



**GREATER GLASGOW HEALTH BOARD**

**ANNUAL ACCOUNTS**

**YEAR ENDED 31 MARCH 2004**

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

**CONTENTS**

**Directors Report**

**Statement of Health Board Members Responsibilities in respect of the Accounts**

**Statement of Internal Control**

**Statement of the Chief Executive's responsibilities as Accountable Officer**

**Audit Certificate**

**ACCOUNTS**

A 1.0	Operating Cost Statement
A 2.0	Statement of Recognised Gains and Losses
A 3.0	Balance Sheet
A 4.0	Cashflow Statement
A 4.1	Cashflow Statement Continued

**NOTES TO THE ACCOUNTS**

N 1.0	Accounting Policies
N 2.0	Disclosures
N 3.0	Hospital and Community Health Services
N 4.0	Family Health Service Expenditure
N 5.0	Hospital and Community Health Care- Service Category
N 6.0	Non Clinical Costs
N 7.0	Board Members & Senior Employees' Remuneration
N 8.0	Board Members & Staff Pay Costs & Numbers
N 9.0	Other Board Services
N10.0	Local Health Councils
N 11.0	Effect of Revaluation of Properties
N 12.0	(Profit)/Loss on Disposal of Fixed Assets
N 13.0	Miscellaneous Income
N 14.0	Intangible Fixed Assets
N 14.1	Tangible Fixed Assets
N 15.0	Stock
N 16.0	Debtors, Creditors and Provisions
N 17.0	General Fund
N 18.0	Movement on Reserves
N 19.0	Contingent Liabilities
N 20.0	Post Balance Sheet Events
N 21.0	Capital Commitments
N 22.0	Commitments under PFI Contracts
N 23.0	Pension Costs
N 24.0	Extraordinary Items & Prior-year Adjustments
N 25.0	Restated Balance Sheet

**SFR's**

S 1.0	Allocations From the Management Executive
S 15.0	Salaries and Wages Summary
S 18.0	Summary of Losses and Special Payments
S 18.1	Details of Losses and Special Payments
S 30.0	Balances with Other NHSIS Bodies
S 30.1	Balances with NHS Trusts in Scotland

**Appendices**

Appendix 1	Accounts Direction
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**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

**DIRECTORS' REPORT**

**1. Accounting convention**

The Annual Accounts and Notes have been prepared under the historical cost convention modified to reflect changes in the value of fixed assets and in accordance with the Resource Accounting Manual issued by HM Treasury.

**2. Accounting policies**

The statement of the accounting policies, which have been adopted, is shown at Note 1.0.

From 1 April 2002, the NHS Board will comply with Treasury's Resource Accounting Manual (RAM). As NHS Boards have been within the boundary for The Scottish Executive Consolidated Accounts since 1998/99, they have effectively been complying with the RAM since that time.

Under the revised accounting arrangements now in force Health Boards must show liabilities for future years in their accounts without showing funding anticipated from the SEHD. This has resulted in net liabilities on the Balance Sheet. The balance sheet reflects liabilities falling due in future years that are expected to be met by the receipt of funding from the Scottish Executive Health Department. Accordingly the accounts have been prepared on the going concern basis.

**2.1 Prior Year Adjustment**

In compliance with RAM, prior years adjustments have been reflected in the Accounts to recognise, with effect from 1 April 2002, future liability for the lifetime cost of the enhanced pensions paid to former employees who retired early prior to April 2005. These adjustments are detailed in full on note 24.0.

**3. Principal activities and review of the year**

The Health Board was established in 1974 and is responsible for commissioning health care services for the residents of Greater Glasgow, a total weighted population of 990,700.

In December 2000, the Scottish Executive published "*Our National Health: A Plan for Action, A Plan for Change*" (the Scottish Health Plan), which recognised the need to simplify, improve and rationalise local decision making arrangements.

As a result, from 30<sup>th</sup> September 2001, 15 single Unified NHS Boards were established. In the case of the 12 mainland board areas, these new unified NHS Boards replaced the separate structures of NHS Health Boards and Trusts.

These new NHS Boards form 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 unified 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 unified 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;

## **GREATER GLASGOW HEALTH BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

- 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 unified NHS Board comprise:

- strategy development
- resource allocations
- implementation of the Local Health Plan
- performance management

A commentary on the Board's financial performance for the year is contained in the Boards Annual Report.

#### **4. Practitioner Services**

The NHS Board's External Auditors highlighted in their report for 2002/2003 that work carried out by the Practitioner Services Division (PSD) at a national level had indicated a significant level of incorrect claims had been made at point of delivery for exemption from NHS prescription, dental and ophthalmic charges. As this exercise was not quantified at an individual Trust/Health Board level, the External Auditors qualified their opinion on regularity arising from a limitation in the scope of their work. Further work has been done on this area during 2003/2004 and the results of this have been extrapolated at Health Board level to give an indication of the possible level of FHS income lost due to incorrect claims by patients for exemption from NHS charges. The extrapolation of the sample results for Greater Glasgow indicates that the level of income lost in prescription, dental and ophthalmic charges in the year to 31 December 2003 could possibly amount to £5.96 million. It should, however, be emphasised that we have been provided with no assurances as to likely accuracy of this estimate.

Verification of patient exemption status includes checks at the point of delivery by individual pharmacists dentists and opticians and a programme of retrospective checks by PSD. The outcome of PSD's exemption checking informed the disclosure above and, as a result of related control deficiencies, has prompted us to consider, on a proactive basis, local initiatives to augment the effectiveness of exemption checking. This is currently being pursued on a pilot basis. Although we have reservations as to the accuracy of the estimated error, nevertheless, ultimate responsibility for all aspects of FHS income remains with this organisation and, as the matter relates to overall control mechanisms, it has been disclosed in the organisation's Statement on Internal Control.

#### **5. Financial Targets**

The Scottish Executive set 3 budget limits at a health board level on an annual basis. These limits are:

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

Health boards are expected to stay within these limits, and will report on any variation from the limits as set.

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

**6. Performance against Financial Targets**

	Limit as set by SEHD £'000	Actual Outturn £'000	Variance (Over)/Under £'000
1 Revenue Resource limit	1,101,880	1,096,870	5,010
2 Capital Resource Limit	28,513	28,513	-
3 Cash Requirement	1,137,500	1,137,181	319

**7. Payment policy**

The Board endeavours to comply with the principles of the CBI prompt payment code by processing suppliers' invoices for payment without unnecessary delay and by settling them in a timely manner. In 2003/04 average credit taken was 36 days. In 2003/04 the Board paid 34.07% by value and 62.57% by volume within 30 days.

**8. Board Membership**

Under the terms of the Scottish Health Plan, the Health Board is a board of governance whose membership will be conditioned by the functions of the Board, as set out in paragraph 3 above.

Members of Health Boards are selected on the basis of their position – such as a Trust Chair or Chief Executive – 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 the partnership approach, which is essential to improving health and health care.

