



BORDERS HEALTH BOARD

**ANNUAL ACCOUNTS
FINAL**

2009/10

BORDERS HEALTH BOARD

ANNUAL ACCOUNTS AND NOTES FOR THE YEAR ENDED 31 MARCH 2010

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March 2010

1. Naming convention

NHS Borders is the common name for Borders 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 report which accompanies the Directors' report.

3. Date of issue

The financial statements were approved and authorised for issue by the Board on 21 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 23 First Time Adoption of IFRS and Note 24 Restated Balance Sheet.

5. Accounting convention

The Annual Accounts and Notes have been prepared under the historical cost convention 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 through profit and loss. The Accounts have been prepared under a direction issued by Scottish Ministers which should be included as an annex to the accounts.

The statement of the accounting policies, which have been adopted, 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. For the financial years 2006/2007 to 2011/12 the Auditor General has appointed PricewaterhouseCoopers LLP to undertake the audit of NHS Borders. 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.

7. Board membership

Under the terms of the Scottish Health Plan, the NHS Board is a board of governance.

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 a strategic level.

The Health Board has collective responsibility for the performance of the local NHS system as a whole, and reflects a partnership approach, which is essential to improving health and health care. The members of the NHS Board who served during the year from 1st April 2009 to 31st March 2010 were as follows:

Non-Executive Members

Mrs M Wilson, Chair
Mrs E Cameron, Non-Executive Director
Mrs J Croall, Non-Executive Director (to 31 March 2010)
Mrs C Duthie, Non-Executive Director
Mrs J Edey, Non-Executive Director

Mrs A Ferahi, Non-Executive Director (to 31 January 2010)
 Mr A Lucas, Non-Executive Director
 Cllr S Scott, Non-Executive Director
 Dr D Steele, Non-Executive Director (from 1 May 2009)
 Mr V Summers, Non-Executive Director

Executive Members

Mr J Glennie, Chief Executive (to 31 December 2009)
 Mr C Campbell, Chief Executive (from 1 January 2010)
 Dr E Baijal, Director of Public Health (from 13 July 2009)
 Dr A Mordue, Acting Director of Public Health (to 12 July 2009)
 Dr W Cameron, Medical Director
 Mrs L Hamilton-Welsh, Director of Workforce
 Mr R Kemp, Director of Finance (to 31 December 2010)
 Mrs J Davidson, Director of Finance (from 1 January 2010)
 Mr R Pearson, Director of Planning and Performance (to 31 March 2010)
 Mr R Roberts, Chief Operating Officer
 Mrs L Smith, Interim Director of Nursing and Midwifery (to 31 January 2010)
 Mrs S Wright, Director of Nursing and Midwifery (from 1 January 2010)

The Board members' responsibilities in relation to the accounts are set out in statements following this report.

8. Board members' and senior managers' interests

Details of any interests of board members, senior managers and other senior staff in contracts or potential contractors with the Health board as required by IAS 24 are disclosed in Note 26.

A register of interests, which includes details of company directorships or other significant interests held by Board members that may conflict with their management responsibilities, is available by contacting the Office of the Chief Executive at the NHS Board headquarters in Newstead, Melrose.

9. Directors third party indemnity provisions

No third party indemnity has been in place for any Director of the Board at any time during the financial year.

10. Pension Liabilities

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown within Note 22 and the remuneration report.

11. Remuneration for non audit work

No remuneration has been made to PricewaterhouseCoopers LLP in respect of any non audit work carried out on behalf of the NHS Board.

12. Value of Land

There are no differences between the market value and the balance sheet value of land.

13. Payment policy

The Scottish Government is committed to supporting business during the current economic climate by paying bills more quickly. The intention is to achieve payment of all undisputed invoices, where possible, within 10 working days, across all public bodies.

The target has been communicated to all non-departmental public bodies, who are working towards the accelerated payment target of 10 working days.

Prior to this, the NHS Board did endeavour to comply with the principles of The Better Payment Practice Code by processing suppliers invoices for payment without unnecessary delay and by settling them in a timely manner. The payment statistics (relating only to non-NHS suppliers) were as follows:

	2009/10	2008/09
Average period of credit taken	13 days	16 days

Percentage of invoices by volume paid within 30 days	92%	90%
Percentage of invoices by value paid within 30 days	89%	88%
Percentage of invoices by volume paid within 10 days	67%	60%
Percentage of invoices by value paid within 10 days	60%	54%

14. **Corporate governance**

The Board met monthly during the year to progress the business of the NHS Board. The NHS Board is supported by a number of standing committees which are directly accountable to it:

- Clinical Governance
- Audit
- Staff Governance
- Public Governance
- Information Governance
- Community Health and Care Partnership
- Ethics Committee

Clinical Governance Committee

The purpose of the Clinical Governance Committee is to assist the NHS Board to deliver its statutory responsibility for the quality of healthcare that it provides. In particular, the Committee will seek to provide assurance to the Board that appropriate systems are in place, which ensure that clinical governance and clinical risk management arrangements are working effectively to safeguard and improve the quality of clinical care.

The membership of the Clinical Governance committee comprised Mrs. J Croall (to December 2009), Mrs. C Duthie, Mrs. J Edey (to November 2009), Mrs. A Ferahi (from July 2009 to December 2009), Mr. A Lucas (from September 2009), and Mr. V Summers. The committee was chaired by Mrs. J Croall to December 2009. It was then chaired by Mr. A Lucas from January 2010.

Minutes of each Clinical Governance Committee meeting are formally presented to the full NHS Board.

Audit Committee

The purpose of the Audit Committee is to assist the NHS Board to deliver its responsibilities for the conduct of its business, including the stewardship of funds under its control. In particular, the Committee will seek to provide assurance to the NHS Board that an appropriate system of internal control has been in place throughout the year.

The Audit Committee comprised Mrs. J Edey, Mr. A Lucas, and Dr. D Steele (from May 2009) and was chaired by Mrs. J Edey.

Minutes of each Audit Committee meeting are formally presented to the full NHS Board.

Staff Governance Committee

The purpose of the Staff Governance Committee is to provide assurance to the Board that NHS Borders meets its obligations in relation to staff governance under the National Health Service Reform (Scotland) Act 2004 and the Staff Governance Standard. In particular, the Committee will seek to ensure that staff governance mechanisms are in place that establish responsibility for performance against the Staff Governance Standard and ensure progress towards achievement of the standard.

The membership of the Staff Governance Committee comprised Mrs. E Cameron, Mrs. M Wilson, Mrs. J Croall, Mr. A Lucas, Dr. D Steele (from October 2009) and Mrs. A Ferahi (to January 2010). The Committee is chaired by Mrs. E Cameron.

Minutes of each Staff Governance Committee meeting are formally presented to the full NHS Board.

Public Governance Committee

The purpose of the Public Governance Committee is to ensure that the NHS Board discharges its legal obligation to involve, engage and consult patients, the public and communities in the planning and development of services and in the decision making process about the future pattern of services provided.

The membership of the Public Governance Committee comprised Mrs. C Duthie, Mrs. A Ferahi, Dr. D Steele (from May 2009), Mrs. E Cameron, Mr. A Pattinson, Mrs. L. Gallagher, Mrs. A Scobie, Mrs. M Simpson, Mr. A Leitch, Mr. G Donald, Mrs. G Jardine, Mrs. J Naylor, and was chaired by Mrs. C Duthie.

Minutes of each Public Governance Committee meeting are formally presented to the full NHS Board.

Information Governance Committee

The purpose of the Information Governance Committee is to ensure the framework within which NHS Borders manages the information it holds as an organisation is structured and monitored in order that the NHS Board delivers in line with the Information Governance Standards. The main principles aim to ensure that we handle information in a confidential and secure manner to appropriate ethical and quality standards. Information Governance covers all types of information and is the responsibility of all staff. The Committee reports to the Audit Committee of the NHS Board.

The membership of the Information Governance Committee comprised Mr. E Bajjal, Mr. R Pearson, Dr. W Cameron, Dr. A Mordue, Mrs. L Smith, Mrs. S Wright, Mrs. J Stephen, and was chaired by Dr. W Cameron.

Minutes of each Information Governance Committee meeting are formally presented to the Audit Committee.

Community and Health Care Partnership (CHCP)

The purpose of the Community and Health Care Partnership is to ensure that the partnership agreement delivers the objectives of the CHCP Strategic Plan by monitoring governance arrangements, plan progress, commission and redesign of jointly delivered services, to hold Joint Boards to account and drive forward health improvement. NHS Borders is a member of the Borders Community Health and Care Partnership. The Health Borders theme within New Ways is addressed mainly by the Borders CHCP, which includes NHS Borders, Scottish Borders Council's Education & Lifelong Learning and Social Work Departments, and the wider community and voluntary sector.

Core membership of the CHCP for the period 1 April 2009 to 31st March 2010 was

NHS Borders

NHS Borders Chief Executive

- Mr J Glennie (to December 2009)
- Mr C Campbell (from January 2010)

Chair NHS Borders

- Mrs. M Wilson

NHS Non-Executive Directors.

- Mrs. J Edey
- Mr. V Summers

Chair Joint Staff Forum

- Mrs. E Frame

Scottish Borders Council

Local Councillors Executive members

- Cllr. D Parker (Leader)
- Cllr. S Scott
- Cllr. C Bahtia
- Cllr. D Raw

Chair Joint Staff Forum

- Mrs. B Harrison

Minutes of each Community and Health Care Partnership meeting are formally presented to the full NHS Board.

Ethics Committee

NHS Borders refers any request for independent advice as to whether a given piece of research is ethical, and whether the dignity, rights, safety and wellbeing of individual research subjects are adequately protected to the South East Scotland Research and Ethics Service.

15. 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 they ought reasonably to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Board's auditors have been made aware of that information.

16. Human resources

As an Equal Opportunities employer NHS Borders is committed to supporting the equality and diversity agenda, and believes in employing staff based solely on their ability to undertake the duties of the wide range of posts within its organisation. NHS Borders provides employees with information on matters of concern and interest to them as employees by means of a weekly staff update, updates on specific issues, the staff induction programme and through contracts of employment. NHS Borders consults employees or their representatives so their views are taken into account in decisions affecting their interests by utilising Area and Local Partnership Fora.

17. Events after the end of the reporting period

There are no post balance sheet events.

18. 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 25.

Signed



Chief Executive

21 June 2010

BORDERS HEALTH BOARD

ANNUAL ACCOUNTS AND NOTES FOR THE YEAR ENDED 31 MARCH 2010

OPERATING AND FINANCIAL REVIEW

1. Principal activities and review of the year

The NHS Board was established in 1974 under the National Health Service (Scotland) Act 1974 and is responsible for providing health care services for the residents of the Scottish Borders, a total population of 116,240 (GP Practice List – January 2010)

The NHS Board forms a local health system, with single governing boards responsible for improving the health of their local populations and delivering the healthcare they require. The overall purpose of the NHS Board is to ensure the efficient, effective and accountable governance of the local NHS system and to provide strategic leadership and direction for the system as a whole.

The role of the NHS Board is to:

- improve and protect the health of the local people;
- improve health services for local people;
- focus clearly on health outcomes and people's experience of their local NHS system;
- promote integrated health and community planning by working closely with other local organisations; and
- provide a single focus of accountability for the performance of the local NHS system.

The functions of the NHS Board comprise:

- strategy development;
- resource allocation;
- implementation of the Local Health Plan; and
- performance management.

NHS Borders introduced a 3-year Strategic Change Programme in 2008. The programme was in response to continued challenges relating to increased activity, a tighter financial climate, sustainability issues, challenges set out in Better Health, Better Care Action Plan¹, and in order to implement further the strategic goals set out in Getting Fit for the Future². The Programme was introduced and managed as a programme with component projects and leads in order to ensure a coherent, coordinated approach to the work required

During 2009/10 two phases of work have been concluded the first of which saw NHS Borders introduce and establish its Strategic Change Programme (with six key projects) to deliver significant improvements in a number of areas whilst working within a tighter financial climate. Secondly, work included the development of service scenarios which were subject to clinical review, validation and subsequent re-modelling work. Work within the change programme has been embedded successfully within services across the organisation and the remaining outstanding activities continue to be progressed by the Board's Strategy Group.

