condition in line with the terms of the lease agreements. NHS 24 has contacted the local valuer for both sites to calculate the level of investment that would be required. The provision will increase equally in each year of the lease to reach the level of investment required at the end of the lease agreement.

NI/PAYE - NHS 24 has undertaken a review of its National Insurance and PAYE liabilities to quantify any monies that are owed money to HMRC. Based on the work carried out to date, working with a tax advisor from Deloitte, the liability is estimated at £20,000. This amount will be settled during 2010/11.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### MOVEMENT ON WORKING CAPITAL BALANCES

Note 18

2009 Net Movement £'000		Note	Opening Balances £'000	Closing Balances £'000	Net Movement £'000
<b>INVENTORIES</b>					
0	Balance Sheet	12	0	0	
<b>0</b>	<b>Net Decrease/(Increase)</b>				<b>0</b>
<b>TRADE AND OTHER RECEIVABLES</b>					
3,440	Due within one year	13	2,071	1,180	
(147)	Due after more than one year	13	147	0	
0	Less: Capital included in above		0	0	
0	Less: General Fund Debtor included in above		0	0	
			2,218	1,180	
<b>3,293</b>	<b>Net Decrease/(Increase)</b>				<b>1,038</b>
<b>TRADE AND OTHER PAYABLES</b>					
280	Due within one year	16	6,507	5,652	
0	Due after more than one year	16	0	0	
1,038	Less: Capital included in above		(656)	(307)	
0	Less: Bank Overdraft	16	0	0	
(345)	Less: General Fund Creditor included in above	16	(484)	(494)	
0	Less: Lease and PFI Creditors included in above	16	0	0	
0	Less: Interest payable included in above	16	0	0	
			5,367	4,851	
<b>973</b>	<b>Net (Decrease)/Increase</b>				<b>(516)</b>
<b>PROVISIONS</b>					
(289)	Balance Sheet	17	304	370	
0	Transfer from Provision to General Fund		0	0	
<b>(289)</b>	<b>Net (Decrease)/Increase</b>				<b>66</b>
<b>3977</b>	<b>NET MOVEMENT (Decrease)/Increase</b>				<b>588</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### CONTINGENT LIABILITIES

Note 19

The following contingent liabilities have not been provided for in the Accounts:

2009 £'000		Value £'000
245	Clinical and medical compensation payments	220
0	Employer's liability	0
0	Third party liability	0
0	Doubtful debts	0
0	Legal Claims for Equal Pay Disputes	0
0	Other	0
<b>245</b>	<b>TOTAL CONTINGENT LIABILITIES</b>	<b>220</b>

### CONTINGENT ASSETS

2009 £'000		Value £'000
200	Clinical and medical compensation payments	150
0	Employer's liability	0
<b>200</b>	<b>TOTAL CONTINGENT ASSETS</b>	<b>150</b>

#### Clinical and medical compensation payments

In the normal course of business, incidents which result in claims have occurred that cannot be quantified with a sufficient degree of certainty to allow an assessment to be made on whether a provision is required.

As a consequence, a contingent liability for £220,000 has been recognised in respect of these claims.

A contingent asset of £150,000 has also been recognised representing the monies that are recoverable from CNORIS in respect of the claims.

#### Equal Pay

NHS 24 has received 15 claims under the Equal Pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under their pay arrangements.

The basis of those claims is as follows:

- The Claimant's job has been rated as being of equivalent to that of their comparator using a valid Job Evaluation Study and/or is of equal value to that of their comparator.
- Their comparator is currently paid or has been paid more than them.
- They claim equal pay, back pay and interest (back pay is claimed for the statutory maximum of five years.)

In the case of Hartley v. Northumbria Healthcare NHS Trust the Employment Tribunal ruled that the Agenda for Change job evaluation scheme was not discriminatory. This decision has curtailed the possibility of claims for any period after 1 October 2004. This decision led to the withdrawal of a number of claims by claimants represented by a contingency fee solicitor. The decision in Hartley and other recent decisions call into question how, and whether, several other aspects of claims will be taken forward. Only claims for the period prior to 1 October 2004 are likely to be progressed

and the claimants will still have to establish that their jobs were of equal value to comparator jobs for that period.