**The Board Members are:**

Professor Sir John Arbuthnott, Chairman  
 Councillor D Collins, Non Executive Director  
 Councillor R Duncan, Non Executive Director  
 Professor M Farthing, Non Executive Director (to 30/9/03)  
 Professor S Smith, Non Executive Director (from 16/02/04)  
 Mr W Goudie, Employee Director  
 Councillor J Gray, Non Executive Director (to 16/6/03)  
 Councillor J Handibode, Non Executive Director  
 Mr P Hamilton, Non Executive Director  
 Mrs R Nijjar, Non Executive Director  
 Dr J Nugent, Non Executive Director (to 31/3/04)  
 Councillor J Coleman, Non Executive Director (from 16/6/03)  
 Councillor A White, Non Executive Director (from 28/7/03)  
 Dr F Angell, Non Executive Director (from 16/6/03)  
 Mr R Cleland, Chair North Glasgow University Hospitals NHS Trust  
 Mrs S Kuenssberg CBE, Chair Yorkhill NHS Trust  
 Mr A O Robertson OBE, Chair Greater Glasgow Primary Care NHS Trust  
 Mrs E Smith, Chair South Glasgow University Hospitals NHS Trust  
 Mr J Best, Chief Executive Yorkhill NHS Trust  
 Mr T Davison, Chief Executive North Glasgow University Hospitals NHS Trust  
 Mr R Calderwood, Chief Executive South Glasgow University Hospitals NHS Trust

# GREATER GLASGOW HEALTH BOARD

## ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

Mr I Reid, Acting Chief Executive Greater Glasgow Primary Care NHS Trust  
Mr T A Divers OBE, Chief Executive  
Dr H G Burns, Director of Public Health  
Mrs W Hull, Director of Finance  
Mrs R Crocket, Nurse Director  
Dr B Cowan, Medical Director

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

### 9. Corporate governance

The board meets regularly during the year to progress the business of the Health Board. The Scottish Health Plan established that the following standard committees should exist at unified NHS Board level:

- Clinical governance
- Audit
- Staff Governance
- Ethics; and
- Discipline (for primary care contractors)

#### Health and Clinical Governance Committees

The Health and Clinical Governance Committee of the NHS board has two key roles:

- **Systems assurance** – to ensure the clinical governance mechanisms are in place and effective throughout NHS Greater Glasgow, including Public Health at the Board; and
- **Public health governance** – to ensure that the principles and standards of clinical governance are applied to the health improvement activities of the NHS Board.

The health and clinical governance committee comprises:

Professor M Farthing (Chair part year)  
Professor S Smith (Chair part year)  
Mrs P Bryson, Co-opted Lay Member – Convenor Local Health Council  
Councillor D Collins, Non Executive Director  
Professor Lewis Gunn, Co-opted Lay Member  
Mr I Irvine, North Glasgow University Hospitals NHS Trust  
Mr B Winter, Greater Glasgow Primary Care NHS Trust  
Mrs H Brooke, Yorkhill NHS Trust  
Mrs M Whitehead, South Glasgow University Hospital NHS Trust

#### Audit Committees

During 2003/04, the audit committee was chaired by Mr C Scott and comprised:

Mrs E Smith, Chair South Glasgow University Hospitals NHS Trust  
Mrs R Crocket, Nurse Director (Part Year)  
Mr P Hamilton, Non Executive Board Director  
Councillor J Handibode, Non Executive Director  
Councillor D Collins, Non Executive Director

## **GREATER GLASGOW HEALTH BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Mrs A Stewart MBE, Audit Committee Chair, South Glasgow University Hospitals NHS Trust

Mr A Haseeb, Audit Committee Chair, Yorkhill NHS Trust

Mr I Irvine, Audit Committee Chair, North Glasgow University Hospitals NHS Trust

The objective of the committee is to ensure that, in respect of the four Trusts and Board that make up NHS Greater Glasgow:

- Audit mechanisms and process are in place;
- Activities are within the law and regulations that govern the NHS in Scotland and;
- An effective internal control system is maintained.

### **Staff Governance Committees**

The committee has an important role in ensuring consistency of policy and equity of treatment of staff across the local NHS system, including remuneration issues, where they are not already covered by existing arrangements at national level.

The membership of the staff governance committee comprises:

Professor Sir J Arbuthnott, Chairman Greater Glasgow NHS Board

Mr R Cleland, Chair North Glasgow University Hospitals NHS Trust

Mrs S Kuenssberg CBE, Chair Yorkhill NHS Trust

Mr A O Robertson OBE, Chair Greater Glasgow Primary Care NHS Trust

Mrs E Smith, Chair South Glasgow University Hospitals NHS Trust

Mr W Goudie, Employee Director

Mr D Sime, Staff Side Chair North Glasgow University Hospitals NHS Trust

Mrs P McNally, Staff Side Chair South Glasgow University NHS Trust

Ms S Forsyth, Staff Side Chair Yorkhill NHS Trust

Mr S MacLennan, Staff Side Chair Greater Glasgow NHS Board

Ms K Murphy, Staff Side Chair Greater Glasgow Primary Care NHS Trust

Mr T Davidson, Chief Executive North Glasgow University Hospitals NHS Trust

Mr I Reid, Acting Chief Executive Greater Glasgow Primary Care NHS Trust

Mr J Cameron, Director of Human Resources South Glasgow University NHS Trust

Ms H Ostrycharz, Director of Human Resources Yorkhill NHS Trust

### **Ethics Committees**

The principle function of the committee is to provide 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. During 2003/04 the ethics committee was chaired by Professor M Farthing and its membership comprised:

Professor S Smith, Non Executive Director

Councillor J Coleman, Non Executive Director

Mrs R Nijjar, Non Executive Director

Dr H Burns, Director of Public Health Greater Glasgow NHS Board

Dr B Cowan, Director of Medical Services South Glasgow University Hospitals NHS Trust

Dr B Anderson, Medical Director North Glasgow University Hospitals NHS Trust

Dr M Jamieson, Medical Director Yorkhill NHS Trust

Dr I Wallace, Medical Director Greater Glasgow Primary Care NHS Trust

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

The following is a record of Board Members' and Senior Managers' interests in organisations which have contracts with the Board.

Dr J Nugent, Non-Executive Director is a General Practitioner

Dr F Angell, Non Executive Director is a Dental Surgeon.

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

**11. Human resources**

Due to financial constraints recruitment is restricted primarily to posts which receive external funding. Additionally, in view of savings required throughout Greater Glasgow, there is now greater emphasis on finding internal applicants for posts where possible. However, the Board continues to follow best practice by meeting its responsibilities as a "Positive about Disabled People" symbol user.

With regard to diversity and equal opportunities, the Board continues where appropriate to advertise vacancies in ethnic minority publications. In summer 2003 race equality awareness sessions were provided for all staff. All the Board's employment policies are monitored in terms of uptake by and application to people from ethnic minorities, and the results reported to the Local Partnership Forum.