2. Financial Performance and Position

The Scottish Government sets 3 financial targets at NHS Board level on an annual basis. These targets are:

- Revenue resource limit – a resource budget for ongoing operations;
- Capital resource limit – a resource budget for net capital investment; and
- Cash requirement – a financing requirement to fund the cash consequences of the ongoing operations and net capital investment.

¹ Scottish Government, 2007

² NHS Borders, 2006

NHS Boards are expected to contain their net expenditure within these limits, and to report on any variation from the limits as set.

The Board's performance against these financial targets is as follows:

	Limit as set by SGHD £000	Actual Outturn £000	Variance (Over)/Under £000
Revenue Resource limit	186,659	185,620	1,039
Capital Resource Limit	5,690	5,679	11
Cash Requirement	196,149	195,954	195

Memorandum for in-year outturn	£000
Brought forward surplus from previous financial year	568
Savings against in year Revenue Resource Limit	471

Provision for bad and doubtful debts

Debtors are stated net of a provision for doubtful debts of £57,000 (2008/2009: £57,000).

Outstanding Liabilities

'Trade and other payables' due within one year have increased from £28.0m in 2008/2009 to £31.7m at 2009/10. This reflects a purely timing difference in relation to receipt of allocations, income and the payment of invoices.

'Trade and other payables' due within one year as reported at 31st March 2009 have increased from £26.2m under UK GAAP to £28m under IFRS due to the inclusion of an accrual for holiday pay.

Legal Obligations

The Board has provided for £6.737m clinical medical negligence and staff compensation claims (2008/09: £6.433m) and £2.080m pension obligations (2008/09: £2.068m) at 31st March 2010.

Sickness Absence

During the year ended 31st March 2010, the NHS Borders average sickness absence rate was 4.48% (2008/09: 4.65%).

Information Governance

The number of information governance breaches of data protection/information security reported through the NHS Borders Incident Reporting system is 57 for 2009/10 (2008/09: 63). All incidents were investigated and appropriate action taken.

Patient Exemption Checking

Each year NHS Scotland Counter Fraud Services (CFS) carries out a programme of checks on patients claiming exemption from NHS prescription, dental and ophthalmic charges. These checks are targeted on those areas where the risk of fraud or error is assessed to be highest. As in previous years, CFS has used the results of this testing to produce extrapolations in an attempt to quantify the level of income potentially lost to the NHS due to patient exemption fraud or error. CFS has previously accepted that these extrapolations may not be a reliable indicator of the actual level of fraud/error or of any underlying trend. It is not considered that this potential patient exemption fraud/error arises as a result of any significant weakness in the Board's system of internal control and the NHS Board is satisfied that it, in conjunction with CFS, has taken all reasonable steps to mitigate the risk of any patient exemption fraud/error occurring. NHS Borders will continue to work with NHS Counter Fraud Services to ensure the maximum possible resource is available for health services in the Borders.

3. Performance against Key Non-Financial Targets

In December 2005 the Scottish Executive issued guidance to Boards requiring them to submit Local Delivery Plans (LDPs), which set targets for specified indicators of performance in four key areas; these are known as the HEAT targets, and cover Health improvement, Efficiency, Access and Treatment.

Health Improvement
<ul style="list-style-type: none"> 80% of all three to five year old children to be registered with an NHS dentist by 2010/11 Achieve agreed completion rates for child healthy weight intervention programme by 2010/11 Achieve agreed number of screenings using the setting-appropriate screening tool and appropriate alcohol brief intervention, in line with SIGN 74 guidelines by 2010/11 Through smoking cessation services, support 8% of each NHS Board's smoking population in successfully quitting (at one month post quit) over the period 2008/09 – 2010/11 Reduce suicide rate between 2002 and 2013 by 20%, supported by 50% of key frontline staff in mental health and substance misuse services, primary care, and accident and emergency being educated and trained in using suicide assessment tools/ suicide prevention training programmes by 2010 Increase the proportion of newborn children exclusively breastfed at 6-8 weeks from 26.6% in 2006/07 to 33.3% in 2010/11 Achieve agreed number of inequalities targeted cardiovascular health checks during 2009/10
Efficiency & Governance
<ul style="list-style-type: none"> NHS Boards to deliver agreed improved efficiencies for first outpatient attendance DNA, non-routine inpatient average length of stay, review to new outpatient attendance ratio and day case rate by March 2011 NHS Boards to operate within their agreed revenue resource limit; operate within their capital resource limit; meet their cash requirement NHS Boards to meet their cash efficiency target To increase the percentage of new GP outpatient referrals into consultant led secondary care services that are managed electronically to 90% from December 2010 NHS Scotland to reduce emissions over the period to 2011 Achieve universal utilisation of CHI (radiology requests) NHS Boards to ensure that at least 80% of staff covered by <i>Agenda for Change</i> have their annual Knowledge Skills framework development reviews completed and recorded on e-KSF by March 2011
Access
<ul style="list-style-type: none"> Provide 48 hour access or advance booking to an appropriate member of the GP Practice Team by 2010/11 The maximum wait from urgent referral with a suspicion of cancer to treatment for all cancers is 62 days; and the maximum wait from decision to treat to first treatment for all patients diagnosed with cancer will be 31 days from December 2011 As a milestone to achieving 18 weeks referral to treatment, no patient will wait longer than 12 weeks from referral to a first outpatient appointment from 31 March 2010 As a milestone to achieving 18 weeks referral to treatment, no patient will wait longer than 12 weeks from being placed on a waiting list to admission for an admission for an inpatient or day case treatment from 31 March 2010 To offer drug misusers faster access to appropriate treatment to support their recovery NHS Boards to deliver faster access to Child and Adolescent Mental Health Services

Treatment
<ul style="list-style-type: none"> • QIS clinical governance and risk management standards improving
<ul style="list-style-type: none"> • Reduce the annual rate of increase of defined daily dose per capita of antidepressants to zero by 2009/10, and put in place the required support framework to achieve a 10% reduction in future years
<ul style="list-style-type: none"> • Reduce the number of readmissions (within one year for those that have had a psychiatric hospital admission of over seven days by 10% by the end of December 2009)
<ul style="list-style-type: none"> • To achieve agreed reductions in the rates of hospital admissions and bed days of patients with primary diagnosis of COPD, Asthma, Diabetes or CHD, from 2006/7 to 2010/11
<ul style="list-style-type: none"> • Improvement in the quality of healthcare experience
<ul style="list-style-type: none"> • Increase the level of older people with complex care needs receiving care at home

<ul style="list-style-type: none"> • Each NHS Board will achieve agreed improvements in the early diagnosis and management of patients with dementia by March 2011
<ul style="list-style-type: none"> • To support shifting the balance of care, NHS Boards will achieve agreed reductions in the rates of attendance at A&E, between 2007/08 and 2010/11
<ul style="list-style-type: none"> • To reduce all staphylococcus aureus bacteraemia (including MRSA) by 30% nationally by 2010; to introduce and comply with local antimicrobial policies by 2010; and to reduce the rate of C.diff infection in hospitals by at least 30% by 2011
<ul style="list-style-type: none"> • By 2010/11, NHS Boards will reduce the emergency inpatient bed days for people aged 65 and over, by 10%, compared with 2004/05

Included in the NHS Borders Local Delivery Plan submission to Scottish Government the NHS Board is a commitment to achieving a target and also a specific trajectory of intermediate milestones. This is supplemented by an assessment of the main risks. A summary of progress against a sample of key targets as at March 2010 is provided below. Further information on performance against targets can be found as part of the NHS Board papers, specifically the HEAT Performance Scorecard, contained on the NHS Borders website.

Target 2009/10	Through smoking cessation services, support 8% of the Board's smoking population in successfully quitting
Performance	Exceeded the target trajectory of 997 by 212 to give a total of 1,209.
Target 2009/10	No patient will wait in excess of 62 days for urgent referral on suspicion of cancer
Performance	Achieved
Target 2009/10	No patient will wait longer than 9 weeks from referral to a first outpatient appointment from 31 March 2010
Performance	Achieved local trajectory target of 9 weeks, national target of 12 weeks
Target 2009/10	No patient will wait longer than 9 weeks from being placed on a waiting list to admission for an inpatient or day case treatment from 31 March 2010
Performance	Achieved local trajectory target of 9 weeks, national target of 12 weeks

Target 2009/10	To reduce all staphylococcus aureus bacteraemia (including MRSA) by 30% by 2010; to introduce and comply with local antimicrobial policies by 2010; and to reduce the rate of C.diff infection in hospitals by at least 30% by 2011
Performance	Reduce cases of staphylococcus aureus bacteraemia: performance outwith the trajectory level at 9, target was 2. Reduce rate of C.diff: performance exceeded the trajectory target of 6, performance reported at 3.

Throughout 2010/11 the Board will further develop its approach to performance management, particularly at the local level, to encompass its full range of responsibilities at all levels in the organisation.

4. Sustainability and Environmental Reporting

In conjunction with the Carbon Trust the Board has produced a Carbon Management Plan aimed at addressing a reduction in our carbon impact substantially by 2016. In meeting proposed targets, NHS Borders will save £1.8m and avoid emissions of 7,396 tonnes of CO₂.

Having a current annual energy spend of almost £2.5m, and a carbon footprint of 12,318 tonnes of CO₂ the organisation has undertaken a review of the areas of greatest impact, namely utility energy, transport, waste and water. Although current revenue expenditure will initially benefit, the impact of energy inefficient capital expenditure has also been examined with the result that the Carbon Management Plan will vigorously promote whole life costing in both new and major refurbishment schemes.

Headline areas, reported last year remain current as noted within the bullet points below:

- Raising staff awareness, education and training from the first day at work to the last day at work to encourage good housekeeping practices throughout the organisation's diverse property portfolio;
- Reducing energy consumption in buildings by reducing unnecessary usage (via "Switch Off" campaigns), increasing energy efficiency (heating, insulation and lighting) and prioritising and strengthening our approach to data monitoring and targeting;
- Reducing waste sent to landfill by improving waste minimisation and recycling initiatives within our property portfolio and reducing paper consumption;
- Reducing emissions from our vehicle fleet by procuring fuel efficient vehicles and low emission vehicles allied to specific driver training and improved monitoring of the fleet; and
- The introduction of carbon life cycle costing to the procurement process for all capital and revenue projects which will assist in assessing the efficiency of equipment and property and the related cost/carbon impact.

In addition considerable work has been undertaken in reviewing the feasibility of numerous engineering based proposals which will have a favourable impact on the Boards' carbon footprint, and presently through funding from the Carbon Trust the development of a Combined Heat and Power plant, serving the Borders General Hospital, is being explored in detail. It is hoped that through investment for the Board Capital Programme, supplemented by funding from the Central Energy Efficiency Fund, that this major project along with many other initiatives of varying degree of investment and complexity may be taken forward during the present financial year

NHS Borders has been monitoring its utility energy consumption, emissions and costs in excess of 15 years and reports this information on an annual basis to Health Facilities Scotland for inclusion in the NHS Scotland Annual Environmental Report.

Signed 

21 June 2010

Chief Executive

REMUNERATION REPORT

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

Remuneration Committee

The purpose of the Committee is to ensure the application and implementation of fair and equitable systems for pay and for performance management on behalf of the Board as determined by Scottish Ministers and the Scottish Government Health Directorate.

The Remuneration Committee comprised Mrs M Wilson, Mrs J Edey, Mrs C Duthie, and was chaired by Mrs M Wilson. Mr C Campbell and Mrs L Hamilton-Welsh are in attendance at the Committee meetings.

Policy on the remuneration of senior managers for current and future financial years.