Some cases are now being pursued that seek to establish the position in relation to specific aspects of claims that may impact on their scope and the potential comparator jobs that could be considered. In particular there is a test case that is considering the validity of the explanation which has been provided by the respondents as to why claimants and comparators doing jobs of equal value were in fact paid differently. The explanation is around the different collective bargaining structures that were in place for different staff groups. The outcome of this case will be important and will inform decision making about the strength of similar defences in other cases.

Claims still do not provide sufficient detail about the comparator jobs to allow an estimate to be made of the likelihood of the success of the claims or of any financial impact that they may have. The NHS Scotland Central Legal Office and Equal Pay Unit are continuing to monitor the progress of all equal pay claims in NHS Scotland and the developments relating to NHS equal pay claims elsewhere that may further inform the position. They continue to advise that it is not possible to provide any financial quantification at this stage because of the lack of information available. On the basis of their view the appropriate accounting treatment is to disclose the claims as a contingent liability that it is not possible to quantify.

## **POST BALANCE SHEET EVENTS**

**Note 20**

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

None.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### COMMITMENTS

Note 21

2009 £'000	Capital Commitments The Board has the following Capital Commitments which have not been provided for in the accounts	Property, plant and equipment £'000	Intangible assets £'000	Total £'000
	<b>Contracted</b>			
0	WAN Programme	299	0	299
<b>0</b>	<b>Total</b>	<b>299</b>	<b>0</b>	<b>299</b>
	<b>Authorised but not Contracted</b>			
0	None	0	0	0
<b>0</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Other financial commitments

The Board has entered into no other non-cancellable contracts (which are not leases or PFI contracts).

2009 £'000	The payments to which the Board is committed during 2009/10, analysed by the period during which the commitments expire are as follows:	£'000		
0	Expiry within 1 year	0	0	0
0	Expiry within 2 to 5 years	0	0	0
0	Expiry after 5 years	0	0	0
<b>0</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Financial Guarantees, Indemnities and Letter of Comfort

The Board has entered into the following quantifiable guarantees, indemnities or provided letters of comfort. None of these is a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. They therefore fall to be measured following the requirements of IAS 39.

Managing public money requires that the full potential costs of such contracts be reported. These costs are reproduced in the table below.

2009 £'000		At 1 April 2009 £'000	Increase in year £'000	Liabilities crystallised in year £'000	Obligation expired in year £'000	At 31 March 2010 £'000
	Guarantees					
0	None	0	0	0	0	0
	Indemnities					
0	None	0	0	0	0	0
	Letter of comfort					
0	None	0	0	0	0	0
<b>0</b>	<b>Amount reported to Parliament by departmental Minute</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### COMMITMENTS UNDER LEASES

Note 22

<b>2009</b> <b>£'000</b>	<b>Operating Leases</b> Total future minimum lease payments under operating leases are given in the table below for the each of the following periods.	<b>£'000</b>
	<b>Obligations under operating leases comprise:</b>	
	<b>Land</b>	
0	Not later than one year	0
0	Later than one year, not later than five years	0
0	Later than five years	0
	<b>Buildings</b>	
0	Not later than one year	22
869	Later than one year, not later than five years	0
0	Later than five years	1,284
	<b>Other</b>	
38	Not later than one year	20
72	Later than one year, not later than five years	62
0	Later than five years	0
	<b>Amounts charged to Operating Costs in the year were:</b>	
0	Hire of equipment (including vehicles)	0
0	Other operating leases	0
<u>0</u>	<b>Total</b>	<u>0</u>
	<b>Contingent rents recognised as an expense in the period were:</b>	
0	Contingent rents	0
<b>2009</b> <b>£'000</b>	<b>Finance Leases</b> Total future minimum lease payments under finance leases are given in the table below for the each of the following periods.	<b>£'000</b>
	<b>Obligations under Finance leases comprise:</b>	
	<b>Buildings</b>	
0	Rentals due within one year	0
0	Rentals due between two and five years (inclusive)	0
<u>0</u>	Rentals due after five years	<u>0</u>
<u>0</u>	Less interest element	<u>0</u>
<u>0</u>		<u>0</u>
	<b>Other</b>	
0	Rentals due within one year	0
0	Rentals due between two and five years (inclusive)	0
<u>0</u>	Rentals due after five years	<u>0</u>
<u>0</u>	Less interest element	<u>0</u>
<u>0</u>		<u>0</u>
	This total net obligation under finance leases is analysed in Note 16 (Creditors)	
	<b>Aggregate Rentals Receivable in the year</b>	
<u>0</u>	Total of finance & operating leases	<u>0</u>