New staff receive a comprehensive information package which includes a detailed induction programme, and attend an induction session provided by Human Resources staff. Short-term temporary and agency staff, for whom the full induction programme would be impracticable, receive an abbreviated version. Staff communication includes departmental and individual meetings extensive use of bulletins and notice boards, electronic mail, internet and, where appropriate, staff surveys.

The Local Partnership Forum meets six-weekly and work has continued on PIN Guideline Policies, with those on Dignity at Work (Bullying and Harassment), the Management of Employee Conduct, the Management of Employee Capability and the Management of Employee Concerns implemented in 2003. Work with the Glasgow operating divisions is now beginning with a view to harmonising policies throughout NHS Greater Glasgow.

The Board remains committed to organisational and personal development and expects all staff to have personal development plans linked to corporate objectives and meeting individual needs. The e learning centre and IT training room continue to be used not only by staff from the NHS Board but by staff from the Glasgow operating divisions.

The Board remains committed to promoting a safe and healthy workplace and has an active safety committee. The Board was awarded the Scottish Health at Work gold award in January 2004.

Work has been ongoing on pay modernisation, with implementation of the new consultant contract at an advanced stage. Subject to a second ballot by a number of trades unions, it is anticipated that Agenda for Change will be implemented by December 2004, and preparatory work has begun.

**12. 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 2001/02 to 2005/06 the Auditor General has appointed PricewaterhouseCoopers LLP to undertake the audit of Greater Glasgow NHS Board. 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.

By order of the Board

..... Chief Executive, Dated 20 July 2004



**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

**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 the 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 2004 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 NHS in Scotland by Scottish Ministers.

Make judgements and estimates that are reasonable and prudent.

State where applicable accounting standards 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 assume 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 Executive Health Department. 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.

.....Director of Finance

.....Chairman

20 July 2004

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

**STATEMENT ON INTERNAL CONTROL:**

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Board'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.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the NHS Board'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 the principal risks to the achievement of the NHS Board's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2004 and up to the date of approval of the annual report and accounts and accords with guidance from Scottish Executive Health Department - Finance.

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. The key elements of the system of internal control and review can be summarised as follows.

- The NHS Board comprising 23 members including the Chairs and Chief Executives of the NHS Trusts meets monthly. It acts as a board of governance providing strategic leadership and direction across NHS Greater Glasgow in respect of strategy development, resource allocation, implementation of the Local Health Plan and performance management. With effect from 1 April 2004, the Board increased in size to 31 members to reflect the move to single system working.
- A Performance Review Group (PRG) was established and granted delegated responsibility with powers on behalf of the NHS Board to monitor organisational performance and resource allocation and utilisation. The PRG also ensures that there is a co-ordinated overview of performance across all domains of the Performance Assessment Framework. The PRG meets bi-monthly (and more frequently if required) and the Minutes of its meetings are reported to the NHS Board together with recommendations as appropriate. The first meeting was in August 2003. Since then, much of the main emphasis of the PRG has been on the financial position within NHS Greater Glasgow and the development of a Corporate Recovery Plan for the next two years.
- A Corporate Management Team (CMT) was established during 2003/2004 and consists of the NHS Board Chief Executive, Director of Public Health, Director of Finance, Director of Planning and Community Care, Medical Director, Nursing Director, Employee Director and the Trust/Divisional Chief Executives. The CMT is the most senior officer led committee within NHS Greater Glasgow, oversees the operational implementation and delivery of approved strategies and developments. The work of the CMT was augmented by the Trust Management Teams (and from 1 April 2004, Divisional Management Teams). Those Teams were responsible for the operational management of the NHS Trusts, working within the strategic framework set by the NHS Board. In addition, the Director of Finance met with the Trust Directors of Finance at three weekly intervals to consider issues of significance, in particular, addressing the ongoing financial position.
- The Health and Clinical Governance Committee met 4 times last year and ensures that clinical governance mechanisms are in place and effective throughout NHS Greater Glasgow and that the principles and standards of clinical governance are applied to health improvement activities of the NHS Board.
- The Staff Governance Committee continued its responsibilities of ensuring that staff governance mechanisms were in place and effective throughout NHS Greater Glasgow,

## **GREATER GLASGOW HEALTH BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

and to ensure that the principles and standards of the Staff Governance Standard were applied to all management practice within the NHS Trusts and NHS Board. The Committee met quarterly and in addition, the Remuneration Sub Group met to consider the remuneration and appraisal arrangements of the Executive Directors within NHS Greater Glasgow and setting the corporate objectives.

- The NHS Greater Glasgow Research Ethics Governance Committee oversees all of the NHS Board's responsibilities for the establishment, support, training and monitoring of all NHS Local Research Ethics Committees within NHS Greater Glasgow in accordance with guidance issued by the Scottish Executive Health Department.
- The NHS Greater Glasgow Audit Committee ensures that within NHS Greater Glasgow audit mechanisms are in place, activities are within the law and regulations that govern the NHS in Scotland and an effective internal control system is maintained. The Audit Committee met four times during the year to discharge its responsibilities in respect of both the NHS Board and its oversight of the audit committees of the NHS Trusts.
- A Risk Management Group with membership from all Directorates is established to ensure an effective risk management programme exists within the NHS Board to deliver in a proactive way the requirements set out in the Risk Management Strategy approved by the NHS Board. A Steering Sub Group of senior managers meets weekly to oversee the continued maintenance and development of corporate governance and risk management within the NHS Board. The NHS Board's risk management arrangements are included in the review being undertaken by the NHS Greater Glasgow Risk Management Steering Group.
- Risk management and internal control are considered by the NHS Board and the NHS Greater Glasgow Audit Committee and are incorporated into the corporate planning and decision making processes of the NHS Board.
- The NHS Board has a risk management strategy and a risk register. Work is continuing to harmonise risk management arrangements throughout NHS Greater Glasgow and to produce a pan-Glasgow risk register.
- The NHS Board achieved Level 1 accreditation of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) in May 2003 and is committed to achieving the QIS Healthcare Governance Standards which will supersede the CNORIS standards.
- The NHS Board's internal auditors report regularly to the NHS Greater Glasgow Audit Committee on reviews undertaken on a pan-Glasgow basis, audits at Trust/Divisional level and work done in respect of the NHS Board. These reports include the internal auditors' opinion on the adequacy and effectiveness of the NHS Board's system of internal control and recommendations for improvement.

In addition to the meetings of the NHS Greater Glasgow Audit Committee, three Audit Committee workshops were held attended by senior managers and members of the Audit Committees of each of the bodies within NHS Greater Glasgow. The workshops were facilitated by the NHS Board's internal and external auditors and the purpose was to consider the arrangements for corporate governance and risk management which would apply following the abolition of NHS Trusts on 31 March 2003. As a result of these and a further workshop in May 2004, the following arrangements were agreed and are being implemented.