Board members and senior employees are remunerated in accordance with the work and recommendations of the Senior Salaries Review Body.

Determination of senior employees remuneration

Remuneration levels are determined by the Remuneration Committee.

Performance Measurement

The Executive and Senior Manager pay arrangements established by HDL(2006)23, HDL(2006)54 and amended by HDL(2006)59 and HDL(2007)15 are mandatory for all employing authorities in NHS Scotland. HDL(2006)54 announced the creation of a National Performance Committee and HDL(2007)15 revised the requirements for the performance management of staff in the Executive cohort. Setting and agreeing performance objectives remains a key element of the performance management system for staff in the Executive and Senior Management cohorts. It is the responsibility of Health Boards and their Remuneration Committees, to oversee the local operation of these arrangements. The deliberations of Health Boards and the Remuneration Committee are subject to normal arrangements for internal and external audit.

Each member of staff covered by Executive and Senior Managers pay arrangements has an annual appraisal the results of which are considered by the Remuneration Committee. The Remuneration Committee will ask to have sight of appraisal documentation where they consider this appropriate. The outcome of the appraisal process is used to determine performance uplifts in line with the relevant Health Department Letters.

Board Members and Senior Employees Remuneration Report

The Board Members and Senior Employees Remuneration report, shown on the following pages, details Board Members' and Senior Employee's remuneration, in bandings of £5,000. These banding include any backdated salary payments made, and Board contributions made in respect of national insurance and pension.

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION (Audited Information)

FOR THE YEAR ENDED 31 MARCH 2010

	Salary & employer's pension contributions (Bands of £5,000)	Real increase in pension At age 60 (Bands of £2,500)	Total accrued pension at age 60 at 31 March (bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2009	Cash Equivalent Transfer Value (CETV) at 31 March 2010	Real increase in CETV in year	Benefits in kind
				£'000	£'000	£'000	£'000
Remuneration of:							
Executive Members							
Chief Executive: Mr C Campbell (from 1 January 2010)	30-35	*	*	*	*	*	0.0
Chief Executive: Mr J Glennie (to 31 December 2009)	115-120	0-2.5	55-60	1,412	1,434	-5	3.1
Director of Public Health: Dr E Bajjal (from 13 July 2009)	130-135	*	*	*	*	*	0.0
Acting Director of Public Health: Dr A Mordue (to 12 July 2009)	35-40						0.0
Director of Finance: Mrs J Davidson (from 1 January 2010)	25-30	*	*	*	*	*	0.0
Director of Finance: Mr R Kemp (to 31 December 2009)	90-95	7.5-10	35-40	619	835	171	1.9
Medical Director: Dr W Cameron	165-170	0-2.5	55-60	1,091	1,157	1	2.5
Director of Nursing & Midwifery: Mrs S Wright (from 1 January 2010)	20-25	*	*	*	*	*	0.0
Interim Director of Nursing & Midwifery: Mrs L Smith (to 31 January 2010)	**	**	**	**	**	**	**
Director of Workforce: Mrs L Hamilton-Welsh	80-85	*	*	*	*	*	0.0
Director of Planning and Performance: Mr R Pearson (to 31 March 2010)	90-95	0-2.5	15-20	220	229	11	3.1
Chief Operating Officer: Mr R Roberts	95-100	0-2.5	20-25	297	342	20	1.7
Non Executive Members							
Chair: Mrs M Wilson	30-35	0-0	0	0	0	0	2.8
Mrs J Croall (to 31 March 2010)	5-10	0-0	0	0	0	0	0
Mrs C Duthie	5-10	0-0	0	0	0	0	0
Mrs J Edey	5-10	0-0	0	0	0	0	0
Mrs A Ferahi (to 31 January 2010)	0-5	0-0	0	0	0	0	0
Mr A Lucas	5-10	0-0	0	0	0	0	0
Mr S Scott	5-10	0-0	0	0	0	0	0
Dr D Steele (from 1 May 2009)	5-10	0-0	0	0	0	0	0
Mr V Summers	5-10	0-0	0	0	0	0	0
Employee Director: Mrs E Cameron	45-50	0-0	0	0	0	0	1.7
Other Senior Employees							
Mr J Glennie (from 1 January 2010 to 31 March 2010)	30-35						
Mr R Kemp (from 1 January 2010)	25-30						
Mrs H Maughan (to 13 May 2009)	70-75						
Total				2,227	2,563	203	10.9

* These directors have transferred from other NHS bodies and their pension information is unavailable for publication at this time. It should be noted that these individuals did not withhold their consent to disclose this information.

Mr C Campbell (ABM University NHS Trust)
Mrs J Davidson (The State Hospitals Board)
Dr E Bajjal (NHS Highland)
Mrs L Hamilton-Welsh (NHS National Services Scotland)
Mrs S Wright (NHS Greater Glasgow & Clyde)

** Under the provisions of the Data Protection Act, the former Director has not given their permission to disclose their individual remuneration details nor are they included within the overall totals

Mrs E Cameron is employed by the Board as Employee Director for one session per week

Mrs H Maughan received a compensation payment of £33,147 for loss of office

Mr J Glennie retired from the organisation on 31 March 2010

Mr R Kemp retired from the organisation on 8 April 2010

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION (Audited Information)

FOR THE YEAR ENDED 31 MARCH 2009

	Salary & employers pension contributions (Bands of £5,000)	Real increase in pension At age 60 (Bands of £2,500)	Total accrued pension at age 60 at 31 March (bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2008	Cash Equivalent Transfer Value (CETV) at 31 March 2009	Real increase in CETV in year	Benefits in kind
				£'000	£'000	£'000	£'000
Remuneration of:							
Executive Members							
Chief Executive: Mr J Glennie	125-130	0-2.5	55-60	1,036	1,384	-96	3.2
Director of Public Health: Dr A Riley (to 14 September 2008)	70-75						
Acting Director of Public Health: Dr A Mordue (from 1 September 2008 to 31 March 2009)	70-75	0-2.5	20-25	347	491	49	0
Director of Finance: Mr R Kemp	95-100	0-2.5	30-35	518	694	26	3.1
Medical Director: Dr W Cameron	170-175	5-7.5	50-55	725	1,061	196	2.7
Nursing Director: Mrs H Maughan (to 16 March 2009)	70-75	0-2.5	0-5	7	24	20	0.5
Director of Workforce: Mrs L Hamilton-Welsh (from 5 May 2008)	65-70	0-2.5	0-5		27		0
Director of Planning and Performance: Mr R Pearson	80-85	0-2.5	10-15	144	195	16	3.1
Director of Integrated Health Services: Mr R Roberts	80-85	0-2.5	15-20	217	289	13	2.5
Non Executive Members							
Chair: Mrs M Wilson	25-30	0-0	0	0	0	0	2.5
Mrs J Croall	5-10	0-0	0	0	0	0	0
Mrs C Duthie	5-10	0-0	0	0	0	0	0
Mrs J Edey	5-10	0-0	0	0	0	0	0
Mrs A Ferahi	5-10	0-0	0	0	0	0	0
Mr A Lucas	5-10	0-0	0	0	0	0	0
Mr S Scott	5-10	0-0	0	0	0	0	0
Mrs G Strickland	5-10	0-0	0	0	0	0	0
Mr V Summers	5-10	0-0	0	0	0	0	0
Employee Director: Mrs E Cameron	45-50	0-0	0	0	0	0	1.8
Other Senior Employees							
Director of Organisational Development: Mrs I Morris (to 31 December 2008)	60-65						
Total				2,994	4,292	454	19.4

Signed



21 June 2010

Chief Executive

BORDERS HEALTH BOARD

ANNUAL ACCOUNTS 2009/2010

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE HEALTH BOARD

Under Section 15 of the Public Finance and Accountability (Scotland) Act, 2000, The Principal Accountable Officer (PAO) of the Scottish Executive has appointed me as Accountable Officer of Borders Health Board.

This designation carries with it, responsibility for:

- the propriety and regularity of financial transactions under my control;
- for the economical, efficient and effective use of resources placed at the Board's disposal; and
- 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; and
- 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 Officers letter to me of the 3rd April 2003.

Signed 
Chief Executive

21 June 2010

BORDERS HEALTH BOARD

ANNUAL ACCOUNTS 2009/2010

STATEMENT OF HEALTH BOARD MEMBERS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Under the National Health Service (Scotland) Act 1978, the Health Board 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 the Health Board as at 31 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 the NHSScotland 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.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Board will continue to operate.

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

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

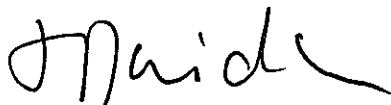
Signed



21 June 2010

Chair

Signed



21 June 2010

Director of Finance

BORDERS HEALTH BOARD

ANNUAL ACCOUNTS 2009/2010

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

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 terms of enabling me to discharge my responsibilities as Accountable Officer, the following arrangements and processes were in place throughout the financial year:

- a Board which meets regularly to consider the plans and strategic direction of the organisation, and consists of both executive and non executive members;
- single system governance and management arrangements with clear supporting lines of accountability and an agreed scheme of delegation and standing orders;
- the consideration by the Board of periodic reports from the chairs of the standing committees of staff governance, clinical governance, audit, public governance and community health and care partnership concerning any significant matters on governance and internal controls;
- a Risk Management Board responsible for monitoring specific risks, ensuring control measures are in place and measuring the completeness of the risk register. The escalation and management of risk is set out in the Risk Management Strategy and Policy.
- a strong focus on best value and commitment to ensuring that resources are used efficiently, effectively and economically, taking into consideration equal opportunities and sustainable development requirements.

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.

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 in the SPFM and supplementary NHS guidance and has been in place for the year ended 31 March 2010, and up to the date of approval of the annual report and accounts.

Risk and Control Framework

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

NHS Borders has in place a Risk Management Strategy; this strategy includes having a Risk Management Board (RMB), which is responsible for developing a single system of risk management for NHS Borders, and overseeing the development and maintenance of strategy and infrastructure. It monitors implementation of associated plans to co-ordinate the management of risk across the NHS Board using a consistent methodology and set of standards.

The RMB has its line of reporting to NHS Borders Audit Committee. The Audit Committee has responsibility as a standing committee of the Board for oversight of risk management systems and processes. Chaired by the

Director of Corporate Performance and Planning in 2009/10, currently the Director of Finance, the RMB's key remit continued to be the oversight of the development of risk management arrangements within NHS Borders. The key components of the NHS Board's risk management arrangements are the Risk Management Strategy, the Risk Register Policy and the Corporate Risk Register. The Corporate Risk Register summarises the main risks identified across the organisation and the processes by which these risks were managed.

Clinical governance and risk management arrangements were reviewed during the year by NHS Quality Improvement Scotland, and they reported that:

- the NHS Board is implementing its arrangements to control risk, continually monitor care and services and work in partnership with staff, patients and members of the public
- The NHS Board is implementing its emergency and continuity arrangements across the organisation
- the NHS Board is monitoring the effectiveness of arrangements for clinical and quality improvement across the organisation

There are training programmes, available to all staff, which include training on risk assessment, risk management for managers, risk register training, hazardous substances, general awareness of safety and display screen equipment risks. Practical training sessions provided by the organisation include a range of moving and handling training for staff primarily involved in patient handling, and also training for staff that may be exposed to violence and aggression.

NHS Borders is committed to Patient Safety, a recent Healthcare Environment Inspectorate visit highlighted a number of deficiencies in this area within the organisation. An action plan has been developed in response to the issues raised together with a prioritised implementation programme.

Audit reports received during 2009/10 highlighted a number of areas 'requiring improvement' in terms of the Financial Governance Framework. The main improvement areas will be a review of Board Standing Orders and Scheme of Delegation and a fully compliant system of authorising officers. These improvements to the Financial Governance Framework will continue into 2010/11.