**COMMITMENTS UNDER PFI CONTRACTS**

**Note 23**

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

NHS 24 has no commitments under PFI Contracts.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### PENSION COSTS

### Note 24

NHS 24 participates in the National Health Service Superannuation Scheme for Scotland which is a notional defined benefit scheme where contributions are credited to the Exchequer and the balance in the account is deemed to be invested in a portfolio of Government securities. The pension cost is assessed every five years by the Government Actuary; details of the most recent actuarial valuation can be found in the separate statement of the Scottish Public Pensions Agency (SPPA).

The NHS Superannuation Scheme for Scotland is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. NHS 24 will therefore account for its pension costs on a defined contribution basis as permitted by IAS 19.

For 2009/10, normal employer contributions of £3,607k were payable to SPPA (2008/09 - £3,523k) at the rate of 13.5% (2008/09: 14%) of total pensionable salaries. In addition, during the accounting period, NHS 24 incurred additional costs of £NIL (2008/09 - £NIL) arising from the early retirement of staff. The most recent actuarial valuation discloses a balance of £370 million to be met by future contributions from employing authorities.

Provisions / Liabilities / Pre-payments amounting to £NIL are included in the Balance Sheet and reflect the difference between the amounts charged to the Operating Cost Statement and the amounts paid directly.

Changes to the scheme were implemented from 1 April 2008. Existing staff, and those joining the scheme up to 31 March 2008, will keep the benefits of the existing scheme but will be given the choice to transfer to the new scheme.

#### Existing Scheme

The Scheme provides benefits on a "final salary" basis at a normal retirement age of 60. Annual benefits are normally based on 1/80<sup>th</sup> of the best of the last three years' pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay tiered contribution rates ranging from 5% to 8.5% of pensionable earnings. Pensions are increased in line with the Retail Prices Index.

On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the Scheme pays a lump-sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Child allowances are payable according to the number of dependant children and whether there is a surviving parent who will get a Scheme widow/widower's pension. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately where the member has more than two years service. Where service exceeds 5 years, the pension is calculated using specially enhanced service, with a maximum enhancement of 10 years.

Members aged 50 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this, the member will be able to retire on the full pension and lump sum they have earned.

#### New 2008 arrangements:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 65. Pension will have an accrual rate of 1/60<sup>th</sup> and be calculated on the basis of the average of the best consecutive three years pensionable pay in the ten years before retirement. There is an option to exchange part of Pension benefits for a cash lump sum at retirement, up to 25% of overall Pension Value. Members pay tiered contribution rates from 5% to 8.5% of pensionable earnings. Pension and allowances are index linked to protect their value.

Members aged 55 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this the member will be able to retire on the full pension and lump sum which they have earned.

	<b>2009-10</b>	<b>2008-09</b>
	<b>£'000</b>	<b>£'000</b>
Pension cost charge for the year	3,607	3,523
Additional costs arising from early retirement	0	0
Provisions/ Pre-payments included in the Balance Sheet	0	0

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### FIRST TIME ADOPTION OF IFRS

**Note 25**

For all periods up to and including the year ended 31 March 2009, NHS 24 prepared its annual report and accounts in accordance with UK GAAP. For the year ended 31 March 2010, NHS 24 is required to prepare its annual report and accounts in accordance with International Financial Reporting Standards (IFRS) as interpreted by the IFRem.