### **Corporate Governance**

Transitional arrangements were put in place for the period from 1 April 2004 to 30 September 2004 to ensure continuity with particular emphasis on the process for approval of annual accounts and Statements of Internal Control.

Arrangements to apply from 1 October 2004 are intended to harmonise corporate, clinical and staff governance at divisional level. Work is continuing on the practical implementation of the new arrangements.

# GREATER GLASGOW HEALTH BOARD

## ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

### Risk Management

A NHS Greater Glasgow Risk Management Steering Group has been established to oversee the harmonisation of risk management processes across NHS Greater Glasgow and the production of a pan-Glasgow Risk Register. This work will continue throughout 2004/2005.

While internal controls systems operated satisfactorily, the following matter should be recorded:

### Practitioner Services

The Practitioner Services Division (PSD) of the Common Services Agency has responsibility for calculating and making payments to Family Health Service (FHS) contractors on behalf of Primary Care Trusts (now Primary Care Divisions of NHS Boards). In previous years, certain significant deficiencies in the control processes operated by PSD were highlighted by the Service Auditor and External Auditors of PSD and these have been reported annually in the organisation's Statement on Internal Control and led to qualification of the External Auditors' opinion. However, these weaknesses have now been addressed such that, during 2003/2004, there have been no significant weaknesses that require individual disclosure and, although the Service Auditor has continued to report a number of weaknesses in the PSD's control systems, it is not considered that these have a fundamental impact on the accuracy or control of FHS payments. This improvement has also enabled the External Auditors to remove the audit qualification.

The NHS Board's External Auditors highlighted in their report for 2002/2003 that work carried out by PSD at a national level had indicated a significant level of incorrect claims had been made at point of delivery for exemption from NHS prescription, dental and ophthalmic charges. As this exercise was not quantified at an individual Trust/Health Board level, the External Auditors qualified their opinion on regularity arising from a limitation in the scope of their work. Further work has been done on this area during 2003/2004 and the results of this have been extrapolated at Health Board level to give an indication of the possible level of FHS income lost due to incorrect claims by patients for exemption from NHS charges. The extrapolation of the sample results for Greater Glasgow indicates that the level of income lost in prescription, dental and ophthalmic charges in the year to 31 December 2003 could possibly amount to £5.96 million. It should, however, be emphasised that we have been provided with no assurances as to likely accuracy of this estimate.

Verification of patient exemption status includes checks at the point of delivery by individual pharmacists dentists and opticians and a programme of retrospective checks by PSD. The outcome of PSD's exemption checking informed the disclosure above and, as a result of potential related control deficiencies, has prompted the Primary Care Division of NHS Greater Glasgow to consider, on a proactive basis, local initiatives to augment the effectiveness of exemption checking. This is currently being pursued on a pilot basis. Although we have reservations as to the accuracy of the estimated error, nevertheless, ultimate responsibility for all aspects of FHS income remains with this organisation and, as the matter relates to overall control mechanisms, it requires to be disclosed in the organisation's Statement on Internal Control.

Signed

Date 20 July 2004

Chief Executive and Accountable Officer

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

**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 Greater Glasgow Health Board.

This designation carries with it, responsibility for the propriety and regularity of financial transactions under my control and for the economical, efficient and effective use of resources placed at the Board's disposal.

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.

Signed ..... Date 20 July 2004

Chief Executive

# **GREATER GLASGOW HEALTH BOARD ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

## **Auditor's report to the members of Greater Glasgow Health Board, the Scottish Parliament and the Auditor General for Scotland**

We have audited the financial statements on forms A1.0 to A4.1 and notes 1.0 to 24.0 under the National Health Service (Scotland) Act 1978. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out in note 1.0.

This report is made solely to the bodies to whom it is addressed, and not to individual members, in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice approved by the Auditor General and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by Audit Scotland, dated July 2001. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Respective responsibilities of the Board Members, Accountable Officer and Auditors**

As described in the Statement of Health Board Members' Responsibilities, the Board and the Accountable Officer of the Board are responsible for the preparation of the financial statements in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder. The Accountable Officer is responsible for ensuring the regularity of expenditure and income. The Board and Accountable Officer are also responsible for the preparation of the Directors' report. Our responsibilities, as independent auditors, are established by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice approved by the Auditor General for Scotland, and guided by the auditing profession's ethical guidance.

We report our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder and whether, in all material respects, the expenditure and income shown in the financial statements were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish Ministers. We also report if, in our opinion, the Board has not kept proper accounting records, or if we have not received all the information and explanations we required for our audit.

We also review whether the Statement on Internal Control complies with the guidance issued by the Scottish Executive Health Department titled, "Corporate governance: Statement on Internal Control". We report if, in our opinion, the statement does not comply with the guidance or if it is misleading or inconsistent with other information we are aware of from our audit. We are not required to consider whether the statement covers all risks and controls, or form an opinion on the effectiveness of the NHS Trust's corporate governance procedures or its risk and control procedures.

Additionally, we read the Directors' report published with the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

**Basis of audit opinion**

We conducted our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice, which requires compliance with relevant United Kingdom Auditing Standards issued by the Auditing Practices Board except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts shown in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board and the Accountable Officer in the preparation of the financial statements and of whether the accounting policies are appropriate to the Board'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 are free from material misstatement, whether caused by fraud or other irregularity or error, and that, in all material respects, the expenditure and receipts 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

**Opinion**

In our opinion

- the financial statements give a true and fair view of the state of affairs of the Board as at 31 March 2004 and of its income and expenditure, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder.
- in all material respects the expenditure and income shown in the financial statements were incurred and applied in accordance with applicable enactments and guidance issued by the Scottish Ministers.

PricewaterhouseCoopers LLP  
Glasgow

20 July 2004

**GREATER GLASGOW HEALTH BOARD**  
**ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Form A 1.0

**OPERATING COST STATEMENT**

2003 £'000		Note	£'000
	100		
	110 <b>Clinical Services Costs</b>		
848,695	120 Hospital and Community	<b>3</b>	905,977
288,097	130 Family Health	<b>4</b>	312,254
	180		
1,136,792	190 <b>Total Clinical Services Costs</b>		1,218,231
	200		
12,952	210 Non Clinical Costs	<b>6</b>	15,813
	250		
	-300 Effect of Revaluation of Properties	<b>11</b>	-
(1,255)	310 (Profit)/Loss on Disposal of Fixed Assets	<b>12</b>	11
	350		
	-400 Interest Payable	<b>2</b>	-
	450		
<b>1,148,489</b>	500 <b>Gross Operating Costs</b>		<b>1,234,055</b>
	600		
18,903	610 Less: Miscellaneous Income	<b>13</b>	18,740
	-620 Less: Interest Receivable		-
	630		
<b>1,129,586</b>	700 <b>Net Operating Costs</b>		<b>1,215,315</b>
	710		