The Staff Governance Committee is overseeing work to improve compliance with Working Time Directive legislation and regular reporting mechanisms are in place to progress this work. Added to that will be a strengthening of the process and systems to achieve compliance. Work will be completed on the formulation and adoption by the Board of a property management strategy that clearly identifies the property requirements of NHS Borders fully connected and consistent with identified service strategies.

A key area of work initiated in 2009/10 will be completed in 2010/11 which will formulate and allow adoption by the Board of a property management strategy that clearly identifies the property requirements of NHS Borders fully connected and consistent with identified service strategies.

Taking account of the work done, I consider that we have taken appropriate steps to ensure that we have discharged our responsibilities in relation to the management of risk.

Over the last twelve months, there has continued to be progress in the area of Information Governance. A complete set of Information Governance and Security Policies is now in place, along with a programme during 2010/11 to ensure staff awareness of these policies. As part of its ongoing strategy to improve security and compliance, the implementation of the Information Governance Standards is monitored using the Information Governance Toolkit developed by NHS Quality Improvement Scotland. The toolkit provides supporting information to enable a continuous review and strengthening its governance, risk management and compliance arrangements. A planned programme to encrypt all owned laptops is underway, and guidance has been issued regarding the use of Board owned encrypted USB flash drives.

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. In particular, in the period covering the year to 31 March 2010 and up to the signing of the accounts the organisation has continued to monitor, review and enhance its governance arrangements to support the organisational structure; that process includes a review underway specifically for a code of corporate governance.

NHS Borders is committed to best value, with robust processes in place to ensure that it strives to improve performance. In particular through the ongoing developments within our Integrated Health Strategy, we will be able to provide more efficient and effective delivery of patient care. There are also arrangements in place

whereby national performance reports issued by Audit Scotland are reviewed by the Board's Risk Management Board in order that local action plans are developed to implement improvements, and is also subject to an annual review process by the Scottish Government Health Directorates, again with plans developed to address any issues raised.

Review of Effectiveness

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- the executive 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 their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement;
- Statements of Assurance from the core governance committees of the NHS Board;
- and comments made by the external auditors in their management letters and other reports.

The control mechanisms are overseen and evaluated by the NHS Board, its standing committees (as detailed in the Directors' Report) and a number of other groups including

- the Remuneration Subcommittee, which is a subcommittee of the Staff Governance Committee and deals with all aspects of the Executive Pay arrangements;
- the Risk Management Board
- the Information Governance Committee

I have been advised in my review of the effectiveness of the system of internal control by the Board, the Audit Committee and Risk Management Board and plans to address weaknesses and ensure continuous improvement of the system are in place.

Highlighted in the Statements on Internal Control for 2008/2009 for NHS Borders were actions required to improve the control environment. Detailed below are updates on these actions:

The planned rollout of SSTS has been progressed and has increased the assurance of compliance to Terms and Conditions of Employment for NHS Borders staff. In addition by limiting the reliance on manual record keeping in respect of recording hours worked the use of the system will assist in the elimination of fraudulent pay claims. Roll out of the system will continue during 2010/11, plans are being compiled to maximise coverage of the system by early 2011.

Contingency testing of H1N1 Influenza plans and real time testing of the service continuity plans in response to the Adverse Weather circumstances were completed during 2009/10. Feedback and updating of these plans is ongoing in order to provide assurance to best practice and areas for development being incorporated in the Business Continuity Plans.

Key elements of the Workforce workplan have been implemented to improve compliance issues within the human resources function.

Comprehensive service continuity plans introduced during 2009/10, incorporating disaster recovery for key IT systems are embedded in operational practice and will be subject to regular review and testing.

Disclosures

During the year ended 31 March 2010, there were no significant control weaknesses or failure to achieve the standards set out in the guidance on the Statement on Internal Control.



C Campbell
Chief Executive and Accountable Officer
21 June 2010

Independent auditor's report to the members of the Borders Health Board, the Auditor General for Scotland and the Scottish Parliament

We have audited the financial statements of the Borders Health Board ("the 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. We 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, we 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 Health 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.

Our 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.

We report to you our 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. We report to you whether, in our opinion, the information which comprises the Operating and Financial Review and Directors' Report, included in the Annual Report, is consistent with the financial statements. We 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, we report to you if, in our opinion, the body has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

We review whether the Statement on Internal Control reflects the Health Board's compliance with the Scottish Government Health Directorate's guidance and we report if, in our opinion, it does not. We are 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.

We 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 the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our 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 Health 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.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us 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 our opinion, we 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 our 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 Health 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; and
- information which comprises the Operating and Financial Review and Directors' Report, included in the Annual Report, is consistent with the financial statements.

Regularity

In our 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Glasgow

21st June 2010

BORDERS HEALTH BOARD
OPERATING COST STATEMENT
FOR THE YEAR ENDED 31 MARCH 2010

2008/09 £'000		Note	£'000	2009/10 £'000
	Clinical Services Costs			
157,421	Hospital and Community	4	163,078	
13,986	Less: Hospital and Community Income	8	14,517	
<u>143,435</u>				148,561
43,724	Family Health	5	48,161	
1,781	Less: Family Health Income	8	2,703	
<u>41,943</u>				<u>45,458</u>
185,378	Total Clinical Services Costs			194,019
1,967	Administration Costs	6		2,283
3,723	Other Non Clinical Services	7	2,811	
<u>711</u>	Less: Other Operating Income	8	1,679	
<u>3,012</u>				1,132
<u>190,357</u>	Net Operating Costs	SOCTE		<u>197,434</u>

SUMMARY OF REVENUE RESOURCE OUTTURN

2008/09 £'000		£'000
	Net Operating Costs (per above)	197,434
	Capital Grants to Other Bodies	(507)
	Profit/(Loss) on disposal of property, plant and equipment and intangible assets	2
	Annually Managed Expenditure (Write Downs)	0
	Less: FHS Non Discretionary Allocation	(11,309)
	Net Resource Outturn	<u>185,620</u>
	Revenue Resource Limit	<u>186,659</u>
	Saving against Revenue Resource Limit	<u>1,039</u>

In addition to the Primary Statements, the Notes to the Accounts, numbered 1 to 28, form an integral part of the Accounts.

BORDERS HEALTH BOARD

BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2010

01-Apr-2008 £'000	31-Mar-2009 £'000		Note	£'000	31-Mar-2010 £'000
		Non-current assets			
104,953	104,670	Property, plant and equipment	11	105,289	
153	123	Intangible assets	10	232	
6537	6,497	Trade and other receivables	13	6,515	
<u>111,643</u>	<u>111,290</u>	Total non-current assets			112,036
		Current Assets			
847	810	Inventories	12	911	
4281	4,955	Trade and other receivables	13	6,179	
333	447	Cash and cash equivalents	15	1,583	
296	284	Assets classified as held for sale	11c	224	
<u>5,757</u>	<u>6,496</u>	Total current assets			8,897
117,400	117,786	Total Assets			120,933
		Current Liabilities			
(2,546)	(1,198)	Provisions	16	(471)	
<u>(20,743)</u>	<u>(27,976)</u>	Trade and other payables	15	<u>(31,595)</u>	
(23,289)	(29,174)	Total current liabilities			(32,066)
94,111	88,612	Non-current assets plus/less net current assets/liabilities			88,867
		Non-current liabilities			
(8,598)	(8,099)	Provisions	16	(8,550)	
<u>(1,780)</u>	<u>(1,694)</u>	Trade and other payables	15	<u>(1,616)</u>	
(10,378)	(9,793)	Total non-current liabilities			(10,166)
<u>83,733</u>	<u>78,819</u>	Assets less liabilities			<u>78,701</u>
		Taxpayers' Equity			
46,336	42,151	General Fund	SOCTE		42,161
35,072	34,088	Revaluation Reserve	SOCTE		34,029
<u>2,325</u>	<u>2,580</u>	Donated Asset Reserve	SOCTE		<u>2,511</u>
<u>83,733</u>	<u>78,819</u>	Total Taxpayers' Equity			<u>78,701</u>

Adopted by the Board on 21st June 2010



Director of Finance



Chief Executive

In addition to the Primary Statements, the Notes to the Accounts, numbered 1 to 28, form an integral part of the Accounts.

BORDERS HEALTH BOARD

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2010

2008/09 £'000		Note	£'000	2009/10 £'000
	Cash flows from operating activities			
(190,357)	Net operating cost	OCS	(197,434)	
8,197	Adjustments for non-cash transactions	3	7,002	
(634)	(Increase) / decrease in trade and other receivables	17	(1,242)	
37	(Increase) / decrease in inventories	17	(101)	
5,552	Increase / (decrease) in trade and other payables	17	3,251	
(1,847)	Increase / (decrease) in provisions	17	(276)	
(179,052)	Net cash outflow from operating activities			(188,800)
	Cash flows from investing activities			
(4,262)	Purchase of property, plant and equipment	11a	(5,832)	
0	Purchase of intangible assets	10	(180)	
0	Proceeds of disposal of property, plant and equipment	9	77	
(4,262)	Net cash outflow from investing activities			(5,935)
	Cash flows from financing activities			
183,402	Funding	SOCTE	194,818	
114	Movement in general fund working capital	SOCTE	1,136	
183,516	Cash drawn down		195,954	
(88)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		(83)	
183,428	Net Financing			195,871
114	Net Increase / (decrease) in cash and cash equivalents in the period			1,136
0	Cash and cash equivalents at the beginning of the period			447
114	Cash and cash equivalents at the end of the period			1,583
	Reconciliation of net cash flow to movement in net debt/cash			
114	Increase/(decrease) in cash in year			1,136
333	Net debt/cash at 1 April	14		447
447	Net debt/cash at 31 March	14		1,583

In addition to the Primary Statements, the Notes to the Accounts, numbered 1 to 28, form an integral part of the Accounts.

BORDERS HEALTH BOARD
STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2010

	Note	General Fund £'000	Revaluation Reserve £'000	Donated Asset Reserve £'000	Total Reserves £'000
Balance at 31 March 2009 under UK GAAP		45,479	32,785	2,580	80,844
Prior year adjustments for First Time Adoption of IFRS	24	(3,328)	1,303	0	(2,025)
Restated balance at 1 April 2009 under IFRS	BS	42,151	34,088	2,580	78,819
Changes in taxpayers' equity for 2009/10					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	11	0	167	(223)	(56)
Receipt of donated assets	11b	0	0	221	221
Revaluation & impairments taken to operating costs	3	0	42	0	42
Release of reserves to the operating cost statement	11b	0	0	(290)	(290)
Non-cash charges - cost of capital	3	2,581	0	0	2,581
Transfers between reserves		45	(268)	223	0
Net operating cost for the year		(197,434)	0	0	(197,434)
Total recognised income and expense for 2009/10		(194,808)	(59)	(69)	(194,936)
Funding:					
Drawn down		195,954			195,954
Movement in General Fund (Creditor) / Debtor		(1,136)			(1,136)
Balance at 31 March 2010	BS	42,161	34,029	2,511	78,701

In addition to the Primary Statements, the Notes to the Accounts, numbered 1 to 28, form an integral part of these Accounts.

	Note	General Fund £'000	Revaluation Reserve £'000	Donated Asset Reserve £'000	Total Reserves £'000
Balance at 31 March 2008 under UK GAAP		49,621	33,757	2,325	85,703
Prior year adjustments for First Time Adoption of IFRS	24	(3,285)	1,315	0	(1,970)
Restated balance at 1 April 2008 under IFRS		46,336	35,072	2,325	83,733
Changes in taxpayers' equity for 2008/09					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	11	0	(975)	0	(975)
Impairment of property, plant and equipment	11	0	(802)	0	(802)
Receipt of donated assets	11b	0	0	493	493
Revaluation & impairments taken to operating costs	3	0	802	0	802
Release of reserves to the operating cost statement	11b	0	0	(238)	(238)
Non-cash charges - cost of capital	3	2,761	0	0	2,761
Transfers between reserves		9	(9)	0	0
Net operating cost for the year		(190,357)	0	0	(190,357)
Total recognised income and expense for 2008/09		(187,587)	(984)	255	(188,316)
Funding:					
Drawn down		183,516	0	0	183,516
Movement in General Fund (Creditor) / Debtor		(114)	0	0	(114)
Balance at 31 March 2009	BS	42,151	34,088	2,580	78,819

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

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 29 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 in Notes 23 and 24.