IFRS 1 requires that where an entity adopted IFRS for the first time, comparative amounts should be restated to reflect the new accounting policies, and that the date of transition to IFRS is the beginning of the earliest comparative year reported in the financial statements. For NHS 24, applying IFRS from 2009/10, this means that the effective date of transition to IFRS is 1 April 2008.

The IFRS also requires that accounting policies are applied retrospectively i.e. as if the transactions had always been accounted for under the new policy.

#### Reconciliation of Operating Cost Statement for the year ended 31 March 2009 from UK GAAP to IFRS £'000

<b>Net operating cost for 2008/09 under UK GAAP</b>	56,977
UK GAAP Prior year adjustment	0
<b>Restated Net operating cost for 2008/09 under UK GAAP</b>	<u>56,977</u>
Adjustments for:	
IAS 38 Intangible assets	0
IFRS 5 Non-current assets held for sale	0
IAS 19 Employee Benefit	73
IAS 17 Leases	0
IFRIC 12 Service Concession arrangements	0
IAS 36 Impairment of Assets	0
IAS 16 Property, Plant and Equipment	0
IAS 37 Provisions	0
<b>Net operating cost for 2008/09 under IFRS</b>	<u>57,050</u>

#### Reconciliation of Impairment Losses for the year ended 31 March 2009 from UK GAAP to IFRS £'000

	Charged to OCS	Taken to Revaltn Reserve	Total
<b>Net Impairment Losses Previously Recognised for 2008/09 under UK GAAP</b>	(65)	0	(65)
Adjustments for:			
IAS 38 Intangible assets	0	0	0
IFRS 5 Non-current assets held for sale	0	0	0
IAS 36 Impairment of Assets	0	0	0
IAS 16 Property, Plant and Equipment	0	0	0
<b>Net Impairment Losses Recognised for 2008/09 under IFRS</b>	<u>(65)</u>	<u>0</u>	<u>(65)</u>

An explanation of the adjustments made on first time adoption of IFRS is provided below.

#### IAS 19 Employee benefit

IAS19 applies to the accounting for employee benefits, which states that entities must recognise the expected cost of short term accumulating compensated absences. An exercise to cost the amount of holiday entitlement owed to staff at the end of each financial year has been carried out. To recognise the costs an accrual has been reflected in the balance sheet.

# NHS 24

## SUPPLEMENTARY DATA

FOR THE YEAR ENDED 31 MARCH 2010

### 25b. FIRST TIME ADOPTION OF IFRS

Details of UK GAAP and Other IFRS Adjustments are noted below;

Adj Ref	Narrative	Account	2007/08	2007/08	2008/09	2008/09
			DR £'000	CR £'000	DR £'000	CR £'000
Adj 1	Holiday Pay Accrual 31/3/08	OCS	58			
Adj 1	Holiday Pay Accrual 31/3/08	Accruals		58		
Adj 2	Holiday Pay Accrual 31/3/09	OCS			131	
Adj 2	Holiday Pay Accrual 31/3/09	Accruals				131
Total			58	58	131	131