**SUMMARY OF RESOURCE OUTTURN**

2003 £'000		£'000
1,129,586	800 <b>Net Operating Costs (line 700 of OCS)</b>	1,215,315
111,111	810 Less: FHS Non Discretionary Allocation	117,733
234	820 Less: Local Health Council Allocation/Expenditure	247
421	830 Less: Other Allocations (Income re SCPGMDE)	462
245	840 Less: Transfer of Realised Element in respect of disposal / impairment of fixed assets where write off approved	3
1,017,575	850 <b>Net Resource Outturn</b>	1,096,870
1,034,677	900 Revenue Resource Limit	1,101,880
17,102	950 <b>Saving/(excess) against Revenue Resource Limit</b>	5,010

**The Notes to the Accounts, numbered 1 to 25, form an integral part of these Accounts.**



**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Form A 2.0

**STATEMENT OF RECOGNISED GAINS AND LOSSES**

<b>2003 £'000</b>		<b>£'000</b>
44	100 Net gain/(loss) on revaluation of tangible fixed assets	947
	120	
-	130 Receipt of donated assets	-
	140	
-	150 Depreciation of donated assets	-
	170	
-	180 Losses due to impairment (as written off in reserves)	-
	200	
44	210 Total recognised gains and losses for the year	947
	220	

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Form A 3.0

**BALANCE SHEET AS AT 31 MARCH 2004**

2003 £'000		Note	£'000	£'000
	<b>100 FIXED ASSETS</b>			
-	105 Intangible Fixed Assets	14.0	-	
1,705	110 Tangible fixed assets	14.1	1,536	
	170			
<b>1,705</b>	<b>180 Total Fixed Assets</b>			<b>1,536</b>
	190			
	<b>300 CURRENT ASSETS</b>			
-	310 Stocks	15	-	
21,633	320 Debtors	16	35,884	
472	325 PGO account balance	A4-1	334	
1	330 Cash at bank and in hand	A4-1	53	
	370			
<b>22,106</b>	<b>380 Total Current Assets</b>			<b>36,271</b>
	390			
	<b>500 CURRENT LIABILITIES</b>			
(55,611)	510 Creditors due within one year	16	(68,971)	
	550			
<b>(33,505)</b>	<b>560 Net current assets/(liabilities)</b>			<b>(32,700)</b>
	570			
<b>(31,800)</b>	<b>580 Total assets less current liabilities</b>			<b>(31,164)</b>
	590			
-	<b>610 CREDITORS DUE AFTER MORE THAN 1 YEAR</b>	16		-
	620			
(53,316)	<b>650 PROVISIONS FOR LIABILITIES AND CHARGES</b>	16		(51,488)
	670			
(85,116)	680			(82,652)
	690			
	<b>700 FINANCED BY:</b>			
(85,341)	710 General Fund	17		(83,823)
214	720 Revaluation Reserve	18		1,141
11	730 Donated Asset Reserve	18		30
	760			
(85,116)	770			(82,652)
	780			

Adopted by the Board on 20 July 2004

.....

Director of Finance

.....

Chief Executive

**GREATER GLASGOW HEALTH BOARD**  
**ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Form A 4.0

**CASH FLOW STATEMENT**

2003 £'000		Note	£'000	£'000
	<b>100 Operating Activities</b>			
(1,144,136)	110 Net Cash outflow from operating activities	A4.0/570		(1,221,085)
	<b>200 Capital Expenditure</b>			
(401)	210 Payment to acquire tangible fixed assets		-	
2,163	220 Receipts from sales of fixed assets		-	
1,762	240 Net cash inflow/(outflow) for capital expenditure			-
(1,142,374)	280 Net cash inflow/(outflow) before financing			(1,221,085)
	<b>300 Financing</b>			
1,143,254	310 Funding	N17.0/140	1,219,769	
(1,316)	320 Movement in general fund working capital		1,260	
	330			
1,141,938	340 Cash draw down	N17.0/120	1,221,029	
-	350 Capital element of finance lease rental payments		-	
	355			
1,141,938	360 Net cash inflow from financing			1,221,029
(436)	380 Increase/(decrease) in cash in year	A4.0/730		(56)
	<b>400 Notes</b>			
	<b>410 1. Reconciliation of operating cost to operating cash flow</b>			
(1,129,586)	420 Net Operating Cost for the Year	A1.0/700		(1,215,315)
-	430 Effect of revaluation of property	A1.0/300		-
(1,255)	450 (Profit)/Loss on Disposal of Fixed Assets	A1.0/310		11
64	460 Depreciation			66
(5,159)	470 Cost of Capital			(2,937)
2,147	480 Decrease/(increase) in stocks	A4.0W/130		-
(15,609)	490 Decrease/(increase) in debtors	A4.0W/370		(15,511)
8,429	500 (Decrease)/increase in creditors	A4.0W/640		14,429
(3,167)	510 (Decrease)/increase in provisions	A4.0W/840		(1,828)
	560			
(1,144,136)	570 Operating cash outflow			(1,221,085)
	<b>600 2. Reconciliation of net cash outflow to movement in net debt/cash</b>			
(436)	630 Increase/(decrease) in cash in year			(56)
-	640 Cash outflow for finance leases			-
	650			
(436)	660 Change in net debt from cash outflows			(56)
-	710 New finance leases			-
(436)	730 <b>Movement in net debt/cash in year</b>			(56)
879	740 Net debt/cash at 31/3/03			443
	770			
443	780 Net debt/cash at 31/3/04			387
	790			

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Form A 4.1

**CASH FLOW STATEMENT CONTINUED**

100 <b>Notes (Continued)</b>				
110				
300 <b>3. Analysis of net debt/cash</b>				
310				
320	At	Cash	Other	At
330	01/04/03	Flow	Changes	31/03/04
340	£'000	£'000	£'000	£'000
350				
355 PGO account balance	472	138	-	334
360 Cash in hand and at bank	1	(52)	-	53
370 Overdrafts	(30)	(30)	-	-
380				
390	443	56	-	387
500 Finance Leases	-	-	-	-
670				
680 <b>Total</b>	443	56	-	387
690				
700				

## **ACCOUNTING POLICIES**

### **1. Authority**

The Accounts have been prepared in accordance with the Resource Accounting Manual (RAM) issued by HM Treasury. The particular accounting policies adopted by the Health Board are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

### **2. 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.

Under the revised accounting arrangements now in force Health Boards must show liabilities for future years in their accounts without showing funding anticipated from the SEHD. This has resulted in net liabilities on the Balance Sheet. The balance sheet reflects liabilities falling due in future years that are expected to be met by the receipt of funding from the Scottish Executive Health Department. Accordingly the accounts have been prepared on the going concern basis.

### **3. Accounting Convention**

The Accounts are prepared on a historical cost basis modified to reflect changes in the value of fixed assets at their value to the business by reference to their current costs.