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 Property, Plant & Equipment 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 Property, Plant and Equipment in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the 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 by applying appropriate price indices issued by SGHD. A depreciated historical cost basis is used 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:

Asset Category/Component	Useful Life
Buildings (including structure; engineering; and external plant)	8-50 years
Site Services	10-45 years
Surfacing	5-23 years
Moveable engineering plant and equipment and long-life medical equipment	15 years
Furniture and medium-life medical equipment	10 years
Mainframe information technology installations	8 years
Vehicles and soft furnishings	7 years
Office, information technology, short-life medical and other equipment	5 years

The review of IFRS Shadow Accounts 2008/09 undertaken by PricewaterhouseCoopers (PwC) in November 2009 recommended that the Board should re-evaluate the useful economic life of its assets to ensure that they remain consistent with the latest estimate of usefulness to the Board.

Following the Shadow Accounts exercise, a review of the Board's existing medical equipment assets was undertaken to check that the assets had been accurately recorded on the property, plant and equipment register. The review determined that some of the assets had been incorrectly added to the property, plant and equipment register with a short-term life of 5 years, whereas the actual useful economic life of such assets was 10 years. This change in measurement, within the Board's existing Accounting Policies, gave rise to a credit of £376k to operating costs in 2009/10.

It is proposed that the Board updates its Accounting Policies with effect from 1st April 2010 so that there is sufficient flexibility to ensure that all future property, plant and equipment additions reflect the useful economic lives of the specific assets purchased:

Short to Medium life medical equipment – 7 years

Vehicles and soft furnishing – 5-10 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:

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 assets where expenditure of at least £5,000 is incurred.

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 asset 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 has been reclassified as 'Held for Sale' ceases to be amortised upon the reclassification.

Amortisation is charged on a straight line basis.

The following asset lives have been used:

Asset Category/Component	Useful Life
Application Software	5-10 years
Software Licences	5-10 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. Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Balance Sheet initially at the current full replacement cost of the asset. The value of donated assets is credited to the Donated Asset Reserve. Where a donation covers only part of the total cost of the asset concerned, only that part element is included in the Donated Asset Reserve.

The accounting treatment, including the method of valuation, follows the rules in the NHS Capital Accounting Manual. Gains and losses on revaluations are also taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the operating cost statement. Similarly, any impairment on donated assets charged to the operating cost statement is matched by a transfer from the donated asset reserve. On sale of donated assets, the net book value of the donated asset is transferred from the donated asset reserve to the General Reserve.

10. 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.

11. 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.

12. 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.

13. 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.

14. Inventories

Inventories are valued at the lower of cost and net realisable value. Taking into account the high turnover of NHS inventories, the use of average purchase price is deemed to represent current cost. Work in progress is valued at the cost of the direct materials plus the conversion costs and other costs incurred to bring the goods up to their present location, condition and degree of completion.

15. 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.

16. 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.

17. 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 Borders 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' are assessed on an individual basis 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.

18. Related Party Transactions

Material related party transactions are disclosed in the Note 26 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4.

19. 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 property, plant and equipment. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

20. 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.

21. 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 18 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 18, 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.

22. 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.

23. 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 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.

24. 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 the senior management of the Board.

Operating segments are unlikely to directly relate to the analysis of expenditure shown in Notes 4 to 7 for Hospital & Community, Family Health and Other Service and Administration Costs, the basis of which relates to Scottish Government funding streams and the classification of which varies depending on Scottish Government reporting requirements.

25. 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.

26. 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.

27. 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.

28. 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.

29. 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.

Equal Pay Claims: NHS Borders has received 34 claims under the Equal Pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under their pay arrangements. NHS Borders has used the advice from the NHS Scotland Central Legal Office and Equal Pay Unit. It is not practicable to attempt to make any estimate of financial liability at this stage because the lack of information available would mean that any such estimate would be likely to be misleading.

Pension Provision: The pension provision is calculated using information received from the Scottish Public Pension Agency relating to former NHS Borders employees for whom NHS Borders have an ongoing pension liability. The liability is calculated using information obtained from SPPA and discount rates as per SGHD guidance.

Clinical and Medical Negligence Provision: The clinical and medical negligence provision is calculated using information received from the Central Legal Office regarding claims they have received relating to NHS Borders. The provision covers all claims classified as category 3 and category 2 which have been assessed as having a probability of settlement.

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

2. (a) STAFF NUMBERS AND COSTS

2008/09 £'000	Executive Board Members £'000	Non Executive Members £'000	Permanent Staff £'000	Other Staff £'000	Outward Secondees £'000	2009/10 Total £'000
STAFF COSTS						
80,033	871	95	84,541	0	(435)	85,072
5,882	95	6	6,104	0	(44)	6,161
10,064	115	0	10,307	0	(55)	10,367
0	0	0	0	0	0	0
7	0	4	0	0	0	4
1,394	0	0	0	1,559	0	1,559
97,380	1081	105	100,952	1,559	(534)	103,163
133	33	0	61	0	0	94
0	0	0	0	0	0	0
97,513	1114	105	101,013	1,559	(534)	103,257

Included in the total Staff Costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of:

ANNUAL MEAN	STAFF NUMBERS (EMPLOYEES BY WHOLE TIME EQUIVALENT)	ANNUAL MEAN
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30.4	Administration Costs	32.0
2,654.9	Hospital and Community Services	2,689.9
65.8	Non Clinical Services	86.4
46.5	Agency staff	50.6
(7.9)	Outward Secondees	(6.5)

2,789.7	Board Total Average Staff	2,852.4
1.0	Disabled staff	0.0

4.4 The total number of staff engaged directly on capital projects, included in Staff Numbers above and charged to capital expenditure was:

5.5

Note: Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme are in note 22

Note: The Disabled staff WTE details only those members of staff who are recorded as being disabled.

As a result, the data does not accurately reflect the number of staff with a disability working within the organisation due to individuals not wishing to disclose any disabilities

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

2. (b) HIGHER PAID EMPLOYEES REMUNERATION

2008/09 Number		2009/10 Number
	Clinicians	
31	£ 50,001 to £ 60,000	32
18	£ 60,001 to £70,000	21
14	£ 70,001 to £ 80,000	22
12	£ 80,001 to £ 90,000	16
5	£ 90,001 to £100,000	8
12	£100,001 to £110,000	6
12	£110,001 to £120,000	7
5	£120,001 to £130,000	13
7	£130,001 to £140,000	2
4	£140,001 to £150,000	13
6	£150,001 to £160,000	8
2	£160,001 to £170,000	4
2	£170,001 to £180,000	1
0	£200,001 and above	1
	Other employees whose remuneration fell within the following ranges:	
	Other	
11	£ 50,001 to £ 60,000	10
7	£ 60,001 to £70,000	10
0	£ 70,001 to £80,000	1
1	£ 80,001 to £ 90,000	1

3. OTHER OPERATING COSTS

2008/09 £'000		Note	2009/10 £'000
	Expenditure Not Paid In Cash		
4,604	Depreciation	11	4,325
30	Amortisation	10	71
2,761	Cost of Capital	SOCTE	2,581
802	Impairments on property, plant and equipment charged to OCS	11	84
0	Revaluation gains on property, plant and equipment charged to OCS	11	(42)
0	Gain on remeasurment of non-current assets held for sale	11c	(15)
0	(Profit) on disposal of purchased fixed assets	9	(2)
<u>8,197</u>	Total Expenditure Not Paid In Cash	CFS	<u>7,002</u>
	Statutory Audit		
<u>209</u>	External auditor's remuneration and expenses		<u>210</u>

The external auditor did not undertake any non-audit work for the Board during the financial year ended 31 March 2010

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

4. HOSPITAL AND COMMUNITY HEALTH SERVICES

2008/09	BY PROVIDER	2009/10
£'000		£'000
131,045	Treatment in Board area of NHSScotland Patients	134,300
18,086	Other NHSScotland Bodies	20,595
1,112	Health Bodies outside Scotland	1,140
64	Primary care bodies	82
3,491	Private sector	3,151
	Community Care	
2,542	Resource Transfer to Local Authorities for Care in the Community	2,626
779	Contributions to voluntary bodies and charities	871
157,119	Total NHSScotland Patients	162,765
302	Treatment of UK residents based outside Scotland	313
157,421	Total Hospital & Community Health Service	163,078

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

5. FAMILY HEALTH SERVICE EXPENDITURE

2008/09 £'000		Unified Budget £'000	Non discretionary £'000	2009/10 TOTAL £'000
14,383	Primary Medical Services	15,478	0	15,478
21,986	Pharmaceutical Services	20,268	3,770	24,038
5,926	General Dental Services	50	7,126	7,176
1,429	General Ophthalmic Services	17	1,452	1,469
43,724	Total	35,813	12,348	48,161

6. ADMINISTRATION COSTS

2008/09 £'000		2009/10 £'000
1,035	Board members' remuneration	1,219
75	Administration of Board Meetings and Committees	81
391	Corporate Governance and Statutory Reporting	375
295	Health Planning, Commissioning and Performance Reporting	291
34	Treasury Management and Financial Planning	41
44	Public Relations	40
93	Other	236
1,967	Total administration costs	2,283

7. OTHER NON CLINICAL SERVICES

2008/09 £'000		2009/10 £'000
14	Closed hospital charges	31
475	Compensation payments - Clinical	191
85	Compensation payments - Other	-593
415	Pension enhancement & redundancy	12
214	Patients' Travel Attending Hospitals	353
629	Health Promotion	680
1,328	Public Health	1,491
45	Emergency Planning	42
42	Post Graduate Medical Education	67
476	Other	537
3,723	Total Other Non Clinical Services	2,811

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

8. OPERATING INCOME

2008/09 £'000		2009/10 £'000
	Hospital and Community Healthcare Income	
	NHSScotland Bodies	
0	- SGHD	0
5,854	- Boards	6,680
3,330	NHS Non Scotland bodies	3,662
	Non NHS	
33	Private Patients	51
183	RTA Income	347
4,586	Other HCH income	3,777
13,986	Total Hospital and Community Healthcare Income	14,517
	Family Health Services Income	
754	Discretionary (Pharmaceutical Services)	1,664
	Non Discretionary	
1	General Ophthalmic Services	1
1,026	General Dental Services	1,038
1,781	Total Family Health Services Income	2,703
	Other Operating Income	
0	Profit on Disposal of Fixed Assets	2
238	Transfer from Donated Asset Reserve in respect of depreciation	290
473	Other	1,387
711	Total Other Operating Income	1,679
16,478	Total Operating Income	18,899
5,854	Of the above, the amount derived from NHS bodies is	6,680

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

9. ANALYSIS OF CAPITAL EXPENDITURE

2008/09 £'000		Note	2009/10 £'000
	EXPENDITURE		
0	Acquisition of Intangible Assets	10	180
5,831	Acquisition of Property, plant and equipment	11a	5,069
493	Donated Asset Additions	11b	221
(493)	Release from donated asset reserve		(221)
171	Capital Grants to Public Bodies		507
0	(Profit) on disposal of fixed assets		(2)
<u>6,002</u>	Gross Capital Expenditure		<u>5,754</u>
	INCOME		
0	Value of disposal of Non-Current Assets held for sale		75
0	Capital Income		75
<u>6,002</u>	Net Capital Expenditure		<u>5,679</u>
	SUMMARY OF CAPITAL RESOURCE OUTTURN		
	Net capital expenditure as above		5,679
	Capital Resource Limit		<u>5,690</u>
	Saving against Capital Resource Limit		<u>11</u>