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009

### RESTATED BALANCE SHEET

Note 26

	Per UK GAAP Accts 2008/09 £'000	UK GAAP Adjs £'000	Restated UK GAAP 2008/09 £'000	IAS 19 Employee Benefit £'000	IFRS Balance Sheet 2008/09 £'000
<b>Non-current assets:</b>					
Property, plant & equipment	10,568	0	10,568	0	10,568
Intangible assets	1,323	0	1,323	0	1,323
Financial assets:					
Trade and other receivables	147	0	147	0	147
<b>Total non-current assets</b>	<b>12,038</b>	<b>0</b>	<b>12,038</b>	<b>0</b>	<b>12,038</b>
<b>Current Assets:</b>					
Inventories	0	0	0	0	0
Trade and other receivables	2,071	0	2,071	0	2,071
Cash and cash equivalents	484	0	484	0	484
<b>Total current assets</b>	<b>2,555</b>	<b>0</b>	<b>2,555</b>	<b>0</b>	<b>2,555</b>
<b>Total assets</b>	<b>14,593</b>	<b>0</b>	<b>14,593</b>	<b>0</b>	<b>14,593</b>
<b>Current liabilities</b>					
Provisions	(264)	0	(264)	0	(264)
Trade and other payables	(6,376)	0	(6,376)	(131)	(6,507)
<b>Total current liabilities</b>	<b>(6,640)</b>	<b>0</b>	<b>(6,640)</b>	<b>(131)</b>	<b>(6,771)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>	<b>7,953</b>	<b>0</b>	<b>7,953</b>	<b>(131)</b>	<b>7,822</b>
<b>Non-current liabilities</b>					
Provisions	(40)	0	(40)	0	(40)
Financial liabilities:					
Trade and other payables	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>(40)</b>	<b>0</b>	<b>(40)</b>	<b>0</b>	<b>(40)</b>
<b>Assets less liabilities</b>	<b>7,913</b>	<b>0</b>	<b>7,913</b>	<b>(131)</b>	<b>7,782</b>
<b>Taxpayers' Equity</b>					
<b>Opening General Fund at 1 April 2008</b>	<b>11,283</b>	<b>0</b>	<b>11,283</b>	<b>(58)</b>	<b>11,225</b>
Funding Drawn down	53,604	0	53,604	0	53,604
Movement in General Fund (Creditor)/Debtor	(345)	0	(345)	0	(345)
Non-cash charges – cost of capital	315	0	315	0	315
Transfers between reserves	6	0	6	0	6
Net operating cost for the year	(56,977)	0	(56,977)	(73)	(57,050)
<b>Closing General Fund at 31 March 2009</b>	<b>7,886</b>	<b>0</b>	<b>7,886</b>	<b>(131)</b>	<b>7,755</b>
<b>Opening Revaluation Reserve at 1 April 2008</b>	<b>33</b>	<b>0</b>	<b>33</b>	<b>0</b>	<b>33</b>
Transfers between reserves	(6)	0	(6)	0	(6)
<b>Closing Revaluation Reserve at 31 March 2009</b>	<b>27</b>	<b>0</b>	<b>27</b>	<b>0</b>	<b>27</b>
<b>Total Taxpayers' Equity</b>	<b>7,913</b>	<b>0</b>	<b>7,913</b>	<b>(131)</b>	<b>7,782</b>

**RESTATED BALANCE SHEET - PRIOR YEAR**  
FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2008

	Per UK GAAP Accts 2007/08 £'000	UK GAAP Adjs £'000	Restated UK GAAP 2007/08 £'000	IAS 19 Employee Benefit £'000	IFRS Balance Sheet 2007/08 £'000
<b>Non-current assets:</b>					
Property, plant & equipment	12,190	0	12,190	0	12,190
Intangible assets	238	0	238	0	238
Financial assets:					
Trade and other receivables	0	0	0	0	0
<b>Total non-current assets</b>	<b>12,428</b>	<b>0</b>	<b>12,428</b>	<b>0</b>	<b>12,428</b>
<b>Current Assets:</b>					
Inventories	0	0	0	0	0
Trade and other receivables	5,511	0	5,511	0	5,511
Cash and cash equivalents	139	0	139	0	139
<b>Total current assets</b>	<b>5,650</b>	<b>0</b>	<b>5,650</b>	<b>0</b>	<b>5,650</b>
<b>Total assets</b>	<b>18,078</b>	<b>0</b>	<b>18,078</b>	<b>0</b>	<b>18,078</b>
<b>Current liabilities</b>					
Provisions	(593)	0	(593)	0	(593)
Trade and other payables	(6,169)	0	(6,169)	(58)	(6,227)
<b>Total current liabilities</b>	<b>(6,762)</b>	<b>0</b>	<b>(6,762)</b>	<b>(58)</b>	<b>(6,820)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>	<b>11,316</b>	<b>0</b>	<b>11,316</b>	<b>(58)</b>	<b>11,258</b>
<b>Non-current liabilities</b>					
Provisions	0	0	0	0	0
Financial liabilities:					
Trade and other payables	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Assets less liabilities</b>	<b>11,316</b>	<b>0</b>	<b>11,316</b>	<b>(58)</b>	<b>11,258</b>
<b>Taxpayers' Equity</b>					
<b>Opening General Fund at 1 April 2007</b>	<b>11,283</b>	<b>0</b>	<b>11,283</b>	<b>(58)</b>	<b>11,225</b>
Revaluation Reserve	33	0	33	0	33
Donated Asset Reserve	0	0	0	0	0
Other Reserves	0	0	0	0	0
Government Grant	0	0	0	0	0
<b>Total Taxpayers' Equity</b>	<b>11,316</b>	<b>0</b>	<b>11,316</b>	<b>(58)</b>	<b>11,258</b>