### **4. Funding**

Most of the expenditure of the Health Board as Commissioner is met from funds advanced by the Scottish Executive Health Department within an approved revenue resource limit. If the Board underspends against the approved revenue resource limit, the balance may be carried forward to the following year, subject to restraints imposed by the Scottish Executive Health Department. Cash drawn down to fund expenditure within this approved revenue resource limit will be credited to the general fund.

Miscellaneous Income is income receivable by the Board.

For non-discretionary expenditure, a notional allocation is assumed, equal to actual expenditure.

Funding for the acquisition of fixed assets received from the Scottish Executive Health Department is credited to the general fund.

### **5. Fixed Assets**

The treatment of fixed assets in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the Resource Accounting Manual.

Title to properties included in the accounts is held by Scottish Ministers.

## **6.1 Capitalisation**

All assets falling into the following categories are capitalised:

- 1) Tangible 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 networked computer system purchased at approximately the same time and cost over £5,000 in total, or where they are part of the initial costs of equipping a new development and total over £5,000.
- 4) Intangible assets which can be valued, are capable of being used in a Board's activities for more than one year and have a replacement cost equal to or greater than £5,000. Greater Glasgow Health Board does not hold any software licences which are capable of being used for more than one year and have a replacement cost equal to or greater than £5,000.

## **6.2 Valuation**

Fixed assets are valued as follows:

Land, buildings, installations and fittings are stated at depreciated replacement cost basis for their existing use, other than surplus land and buildings which are stated at open market value for their alternative use. Valuations of all land and building assets within NHS Scotland are reassessed by valuers appointed by the Scottish Ministers at no more than 5 yearly intervals. Between these valuations an appropriate index is applied to arrive at current cost. The buildings index is based on the All in Tender Price Index published by the Building Cost Information Service (BCIS). The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office.

The last professional NHS estate revaluation took place on 31 March 2004. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Executive Health Department.

Equipment is valued at indexed cost and both this and accumulated depreciation are recorded in the accounts.

Assets in the course of construction are valued at current cost. This is calculated as the level of expenditure incurred to which an appropriate index is applied to arrive at current value.

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

No adjustment has been made to the cost figures of operational assets in respect of dilapidations; and

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

Impairment:

Losses in value reflected in valuations are described as impairments. These are accounted for in accordance with Financial Reporting Standard 11. Where these relate to the consumption of economic benefits, they are charged to the operating cost statement. Where these relate to fluctuations in market prices, or where the reason for impairment is uncertain, these are first charged to the element of the revaluation reserve relating to the asset, and part of the loss is recognised in the Statement of Recognised Gains and Losses. Further losses, beyond the level of the revaluation reserve relating to that asset, are charged to the operating cost statement.

### **6.3 Depreciation**

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

- 1) Land and assets in the course of construction are not depreciated.
- 2) Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the appointed valuer. The actual remaining lives of the building elements are assessed in the context of the maximum useful lives for building elements.
- 3) Equipment is depreciated over the estimated life of the asset. Depreciation is charged on a straight line basis. The following asset lives have been used:

Information Technology	5 years
Other Office Equipment	5 years

### **6.4 Donated Assets**

Fixed assets that are donated or purchased using donated funds are included in the Balance Sheet initially at the full replacement cost of the asset. The value of donated assets is credited to the donation reserve, and the accounting treatment, including the method of valuation, follows the rules in the Capital Asset Accounting Manual. Where a donation covers only part of the total cost of the asset concerned, only that part element is included in the donation reserve.

### **6.5 Sale of Fixed Assets**

Disposal of fixed 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, this is the gain or loss on disposal, which will be recorded in the Operating Cost Statement.

### **6.6 Leasing**

Assets held under finance leases are capitalised at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after more than one year. The asset is subject to indexation and revaluation and is depreciated on its current fair value over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period, or a reasonable approximation thereto.

Rentals under operating leases are charged on a straight-line basis. Currently there are no assets held under finance leases.

**6.7 Intangible Assets**

Intangible assets, such as software licences, are capitalised when they are capable of being used in the Board's activities for more than one year, they can be valued and they have a cost of at least £5,000

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis. The carrying value of intangible assets is reviewed for impairments at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter term of the licence and their useful economic lives.

The Board does not currently hold any licences which are capable of being used for more than one year, and which cost in excess of £5,000.

**7. Research and Development**

Expenditure on Research and Development is written off to revenue as it is incurred, except insofar as it relates to a clearly defined project, the benefits from which can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits and is amortised through the operating cost statement on a systematic basis over the period expected to benefit from the project.

**8. Debtors and Creditors**

Debtors and Creditors have been assessed on the basis of goods and services supplied or received up to and including 31 March 2004 for which payment had not been received or made by that date.

**9. Stocks**

The Board does not hold any stocks.

**10. 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.

**11. Pension Costs**

The Board contributes to the NHS Superannuation Scheme for Scotland. Contributions to this scheme (and other schemes) are determined on the basis of recommendations made by the Government Actuary. The pension cost charged to the income and expenditure account is based on an actuarial assessment of the cost to be borne by the NHS Board.

The Balance sheet records provision for future liability for the lifetime cost of enhanced pensions paid to former employees of the board.



**12. Clinical and Medical Negligence Costs**

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to an annual limit based on the revenue allocation or expected income in the case of NHS Trusts. Costs above this limit are reimbursed to employing authorities from a central fund held by the Clinical Negligence and Other Risks Indemnity Scheme on behalf of the Scottish Executive Health Department. Clinical negligence costs may also be reimbursed in part by the SEHD.

**13. Related Party Transactions**

FRS 8 requires disclosure of material related party transactions. Transaction with other NHS bodies for the commissioning of health care are summarised in note 3. Transactions with health bodies, eg sharing administration costs, or with individuals are disclosed if material.

**14. Liquid Resources**

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement.

Investments which are not accessible within 24 hours without loss of interest but which do not mature in a period greater than one year are classified as current asset investments in the balance sheet and as liquid resources in the cashflow statement.

**15. Value Added Tax**

Most of the activities of the Board are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

**16. PFI Schemes**

The NHS follows HM Treasury's Technical Note 1 (Revised) 'How to Account for PFI Transactions' which provides practical guidance for the application of the FRS 5 amendment.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating expense. Where the Board has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Operating Cost Statement. Where, at the end of the PFI contract, a property reverts to the Board, the difference between the expected fair value of the residual on reversion and any agreed payment on revision is built up on the balance sheet over the life of the contract by capitalising part of the unitary charge each year.

Where the balance of risks and rewards of ownership of the PFI property are borne by the Board, it is recognised as a fixed asset along with the liability to pay for it, which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease and a service charge.