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

10. INTANGIBLE ASSETS

	Note	Software Licences £'000	Information Technology - Software £'000	Total £'000
Cost or valuation				
At 1 April 2009		93	85	178
Additions	9	115	65	180
At 31 March 2010		208	150	358
Amortisation				
At 1 April 2009		29	26	55
Provided during the year	3	52	19	71
At 31 March 2010		81	45	126
Net book value at 1 April 2009		64	59	123
Net book value at 31 March 2010		127	105	232

INTANGIBLE ASSETS - PRIOR YEAR

	Note	Software Licences £'000	Information Technology - Software £'000	Total £'000
Cost or valuation				
At 1 April 2008		93	85	178
Additions	9	0	0	0
At 31 March 2009		93	85	178
Amortisation				
At 1 April 2008		13	12	25
Provided during the year	3	16	14	30
At 31 March 2009		29	26	55
Net book value at 1 April 2008		80	73	153
Net book value at 31 March 2009		64	59	123

BORDERS HEALTH BOARD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010

11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets)

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or valuation								
At 1 April 2009	4,409	94,374	1,136	11,284	3,038	676	1,495	116,412
Additions	0	2,704	55	880	651	20	759	5,069
Completions	0	1,408	0	0	0	0	(1,408)	0
Revaluation	88	(5,855)	42	0	0	0	0	(5,725)
Disposals	0	0	(8)	(13)	(741)	0	0	(762)
At 31 March 2010	4,497	92,631	1,225	12,151	2,948	696	846	114,994
Depreciation								
At 1 April 2009	3	3,844	893	7,322	1,937	323	0	14,322
Provided during the year	0	3,020	78	841	345	41	0	4,325
Revaluation	0	(5,892)	0	0	0	0	0	(5,892)
Disposals	0	0	(8)	(13)	(741)	0	0	(762)
At 31 March 2010	3	972	963	8,150	1,541	364	0	11,993
Net book value at 1 April 2009	4,406	90,530	243	3,962	1,101	353	1,495	102,090
Net book value at 31 March 2010	4,494	91,659	262	4,001	1,407	332	846	103,001

Open Market Value of Land and Dwellings Included Above

4,494

Asset Financing:

Owned	4,494	90,285	220	3,975	1,407	332	846	101,559
Finance Leased	0	1,398	0	2	0	0	0	1,400
	4,494	91,683	220	3,977	1,407	332	846	102,959

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

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or valuation								
At 1 April 2008	4,429	91,901	1,117	10,452	2,602	576	1,498	112,575
Additions	0	3,333	19	1,037	436	100	906	5,831
Completions	0	784	0	0	0	0	(784)	0
Transfers (to)/from non-current assets held for sale	(20)	28	0	0	0	0	0	8
Revaluation	0	(995)	0	0	0	0	0	(995)
Impairment Charge	0	(677)	0	0	0	0	(125)	(802)
Disposals	0	0	0	(205)	0	0	0	(205)
At 31 March 2009	4,409	94,374	1,136	11,284	3,038	676	1,495	116,412
Depreciation								
At 1 April 2008	3	870	778	6,335	1,679	282	0	9,947
Provided during the year	0	2,998	115	1,192	258	41	0	4,604
Transfers (to)/from non-current assets held for sale	0	(4)	0	0	0	0	0	(4)
Revaluation	0	(20)	0	0	0	0	0	(20)
Disposals	0	0	0	(205)	0	0	0	(205)
At 31 March 2009	3	3,844	893	7,322	1,937	323	0	14,322
Net book value at 1 April 2008	4,426	91,031	339	4,117	923	294	1,498	102,628
Net book value at 31 March 2009	4,406	90,530	243	3,962	1,101	353	1,495	102,090

Open Market Value of Land and Dwellings Included Above

4,406

Asset Financing:

Owned	4,406	89,055	243	3,945	1,101	353	1,495	100,598
Finance Leased	0	1,475	0	17	0	0	0	1,492
	4,406	90,530	243	3,962	1,101	353	1,495	102,090

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

11. (b) PROPERTY, PLANT & EQUIPMENT (Donated Assets)

	Buildings (excluding dwellings) £'000	Plant & Machinery £'000	Assets Under Construction £'000	Total £'000
Cost or valuation				
At 1 April 2009	2,199	1,578	5	3,782
Additions	141	80	0	221
Completions	5	0	(5)	0
Revaluation	(315)	0	0	(315)
Disposals	0	(19)	0	(19)
At 31 March 2010	2,030	1,639	0	3,669
Depreciation				
At 1 April 2009	155	1,047	0	1,202
Provided during the year	50	240	0	290
Revaluation	(92)	0	0	(92)
Disposals	0	(19)	0	(19)
At 31 March 2010	113	1,268	0	1,381
Net book value at 1 April 2009	2,044	531	5	2,580
Net book value at 31 March 2010	1,917	371	0	2,288
Net Book Value of Land Included Above	0			
Asset Financing:				
Owned	1,917	371	0	2,288
	1,917	371	0	2,288

PROPERTY, PLANT & EQUIPMENT (Donated Assets) - PRIOR YEAR

	Land & Buildings (excluding dwellings) £'000	Plant & Machinery £'000	Assets Under Construction £'000	Total £'000
Cost or valuation				
At 1 April 2008	1,957	1,340	0	3,297
Additions	242	246	5	493
Transfers	0	0	0	0
Revaluation	0	0	0	0
Disposals	0	(8)	0	(8)
At 31 March 2009	2,199	1,578	5	3,782
Depreciation				
At 1 April 2008	113	859	0	972
Provided during the year	42	196	0	238
Transfers	0	0	0	0
Revaluation	0	0	0	0
Disposals	0	(8)	0	(8)
At 31 March 2009	155	1,047	0	1,202
Net book value at 1 April 2008	1,844	481	0	2,325
Net book value at 31 March 2009	2,044	531	5	2,580
Net Book Value of Land Included Above	0			
Asset Financing:				
Owned	2,044	531	5	2,580
	2,044	531	5	2,580

BORDERS HEALTH BOARD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010

11 (c). ASSETS HELD FOR SALE

The following asset related to NHS Borders has been presented as held for sale following the approval for sale by management of the Board. The completion date for the sale of Jedburgh Cottage Hospital is expected to be within the 3 months from 31 March 2010.

During the year ended 31 March 2010, the Board completed the sale of its property at 31 Bowden Road.

		Property, Plant & Equipment £'000	Total £'000
At 1 April 2009		284	284
Transfers (to)/from property, plant and equipment	11a	0	0
Transfers (to)/from intangible assets	10	0	0
Gain or losses recognised on remeasurement of non-current assets held for sale	3	15	15
Disposals of non-current assets held for sale	9	(75)	(75)
As at 31 March 2010	BS	<u>224</u>	<u>224</u>

		Property, Plant & Equipment £'000	Total £'000
At 1 April 2008		296	296
Transfers (to)/from property, plant and equipment	11a	(12)	(12)
Transfers (to)/from intangible assets	10		0
Gain or losses recognised on remeasurement of non-current assets held for sale		0	0
Disposals of non-current assets held for sale		0	0
As at 31 March 2009	BS	<u>284</u>	<u>284</u>

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

11. (d) PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

2008/09 £'000			2009/10 £'000
	Net book value of tangible fixed assets		
102,090	Purchased	11a	103,001
2,580	Donated	11b	2,288
104,670	Total	BS	105,289
48	Net book value of land valued at open market value at 31 March		48
198	Net book value of buildings valued at open market value at 31 March		198
	Total value of assets held under:		
1,492	Finance leases		1,400
1,492			1,400
	Total depreciation charged in respect of assets held under:		
1,043	Finance leases		1,135
1,043			1,135

Land and buildings were fully revalued by James Barr at 31 March 2010 on the basis of fair value (market value or depreciated replacement cost where appropriate).

Other tangible fixed assets were revalued on the basis of indices at 31 March.

The net impact was a reduction in value of £0.056m, of which £0.014m was charged to the revaluation reserve and £0.042m charged to the operating cost statement.

12. INVENTORIES

31-Mar-2009 £'000		31-Mar-2010 £'000
810	Finished Goods	911
810	Total Inventories	911

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

13. TRADE AND OTHER RECEIVABLES

01-Apr-2008 £'000	31-Mar-2009 £'000		31-Mar-2010 £'000
		Receivables due within one year	
		NHSScotland	
93	278 - SGHD		231
1,233	1,334 - Boards		1,600
1,326	1,612	Total NHSScotland Receivables	1,831
111	71 NHS Non Scottish bodies		1,204
160	93 VAT recoverable		161
1,008	1183 Prepayments and accrued income		1,195
1,082	1663 Other receivables		1,320
594	333 Other Public Sector Bodies		468
4,281	4,955	Total Receivables due within one year	6,179
			BS
		Receivables due after more than one year	
6,537	6,497	Reimbursement of Provisions	6,515
6,537	6,497	Total Receivables due after more than one year	6,515
10,818	11,452	TOTAL RECEIVABLES	12,694
62	57	The total receivables figure above includes a provision for bad debts of :	57

Movements on the provision for impairment of receivables are as follows:

2008/09 £'000		2009/10 £'000
62	At 1 April 2009	57
3	Less Provision for receivables impairment	22
(3)	Add receivables written off during the year as uncollectible	(22)
(5)	Less Unused amounts reversed	0
57	At 31 March 2010	57

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

13. RECEIVABLES (continued)

As of 31 March 2010, receivables with a carrying value of £439,781 (2009: £319,998) were impaired and provided for. The amount of the provision was £56,734 (2009: £57,416). The aging of these receivables is as follows:

31-Mar-2009 £'000		31-Mar-2010 £'000
6	3 to 6 months past due	3
51	Over 6 months past due	54
<u>57</u>		<u>57</u>

The receivables assessed as individually impaired were mainly outstanding claims under the NHS Injury Cost Recovery Scheme

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2010, receivables of carrying value of £227,249 (2009: £57,710) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:

31-Mar-2009 £'000		31-Mar-2010 £'000
29	Up to 3 months past due	111
25	3 to 6 months past due	14
4	Over 6 months past due	102
<u>58</u>		<u>227</u>

The receivables assessed as past due but not impaired were mainly for inter-NHS trading and balances on agreed instalment schedules and there is no history of default from these customers recently.

Concentration of credit risk is limited due to trading being principally limited to other NHS Scotland Boards and other Public Sector Bodies. Due to this, management believe that there is no future credit risk provision required in excess of the normal provision for doubtful receivable.

The credit quality of receivables that are neither past due nor impaired is not assessed by reference to external credit ratings as the debtor base is mainly other NHS Scotland bodies or private individuals.

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.