# NHS 24

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### FINANCIAL INSTRUMENTS

Note 27

#### 27a Financial Instruments by Category

##### Financial Assets

	Note	Loans and Receivables £'000	Assets at Fair Value through profit and loss £'000	Available for sale £'000	Total £'000
<b>At 31 March 2010</b>					
<b>Assets per balance sheet</b>					
Investments	14	0	0	0	0
Derivative financial instruments	28	0	0	0	0
Trade and other receivables excluding VAT, prepayments, reimbursements of provisions	13	42	0	0	42
Cash and cash equivalents	15	494	0	0	494
		536	0	0	536

	Note	Loans and Receivables £'000	Assets at Fair Value through profit and loss £'000	Available for sale £'000	Total £'000
<b>At 31 March 2009</b>					
<b>Assets per balance sheet</b>					
Investments	14	0	0	0	0
Derivative financial instruments	28	0	0	0	0
Trade and other receivables excluding VAT, prepayments, reimbursements of provisions	13	152	0	0	152
Cash and cash equivalents	15	484	0	0	484
		636	0	0	636

##### Financial Liabilities

	Note	Liabilities at Fair Value through profit and loss £'000	Other Financial Liabilities £'000	Total £'000
<b>At 31 March 2010</b>				
<b>Liabilities per balance sheet</b>				
Finance lease liabilities	16	0	0	0
PFI Liabilities	16	0	0	0
Derivative financial instruments	28	0	0	0
Trade and other payables excluding statutory liabilities and superannuation	16	0	3,793	3,793
		0	3,793	3,793

<b>At 31 March 2009</b>	<b>Note</b>	<b>Liabilities at Fair Value through profit and loss £'000</b>	<b>Other Financial Liabilities £'000</b>	<b>Total £'000</b>
<b>Liabilities per balance sheet</b>				
Finance lease liabilities	16	0	0	0
PFI Liabilities	16	0	0	0
Derivative financial instruments	28	0	0	0
Trade and other payables excluding statutory liabilities and superannuation	16	0	3,330	3,330
		0	3,330	3,330

## **27b FINANCIAL RISK FACTORS**

### **Exposure to Risk**

The NHS Board's activities expose it to a variety of financial risks:

Credit risk - the possibility that other parties might fail to pay amounts due

Liquidity risk - the possibility that the NHS Board might not have funds available to meet its commitments to make payments

Market risk - the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

Because of the largely non-trading nature of its activities and the way in which government departments are financed, the NHS Board is not exposed to the degree of financial risk faced by business entities.

The Board provides written principles for overall risk management, as well as written policies such as Standing Financial Instructions covering good practice in financial management.

#### **a) Credit Risk**

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and other institutions, only independently rated parties with an minimum rating of 'A' are accepted.

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the NHS Board.

The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period and no losses are expected from non-performance by any counterparties in relation to deposits.