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 2.0

**DISCLOSURES**

2003 £'000		£'000
	100 The Operating Cost Statement has been charged/(credited) with the following:	
	135 <b>Capital Charges</b>	
64	140 Depreciation	66
(5,159)	145 Cost of Capital	(2,937)
(5,095)	148 <b>Total</b>	(2,871)
0	160 <b>Research &amp; Development Written Off</b>	0
	170	
258	180 <b>Travel, Subsistence and Hospitality</b>	248
	190	
	200 <b>Interest Payable</b>	
0	210 Interest on Late Payment of Commercial Debt	0
0	220 Bank and Other Interest Payable	0
0	230 Finance Lease Chgs Allocated in the Year	0
0	240 Other Interest	0
0	250 <b>Total</b>	0
	300 <b>Operating Lease Rentals:</b>	
34	310 Hire of equipment (including vehicles)	
711	320 Other operating leases	683
745	380 Total	683
	400 <b>Commitments on Operating Lease Rentals,</b>	
	410 <b>Payable in the following year :</b>	
	420 <b>Leases for Land and Buildings</b>	
74	430 - expiring next year	46
0	440 - expiring in the following 2 - 5 years	0
637	450 - expiring after 5 years	637
	460 <b>Other operating leases</b>	
12	470 - expiring next year	8
22	480 - expiring in the following 2 - 5 years	15
0	490 - expiring after 5 years	0
	510 <b>Aggregate Rentals Receivable in the year</b>	
(38)	520 Total of finance & operating leases	0
	600 <b>Statutory Audit</b>	
93	610 Payment to the Audit Scotland for the procurement of audit	87
	630 <b>PFI/PPP and Similar Contracts</b>	
0	640 Interest charge relating to on-balance-sheet PFI/PPP contracts	0
0	650 Service charge relating to on-balance-sheet PFI/PPP contracts	0
0	660 Service charge relating to off-balance-sheet PFI/PPP contracts	0
0	670 <b>Total</b>	0
	672 <b>Other Items:</b>	
4,680	674 Balance of Loan to South Glasgow written off to the General Fund	0
490	676 Balance of Loan to North Glasgow written off to the General Fund	0
5,170	678	0
	680	

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 3.0

**HOSPITAL AND COMMUNITY HEALTH SERVICES**

2003 £'000		£'000	£'000
	110 <u>NHSScotland Bodies in the Board's area</u>		
306,056	111 North Glasgow University Hospitals NHS Trust	319,752	
173,998	112 South Glasgow University Hospitals NHS Trust	181,229	
46,504	113 Yorkhill NHS Trust	58,734	
201,502	114 Primary Care NHS Trust	216,172	
728,060	115 Total NHSScotland Bodies in Board's area		775,887
15,873	120 <u>Other NHSScotland Bodies</u>		18,380
1,026	130 <u>Health Bodies outside Scotland</u>		1,062
174	140 Primary care bodies		192
12,886	160 <u>Private sector</u>		12,980
	170 <u>Community Care</u>		
84	171 Support Finance	77	
69,559	173 Resource Transfer	74,532	
69,643	175 Total Community Care		74,609
1,588	180 Donations to Voluntary Bodies		1,844
8,483	190 Health Promotion		9,920
9,606	200 Other, including Charities		9,678
847,339	300 Total Board Responsibility Patients		904,552
	400 Treatment UK Residents based outside Scotland		
596	451 North Glasgow University Hospitals NHS Trust	626	
373	452 South Glasgow University Hospitals NHS Trust	392	
337	453 Yorkhill NHS Trust	354	
50	454 Primary Care NHS Trust	53	
1,356	459 Total		1,425
848,695	480 Total Hospital & Community Health Service A1/320		905,977
	490		

**GREATER GLASGOW HEALTH BOARD**  
**ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004** Note 4.0

**FAMILY HEALTH SERVICE EXPENDITURE**

		Unified Budget £'000	Non discretionary £'000	TOTAL £'000
150	General Medical Services	22,654	58,225	80,879
224	Pharmaceutical Services	162,173	19,647	181,820
230	General Dental Services	0	40,881	40,881
240	General Ophthalmic Services	267	8,407	8,674
680	Total <span style="float: right;">A1/330</span>			312,254

**PRIOR YEAR COMPARATORS**

		Unified Budget £'000	Non discretionary £'000	TOTAL £'000
150	General Medical Services	20,036	53,515	73,551
224	Pharmaceutical Services	147,192	18,733	165,925
230	General Dental Services	0	39,866	39,866
240	General Ophthalmic Services	276	8,479	8,755
680	Total <span style="float: right;">A1/330</span>			288,097

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 5.0

**HOSPITAL AND COMMUNITY HEALTH CARE BY SERVICE CATEGORY**

2003 £'000		TOTAL £'000
401,467	110 Acute services	418,925
26,144	120 Maternity services	27,829
171,872	130 Mental health services	191,425
74,128	140 Continuing care	80,559
97,660	150 Other community services	99,100
15,375	190 Other services	27,777
786,646	210 Sub-total	845,615
	300 Other Funding	
24,850	310 Additional Costs of Teaching	24,531
12,228	320 Research & Development	12,319
1,355	325 UK Residents based outside Scotland	1,424
23,616	330 Other	22,088
848,695	480 Total	905,977
	3.0/480	

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 6.0

**NON CLINICAL COSTS**

<b>2003 £'000</b>	<b>Non Clinical Costs</b>	<b>Note</b>	<b>£'000</b>
9,449	010 Administration Costs	see below	12,410
3,269	020 Other Board Services	Note 9	3,156
234	030 Local Health Councils	Note 10	247
12,952	100 Total Non Clinical Costs	A1.0/210	15,813

<b>2003 £'000</b>	<b>Administration Costs</b>	<b>£'000</b>
464	110 Board Members Remuneration	494
4,480	120 Other Salaries and Wages	4,849
218	130 Supplies and Services	306
456	140 Office Expenses	547
237	150 Transport and Staff Travel	240
1,637	160 Premises and Fixed Plant	1,350
1,726	170 Agency Services	4,334
93	180 External Audit Fee	87
-	190 Recharge from Other Boards	-
138	200 Other	203
9,449	270 280 Total Administration Costs	12,410