31-Mar-2009 £'000		31-Mar-2010 £'000
11,567	The carrying amount of receivables are denominated in the following currencies:	12,694
0	Pounds	0
0	Euros	0
<u>11,567</u>	US Dollars	<u>12,694</u>

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

The fair value of long term other receivables is £6,515,000 (2008/09: £6,497,000)

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

15. PAYABLES (continued)

01-Apr-2008 £'000	31-Mar-2009 £'000		Note	31-Mar-2010 £'000
		Payables due after more than one year		
309	304	Net obligations under Finance Leases due within 5 years	21	309
1,404	1,326	Net obligations under Finance Leases due after 5 years	21	1,246
67	64	Prepayment of charges		61
<u>1,780</u>	<u>1,694</u>	Total Payables due after more than one year		<u>1,616</u>
<u>22,523</u>	<u>29,670</u>	TOTAL PAYABLES		<u>33,211</u>

31-Mar-2009 £'000		31-Mar-2010 £'000
	Borrowings included above comprise:	
1,713	Finance Leases	1,630
<u>1,713</u>		<u>1,630</u>

31-Mar-2009 £'000		31-Mar-2010 £'000
	The carrying amount and fair value of the non-current borrowings are as follows:	
	Carrying Amount	
1,713	Finance Leases	1,630
<u>1,713</u>		<u>1,630</u>

31-Mar-2009 £'000		31-Mar-2010 £'000
	Fair Value	
1,713	Finance Leases	1,630
<u>1,713</u>		<u>1,630</u>

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

The carrying amount of creditors are denominated in the following currencies:

31-Mar-2009 £'000		31-Mar-2010 £'000
29,670	Pounds	33,211
0	Euros	0
0	US Dollars	0
<u>29,670</u>		<u>33,211</u>

BORDERS HEALTH BOARD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010

16. PROVISIONS

	Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	Total £'000	
At 1 April 2009	2,068	6,433	796	9,297	
Arising during the year	137	574	79	790	
Utilised during the year	(125)	(161)	(559)	(845)	
Unwinding of discount	0	0	0	0	
Reversed unutilised	0	(109)	(112)	(221)	
At 31 March 2010	2,080	6,737	204	9,021	B S

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

Analysis of expected timing of discounted flows

	Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	Total £'000	
Current	125	166	180	471	B S
Non-current	1,955	6,571	24	8,550	B S
At 31 March 2010	2,080	6,737	204	9,021	

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

16. PROVISIONS (continued)

PROVISIONS - PRIOR YEAR

	Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	Total £'000	
At 1 April 2008	2,028	6,677	2,439	11,144	
Arising during the year	237	3,200	327	3,764	
Utilised during the year	(197)	(106)	(1,968)	(2,271)	
Unwinding of discount	0	0	0	0	
Reversed unutilised	0	(3,338)	(2)	(3,340)	
At 31 March 2009	2,068	6,433	796	9,297	B S

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

Analysis of expected timing of discounted flows

	Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	Total £'000	
Current	217	266	715	1,198	B S
Non-current	1,851	6,167	81	8,099	B S
At 31 March 2009	2,068	6,433	796	9,297	

	Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	Total £'000	
Current	398	180	1,968	2,546	B S
Non-current	1,630	6,497	471	8,598	B S
At 31 March 2008	2,028	6,677	2,439	11,144	

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.

Clinical & Medical

The provision is based on a review of all outstanding and potential claims for clinical and medical negligence for which the Board may be liable. The provision is calculated using information received from the Central Legal Office regarding claims they have received relating to NHS Borders. Claims assessed as 'Category 3' are deemed most likely and are provided for in full, those in 'Category 2' are assessed on an individual basis and those in 'Category 1' as nil. All 'Category 2' claims at 31 March 2010 have been individually assessed and provided for in full. The period in which claims are likely to be settled is gauged on a case by case basis.

Other

The main element of this provision is in relation to potential future staff departures. Separate provision has also been made based on a review of all outstanding and potential non-clinical staff claims using information from the Central Legal Office.

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

17. MOVEMENT ON WORKING CAPITAL BALANCES

2008/09 Net Movement £'000		Note	Opening Balances £'000	Closing Balances £'000	2009/10 Net Movement £'000
	INVENTORIES				
<u>37</u>	Balance Sheet	12	810	911	
<u>37</u>	Net Decrease/(Increase)				<u>(101)</u>
	TRADE AND OTHER RECEIVABLES				
(674)	Due within one year	13	4,955	6,077	
<u>40</u>	Due after more than one year	13	<u>6,497</u>	<u>6,515</u>	
			11,452	12,592	
(634)	Net Decrease/(Increase)				<u>(1,140)</u>
	TRADE AND OTHER PAYABLES				
7,233	Due within one year	15	27,976	31,595	
(86)	Due after more than one year	15	1,694	1,616	
(1569)	Less: Capital included in above		(1,508)	(745)	
(114)	Less: General Fund Creditor included in above	15	(447)	(1,583)	
<u>88</u>	Less: Lease and PFI payables included in above	15	<u>(1,713)</u>	<u>(1,630)</u>	
			26,002	29,253	
5,552	Net (Decrease)/Increase				<u>3,251</u>
	PROVISIONS				
<u>(1,847)</u>	Balance Sheet	16	9,297	9,021	
<u>(1,847)</u>	Net Increase/(Decrease)				<u>(276)</u>
<u>3,108</u>	NET MOVEMENT (DECREASE)/INCREASE	CFS			<u>1,734</u>

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

18. CONTINGENT LIABILITIES

2008/09	The following contingent liabilities have not been provided for in the Accounts:	2009/10
£'000	Nature	£'000
	Clinical and medical compensation payments	
195	Seven claims at Central Legal Office Rating 1. The estimated value has been derived by the Central Legal Office using past precedents.	95

Equal Pay

NHS Borders has received 34 claims under the Equal Pay Act 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.

195 TOTAL CONTINGENT LIABILITIES

95

19. POST BALANCE SHEET EVENTS

There are no post balance sheet events after the reporting period.

BORDERS HEALTH BOARD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010

20. COMMITMENTS

2008/09 Capital Commitments

The Board has the following capital commitments which have not been provided for in the accounts:

**Property,
plant and
equipment:**

**Intangible
Assets:**

2009/10

Total

£'000

£'000

£'000

£'000

Contracted

2,166	Borders General Hospital Endoscopy Development
350	Borders General Hospital Car Park
0	Borders General Hospital Renal Development
2,516	

0	0	0
0	0	0
1,500	0	1,500
1,500	0	1,500

Authorised but not Contracted

2,810	Rolling Replacement Programmes
1,768	Health Centre Modernisation
510	Other Building Work
500	Medical Equipment
100	Sterile Services Improvements
390	South East Area Territory Schemes
100	Joint Schemes
720	Primary Care Modernisation Programme
0	Integrated Health Strategy
6,898	Total

1,183	100	1,283
1,200	0	1,200
190	0	190
541	0	541
0	0	0
0	0	0
100	0	100
600	0	600
1037	0	1,037
4,851	100	4,951

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

21. COMMITMENTS UNDER LEASES

2008/09	Operating Leases	2009/10
£'000	Total future minimum lease payments under operating leases are given the in the table below for the each of the following periods.	£'000
	Obligations under operating leases comprise:	
	Land	
42	Not later than one year	54
179	Later than one year, not later than five years	225
849	Later than five years	762
	Buildings	
63	Not later than one year	48
241	Later than one year, not later than five years	181
97	Later than five years	46
	Other	
295	Not later than one year	223
414	Later than one year, not later than five years	451
0	Later than five years	0
	Amounts charged to Operating Costs in the year were:	
698	Hire of equipment (including vehicles)	788
106	Other operating leases	101
<u>804</u>	Total	<u>889</u>
2008/09	Finance Leases	2009/10
£'000	Total future minimum lease payments under finance leases are given the in the table below for the each of the following periods.	£'000
	Obligations under Finance leases comprise:	
	Buildings	
342	Rentals due within one year	15 351
1,456	Rentals due between two and five years (inclusive)	15 1,493
<u>6,396</u>	Rentals due after five years	15 6,008
8,194		7,852
<u>(6,495)</u>	Less interest element	<u>(6,224)</u>
<u>1,699</u>		<u>1,628</u>
	Other	
26	Rentals due within one year	15 5
5	Rentals due between two and five years (inclusive)	0
0	Rentals due after five years	0
<u>31</u>		<u>5</u>
<u>(17)</u>	Less interest element	<u>(3)</u>
<u>14</u>		<u>2</u>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

22. PENSION COSTS

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

For 2009-10, normal employer contributions of £10,422,000 were payable to the SPPA (prior year £10,109,000) at the rate of 13.5% (2008-09: 14%) of total pensionable salaries. In addition, during the accounting period the NHS board incurred additional costs of £125,000 (prior year £197,000) 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 £2,015,000 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 1/80th 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 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 2 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 which 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 1/60th 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 ranging from 5% to 8.5% of pensionable earnings. Pensions 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.

	2009/10 £'000	2008/09 £'000
Pension cost charge for the year	10,422	10,109
Additional Costs arising from early retirement	125	197
Provisions/Liabilities/Pre-payments included in the Balance Sheet	2,080	2,068

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010

23a. FIRST TIME ADOPTION OF IFRS

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

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 Borders 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
Net operating cost for 2008/09 under UK GAAP	190,318
UK GAAP Prior year adjustment	0
Restated Net operating cost for 2008/09 under UK GAAP	190,318
Adjustments for:	
IAS 19 Employee Benefit	29
IAS 17 Leases	10
Net operating cost for 2008/09 under IFRS	190,357

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

	Charged to OCS Revaluation Reserve (802)	Taken to Reserve 0	Total (802)
Net Impairment Losses Previously Recognised for 2008/09 under UK GAAP			
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
[Other please insert if applicable]	0	0	0
Net Impairment Losses Recognised for 2008/09 under IFRS	(802)	0	(802)

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

IAS 38 Intangible assets

An adjustment was made to reclassify software from property, plant and equipment to intangible assets measured at fair value.

IFRS 5 Non-current assets held for sale

An adjustment was made to reclassify non-current assets held for sale from property, plant and equipment and to measure these at the lower of carrying amount and fair value less costs to sell. 31 Bowden Road and Jedburgh Cottage Hospital are the two properties held for sale at 31 March 2009 as per Note 11c.

IAS 19 Employee benefit

An adjustment was made to accrue of holiday pay in accordance with IAS 19. The accrual increased from £1.775m at 31 March 2008 to £1.804m as at 31 March 2009, giving rise to a £29k in year movement.

IAS 17 Leases

An adjustment was made as a result of changes in classification of finance leases and operating leases under IFRS. The Eildon Residencies and Recreation Block leases were assessed and the building element of such leases were reclassified as finance leases, with the land element remaining as an operating lease. The BGH switchboard and Laboratory equipment were also reclassified as finance leases as per IAS 17.

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010

23b. FIRST TIME ADOPTION OF IFRS

Other IFRS Adjustments			2007/08		2008/09	
Adj Ref	Narrative	Account	£'000	£'000	£'000	£'000
			DR	CR	DR	CR
1	Holiday Pay Accual	Trade & Other Payables (Current)	1,775		1,804	
1	Holiday Pay Accual	General Fund (OCS)		1,775		1,804
2	Reclassification of Leases	PPE	1,606		1,504	
2	Reclassification of Leases	Trade & Other Payables (Current)		88		83
2	Reclassification of Leases	Trade & Other Payables (Non-Current)		1,713		1,630
2	Reclassification of Leases	General Fund (OCS)	195		209	
3	Assets Held for Sale	PPE		296		296
3	Assets Held for Sale	Non-Current Assets	296		284	
3	Assets Held for Sale	Revaluation Reserve			12	
4	Reclassification of Provisions	Provisions (Current)		2,546		1,313
4	Reclassification of Provisions	Provisions (Non-Current)	2,546		1,313	
5	Write-Off Negative Revaluation Reserve Balances	General Fund (OCS)	1,315		0	
5	Write-Off Negative Revaluation Reserve Balances	Revaluation Reserve		1,315		0
TOTAL			7,733	7,733	5,126	5,126