#### **b) Liquidity Risk**

The Scottish Parliament makes provision for the use of resources by the NHS Board for revenue and capital purposes in a Budget Act for each financial year. Resources and accruing resources may be used only for the purposes specified and up to the amounts specified in the Budget Act. The Act also specifies an overall cash authorisation to operate for the financial year. The NHS Board is not therefore exposed to significant liquidity risks.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impacting of discounting is not significant.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
<b>At 31 March 2010</b>				
PFI Liabilities	0	0	0	0
Finance lease liabilities	0	0	0	0
Derivative financial instruments	0	0	0	0
Trade and other payables excluding statutory liabilities	3,299	0	0	0
	<u>3,299</u>	<u>0</u>	<u>0</u>	<u>0</u>

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
<b>At 31 March 2009</b>				
PFI Liabilities	0	0	0	0
Finance lease liabilities	0	0	0	0
Derivative financial instruments	0	0	0	0
Trade and other payables excluding statutory liabilities	2,846	0	0	0
	<u>2,846</u>	<u>0</u>	<u>0</u>	<u>0</u>

### c) Market Risk

The NHS Board has no powers to borrow and invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the NHS Board in undertaking its activities.

#### i) Cash flow and fair value interest rate risk

The NHS Board has no significant interest bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of changes in market interest rates.

#### ii) Foreign Currency Risk

The NHS Board is not exposed to foreign exchange rates.

#### iii) Price risk

The NHS Board is not exposed to equity security price risk.

### 27c FAIR VALUE ESTIMATION

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current HM Treasury interest rate that is available for similar financial instruments.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### DERIVATIVE FINANCIAL INSTRUMENTS

Note 28

2008 £'000	2009 £'000		2010 £'000
		<b>Assets</b>	
		Forward foreign currency contract	
0	0	Balance at 1 April	0
0	0	Additions	0
0	0	Repayments and disposals	0
0	0	Revaluation	0
<b>0</b>	<b>0</b>	<b>Balance at 31 March</b>	<b>0</b>
		<b>Liabilities</b>	
		Forward foreign currency contract	
0	0	Balance at 1 April	0
0	0	Additions	0
0	0	Repayments and disposals	0
0	0	Revaluation	0
<b>0</b>	<b>0</b>	<b>Balance at 31 March</b>	<b>0</b>
<b>0</b>	<b>0</b>	Gain / loss recognised in operating cost statement	<b>0</b>
<b>0</b>	<b>0</b>	The notional principal amounts of the outstanding forward exchange contracts at 31 March were:	<b>0</b>

# NHS 24

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### RELATED PARTY TRANSACTIONS

### Note 29

The Board had a small number of transactions with other government departments and other central government bodies.

No board member, key manager or other related party has undertaken any material transactions with the Board during the year.

# NHS 24

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### SEGMENTAL INFORMATION

	Note 30		
	Segment 1 Clinical £'000	Segment 2 Corporate £'000	2010 £'000
Net operating cost	45,057	19,168	64,225

### SEGMENTAL INFORMATION – PRIOR YEAR

	Segment 1 Clinical £'000	Segment 2 Corporate £'000	2009 £'000
Net operating cost	39,840	17,210	57,050

# NHS 24

## **NOTES TO THE ACCOUNTS** FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

### **THIRD PARTY ASSETS**

**Note 31**

NHS 24 does not have any third party assets.



**NHS 24**

**DIRECTION BY THE SCOTTISH MINISTERS**

- 1. The Scottish Ministers, in exercise of the powers conferred by sections 86(1), (1B) and (3) of the National Health Service (Scotland) Act 1978, as read with article 5(1) of and the Schedule to the NHS 24 (Scotland) Order 2001, (S.S.I. 2001/137), and all powers enabling them in that behalf, hereby give the following direction.**
- 2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.**
- 3. Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.**
- 4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.**
- 5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.**

A handwritten signature in black ink, appearing to be 'M. R.', written over a faint, illegible stamp or background.

Signed by the authority of the Scottish Ministers

Dated: 10/02/06