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

24. RESTATED BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2009

	Per UK GAAP Accounts 2008/09	UK GAAP Adjustments	Restated UK GAAP 2008/09	IAS 38 Intangible assets	IFRS 5 Non- current assets held for sale	IAS 19 Employee Benefit	IAS 17 Leases	IAS 36 Impairment of Assets	IAS 16 Property, Plant IAS 37 and Equipment Provisions	IFRS Balance Sheet 2008/09
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets:										
Property, plant and equipment	103,585	0	103,585	(123)	(284)	0	0	0	0	104,470
Intangible assets	0	0	0	123	0	0	0	0	0	123
Financial assets:	0	0	0	0	0	0	0	0	0	0
Available for sale financial assets	0	0	0	0	0	0	0	0	0	0
Trade and other receivables	0	0	0	0	0	0	0	0	0	0
Total non-current assets	103,585	0	103,585	(123)	(284)	0	0	0	0	6,497
										111,290
Current Assets:										
Inventories	810	0	810	0	0	0	0	0	0	810
Trade and other receivables	11,567	0	11,567	0	0	0	0	0	0	4,955
Cash and cash equivalents	447	0	447	0	0	0	0	0	0	447
Available for sale financial assets	0	0	0	0	0	0	0	0	0	0
Derivatives financial assets	0	0	0	0	0	0	0	0	0	0
Total current assets	12,824	0	12,824	0	0	0	0	0	0	6,212
Non-current assets classified as held for sale	0	0	0	0	284	0	0	0	0	284
Total assets	116,409	0	116,409	0	0	0	0	0	0	117,786
Current liabilities										
Provisions	0	0	0	0	0	0	0	0	(1,198)	0
Trade and other payables	(26,089)	0	(26,089)	0	0	(1,804)	(83)	0	0	(27,976)
Derivatives financial liabilities	0	0	0	0	0	0	0	0	0	0
Total current liabilities	(26,089)	0	(26,089)	0	0	(1,804)	(83)	0	(1,198)	(29,174)
Non-current assets plus/less net current assets/liabilities	90,320	0	90,320	0	0	(1,804)	1,409	0	(1,198)	88,612
Non-current liabilities										
Provisions	(9,412)	0	(9,412)	0	0	0	0	0	0	(8,099)
Financial liabilities:	0	0	0	0	0	0	0	0	0	0
Trade and other payables	(64)	0	(64)	0	0	0	(1,630)	0	0	(1,694)
Total non-current liabilities	(9,476)	0	(9,476)	0	0	0	(1,630)	0	0	(9,793)
Assets less liabilities	80,844	0	80,844	0	0	(1,804)	(221)	0	(1,198)	78,819

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

24. RESTATED BALANCE SHEET, cont.

	Per UK GAAP Accounts 2008/09	UK GAAP Adjustments	Restated UK GAAP 2008/09	IAS 38 Intangible assets	IFRS 5 Non- current assets held for sale	IAS 19 Employee Benefit	IAS 17 Leases	IAS 36 Impairment of Assets	IAS 16 Property, Plant and Equipment	IAS 37 Provisions	IFRS Balance Sheet 2008/09
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Taxpayers' Equity											
Opening General Fund at 1 April 2008	49,621		49,621								46,336
Funding Drawn down	183,516		183,516								183,516
Movement in General Fund (Creditor) / Debtor	(114)		(114)								(114)
Non-cash charges - cost of capital	2,765		2,765								2,761
Transfers between reserves	9		9								9
Transfer of Fixed Assets from other bodies	0		0								0
Movement in Pension Fund Surplus / Deficit	0		0								0
Other adjustments (please specify)	0		0								0
Net operating cost for the year	(190,318)		(190,318)								(190,357)
Closing General Fund at 31 March 2009	45,479		45,479								42,151
Opening Revaluation Reserve at 1 April 2008	33,757		33,757								35,072
Net gain/(loss) on revaluation/indexation of property, plant and equipment	(963)		(963)								(975)
Net gain/(loss) on revaluation/indexation of intangible assets	0		0								0
Net gain/(loss) on revaluation of available for sale financial assets	0		0								0
Release of reserves to the operating cost statement	0		0								0
Transfers between reserves	(9)		(9)								(9)
Other adjustments (please specify)	0		0								0
Closing Revaluation Reserve at 31 March 2009	32,785		32,785								34,088
Opening Donated Asset Reserve at 1 April 2008	2,325		2,325								2,325
Net gain/(loss) on revaluation/indexation of property, plant and equipment	0		0								0
Net gain/(loss) on revaluation/indexation of intangible assets	0		0								0
Receipt of donated assets	493		493								493
Release of reserves to the operating cost statement	(238)		(238)								(238)
Transfers between reserves	0		0								0
Other adjustments (please specify)	0		0								0
Closing Donated Asset Reserve at 31 March 2009	2,580		2,580								2,580
Total taxpayers' equity	80,844		80,844								78,819

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

24. RESTATED BALANCE SHEET - PRIOR YEAR

	Per UK GAAP Accounts 2008/09	UK GAAP Adjustments	Restated UK GAAP 2008/09	IAS 38 Intangible assets	IFRS 5 Non- current assets held for sale	IAS 19 Employee Benefit	IAS 17 Leases	IAS 36 Impairment of Assets	IAS 16 Property, Plant IAS 37 and Equipment Provisions	IFRS Balance Sheet 2008/09
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets:										
Property, plant and equipment	103,796	0	103,796	(153)	(296)	0	1,606	0	0	104,933
Intangible assets	0	0	0	153	0	0	0	0	0	123
Financial assets:	0	0	0	0	0	0	0	0	0	0
Available for sale financial assets	0	0	0	0	0	0	0	0	0	0
Trade and other receivables	6,537	0	6,537	0	0	0	0	0	0	6,537
Total non-current assets	110,333	0	110,333	0	(296)	0	1,606	0	0	111,643
Current Assets:										
Inventories	847	0	847	0	0	0	0	0	0	847
Trade and other receivables	4,281	0	4,281	0	0	0	0	0	0	4,281
Cash and cash equivalents	333	0	333	0	0	0	0	0	0	333
Available for sale financial assets	0	0	0	0	0	0	0	0	0	0
Derivatives financial assets	0	0	0	0	0	0	0	0	0	0
Total current assets	5,461	0	5,461	0	0	0	0	0	0	5,461
Non-current assets classified as held for sale	0	0	0	0	296	0	0	0	0	296
Total assets	115,794	0	115,794	0	0	0	1,606	0	0	117,400
Current liabilities										
Provisions	0	0	0	0	0	0	0	0	0	0
Trade and other payables	(18,880)	0	(18,880)	0	0	(1,775)	(88)	0	(2,546)	(2,546)
Derivatives financial liabilities	0	0	0	0	0	0	0	0	0	(20,743)
Total current liabilities	(18,880)	0	(18,880)	0	0	(1,775)	(88)	0	0	0
Non-current assets plus/less net current assets/liabilities	96,914	0	96,914	0	0	(1,775)	1,518	0	0	94,111
Non-current liabilities										
Provisions	(11,144)	0	(11,144)	0	0	0	0	0	0	(8,598)
Financial liabilities:	0	0	0	0	0	0	0	0	0	0
Trade and other payables	(67)	0	(67)	0	0	0	(1,713)	0	0	(1,780)
Total non-current liabilities	(11,211)	0	(11,211)	0	0	0	(1,713)	0	0	(10,378)
Assets less liabilities	85,703	0	85,703	0	0	(1,775)	(195)	0	0	83,733
Taxpayers' Equity										
General Fund	49,621	0	49,621	0	0	(1,775)	(195)	(1,315)	0	46,336
Revaluation Reserve	33,757	0	33,757	0	0	0	0	1,315	0	35,072
Donated Asset Reserve	2,325	0	2,325	0	0	0	0	0	0	2,325
Total taxpayers' equity	85,703	0	85,703	0	0	(1,775)	(195)	0	0	83,733

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

25. FINANCIAL INSTRUMENTS

25a. FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS

		Loans and Receivables £'000	Total £'000
AT 31 MARCH 2010			
Assets per balance sheet			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	13	2,992	2,992
Cash and cash equivalents	14	1,583	1,583
		4,575	4,575

		Loans and Receivables £'000	Total £'000
AT 31 MARCH 2009			
Assets per balance sheet			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	13	2,067	2,067
Cash and cash equivalents	14	447	447
		2,514	2,514

FINANCIAL LIABILITIES

		Other financial liabilities £'000	Total £'000
AT 31 MARCH 2010			
Liabilities per balance sheet			
Finance lease liabilities	15	1,630	1,630
Trade and other payables excluding statutory liabilities (VAT and income tax and social security)	15	21,028	24,139
		22,658	25,769

		Other financial liabilities £'000	Total £'000
AT 31 MARCH 2009			
Liabilities per balance sheet			
Finance lease liabilities	15	1,713	1,713
Trade and other payables excluding statutory liabilities (VAT and income tax and social security)	15	21,341	21,341
		23,054	23,054

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

25. FINANCIAL INSTRUMENTS, cont.

b 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
- Market risk - the possibility that financial loss might arise as a result of changes in such measures as interest

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 has written credit control procedures.

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.

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 impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
31-Mar-10	£'000	£'000	£'000	£'000
Finance lease liabilities	75	73	237	1,245
Trade and other payables excluding statutory liabilities	20,363	3	9	46
Total	20,438	76	246	1,291

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
31-Mar-09	£'000	£'000	£'000	£'000
Finance lease liabilities	83	71	233	1,326
Trade and other payables excluding statutory liabilities	21,280	3	9	49
Total	21,363	74	242	1,375

BORDERS HEALTH BOARD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010

25. FINANCIAL INSTRUMENTS, cont.

b FINANCIAL RISK FACTORS, cont.

c) Market Risk

The NHS Board has no powers to borrow or 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.

c FAIR VALUE ESTIMATION

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 BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010

26. RELATED PARTY TRANSACTIONS

NHS Borders is a child of the Scottish Government Health Department (SGHD). The SGHD is regarded as a related party. During the year, NHS Borders has had various material transactions with the Department and with other entities for which the Department is regarded as the parent Department.

In addition, NHS Borders has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with the Scottish Public Pensions Agency (SPPA); Inland Revenue; HM Customs & Excise; Scottish Borders Council; and various NHS Bodies in England and Wales.

The Health Board is the corporate trustee of charitable endowment funds of £2.578m as at 31 March 2010 (2009: £2.196m)

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

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

27. SEGMENT INFORMATION

Segmental information as required under IFRS has been reported for each strategic objective

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 the senior management of the Board.

The operating segments of the Board are as follows:

Clinical Executive - expenditure incurred providing healthcare for its resident population within the Board area

Family Health Services - expenditure incurred by the Board on services which are delivered through the four independent contractor streams i.e. GP Practices, Community Pharmacists, General Dental Practitioners and Optometrists.

Commissioning of Healthcare - expenditure on the provision of healthcare for its resident population which is delivered by other healthcare providers outwith the Board area

Central and Support Costs - expenditure incurred by the Board for corporate and support services to assist the delivery of healthcare for the resident population of the Board

	Clinical Executive £'000	Family Health Services £'000	Commissioning of Healthcare £'000	Central & Support Costs £'000	2009/10 £'000
Net operating cost 2009/10 as per IFRS Accounts	109,525	44,703	23,633	19,675	197,536
Reconciliation to Monthly Monitoring Return (March 2010)					
Reduction in the cost of capital	0	0	0	62	62
Increase in the provision for bad debts	0	0	0	(19)	(19)
Reduction in expenditure accruals with other healthcare providers	0	0	46	0	46
Increase in provisions	0	0	0	(65)	(65)
Gain in remeasurement of Asset Held for Sale	0	0	0	15	15
Net operating cost 2009/10 as per Monthly Monitoring Return (March 2010)	109,525	44,703	23,679	19,668	197,575

SEGMENT INFORMATION - PRIOR YEAR

Segmental information as required under IFRS has been reported for each strategic objective

	Clinical Executive £'000	Family Health Services £'000	Commissioning of Healthcare £'000	Central & Support Costs £'000	2008/09 £'000
Net operating cost 2008/09	106,481	41,203	21,492	21,181	190,357

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

28. THIRD PARTY ASSETS

The Board has a responsibility to provide safe custody for money and other personal property handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.

These are not departmental assets and are not included in the accounts. The assets held at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, and listed securities. They are set out in the table immediately below.


	31-Mar-2009	Gross Inflows	Gross Outflows	31-Mar-2010
	£'000	£'000	£'000	£'000
Monetary amounts such as bank balances and monies on deposit	74	125	(94)	105
Total Monetary Assets	74	125	(94)	105



Borders Health Board

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of sections 86(1), (1B) and (3) of the National Health Services (Scotland) Act 1978, 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 (FReM) 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.


Signed by the authority of the Scottish Ministers

Dated

10/2/2006