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 7.0

**BOARD MEMBERS & SENIOR EMPLOYEES' REMUNERATION**

2003 £'000							£'000
	<b>100 BOARD MEMBERS REMUNERATION</b>						
102	110 Non-Executive Members						106
307	120 Executive Members' Salaries						325
21	130 Other Emoluments						21
	140						
430	150						452
-	160 Compensation for loss of office						-
-	170 Pensions to former board members						-
	180						
430	190 TOTAL						452
	200						
4	210 Total of taxable benefits to board members						3
	220						
<b>230 BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION</b>							
Remuneration of:	Age	Salary (Bands of £5,000)	Other Remun- eration (Bands of £5,000)	Comp. For loss of office	Real increase in pension at age 60 (bands of £5,000)	Total accrued pension at age 60 at 31/3/04 (bands of £5,000)	Benefits in Kind
		£'000	£'000	£'000	£'000	£'000	£'000
260	64	35-40	-	-	-	-	-
270	52	105-110	-	-	0-5	35-40	6
280	53	130-135	-	-	0-5	20-25	7
290	*	85-90	-	-	0-5	0-5	7
<b>315 Non Executive Board Members</b>							
320	55	5-10	-	-	-	-	-
321	64	5-10	-	-	-	-	-
322	56	0-5	-	-	-	-	-
323	59	5-10	-	-	-	-	-
324	72	0-5	-	-	-	-	-
325	61	5-10	-	-	-	-	-
327	53	5-10	-	-	-	-	-
328	63	0-5	-	-	-	-	-
329	61	5-10	-	-	-	-	-
330	45	5-10	-	-	-	-	-
331	42	5-10	-	-	-	-	-
332	35	0-5	-	-	-	-	-
<b>350 Other Senior Employees</b>							
360	39	80-85	-	-	0-5	15-20	5
365	*	70-75	-	-	0-5	15-20	3
400	Total			0			28

\* Consent to disclose withheld

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 7.0  
continued

**PRIOR YEAR BOARD MEMBERS & SENIOR EMPLOYEES'  
REMUNERATION**

Remuneration of:	Age	Salary (Bands of £5,000)	Other Remun- eration (Bands of £5,000)	Comp. For loss of office	Real increase in pension at age 60 (bands of £5,000)	Total accrued pension at age 60 at 31/3/03 (bands of £5,000)	Benefits in Kind
		£'000	£'000	£'000	£'000	£'000	£'000
440 The Chairman J Arbutnott from 4/11/02	63	10-15	0	0	0	0	-
441 Interim Chair G Dickson 01/08/02 - 03/11/02	54	5-10	0	0	0	0	-
450 Chief Executive T Divers	51	95-100	0	0	0-5	30-35	5
460 Director of Public Health H Burns	52	125-130	0	0	0-5	20-25	7
470 Director of Finance W Hull	*	75-80	0	0	0-5	0-5	9
<b>500 Non Executive Board Member</b>							
510 D Collins Non Executive Director	54	5-10	0	0	0	0	-
511 G Dickson Non Executive Director to 28/02/03	54	0-5	0	0	0	0	-
512 R Duncan Non Executive Director	63	5-10	0	0	0	0	-
513 M Farthing Non Executive Director	55	5-10	0	0	0	0	-
514 W Goudie Non Executive Director	58	5-10	0	0	0	0	-
515 J Gray Non Executive Director	71	5-10	0	0	0	0	-
516 J Handibode Non Executive Director	60	5-10	0	0	0	0	-
517 R Hughes Non Executive Director	55	5-10	0	0	0	0	-
518 F Marshall Non Executive Director to 28/02/03	50	5-10	0	0	0	0	-
519 D McCafferty Non Executive Director (to 19/03/03)	53	5-10	0	0	0	0	-
<b>540 Other Senior Employees</b>							
550 Director of Planning & Community Care C Renfrew	38	75-80	0	0	0-5	15-20	4
575 Acting Director of Hlth Prom E Borland	*	55-60	0	0	0-5	15-20	3
<b>590 Total</b>				0			28

<b>2003 Number</b>	<b>600 SENIOR EMPLOYEES 700 Senior Employees whose remuneration 710 fell within the following ranges:</b>	<b>2004 Number</b>
10	740 £50,001 to £55,000	5
5	750 £55,001 to £60,000	10
1	760 £60,001 to £65,000	2
1	770 £65,001 to £70,000	2
6	780 £70,001 to £80,000	6
2	790 £80,001 to £90,000	3
1	800 £90,001 to £100,000	1



**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 8.0

**BOARD MEMBERS AND STAFF PAY COSTS AND NUMBERS**

2003 £000's		£000's
	100 <b>BOARD MEMBERS AND STAFF PAY COSTS</b>	
8,279	110 SALARIES AND WAGES	8,870
676	120 SOCIAL SECURITY COSTS	811
439	130 OCCUPATIONAL PENSION COSTS	478
471	140 AGENCY STAFF	454
	170	
9,865	180 TOTAL	10,613
	190	
	200	
ANNUAL	210 <b>STAFF NUMBERS</b>	ANNUAL
MEAN	220 <b>(EMPLOYEES BY WHOLE TIME EQUIVALENT)</b>	MEAN
	230	
	300 <b>HEADQUARTERS</b>	
133.00	310 MANAGEMENT COSTS	138.05
110.97	320 HOSPITAL AND COMMUNITY SERVICES	113.42
	370	
243.97	380 TOTAL HEADQUARTERS	251.47
39.59	510 OTHER BOARD SERVICES	36.69
5.60	520 LOCAL HEALTH COUNCILS	5.04
12.72	530 OTHER, INCLUDING RECHARGE TRADING ACCOUNTS	16.70
	970	
301.88	980 BOARD TOTAL AVERAGE STAFF	309.90
	990	

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 9.0

**OTHER BOARD SERVICES**

2003 £000's		£000's	£000's
	<b>300 NURSE TEACHING</b>		
0	310 Net Health Board Costs		0
	390		
0	<b>400 NON NHS SUPERANNUATION SCHEMES</b>		0
0	430 Occupational Health etc		0
148	435 Closed Hospital Charges		48
1,417	440 Compensation Payments - Clinical & Medical Negligence		731
139	445 Compensation Payments - Others		(122)
82	450 Pension Enhancement & Redundancy - Provider		0
1,742	460 Pension Enhancement & Redundancy - Purchaser		876
	490		
	<b>500 PATIENTS' TRAVELLING EXPENSES</b>		
(4)	510 Attending Hospitals	7	
0	520 Highlands & Islands Scheme	0	
	580		
(4)	590		7
	600		
248	<b>610 CLINICAL AUDIT</b>		265
	620		
	<b>800 OTHER SERVICES</b>		
0	820 Fund raising	0	
0	840 Post Graduate Medical Education	0	
421	845 Public Health Medicine Trainees	462	
37	850 Emergency Planning	69	
(961)	860 Other	820	
(503)	890		1,351
	970		
3,269	<b>980 TOTAL OTHER BOARD SERVICES</b>	<b>N6.0/020</b>	<b>3,156</b>
	990		

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 10.0

**LOCAL HEALTH COUNCILS**

2003 £000's		£000's	£000's
	100 <b>PERSONNEL EXPENSES</b>		
	102 <b>SALARIES &amp; WAGES</b>		
146	110 ADMINISTRATIVE STAFF	141	
	120 <b>TRAVEL &amp; SUBSISTENCE</b>		
4	140 COUNCIL MEMBERS - TRAVEL	3	
-	150 COUNCIL MEMBERS - LOSS OF EARNING	0	
3	160 STAFF - TRAVEL	2	
3	170 STAFF - COURSE FEES & EXPENSES	7	
	180		
156	190		153
	300 <b>ACCOMMODATION EXPENSES</b>		
-	310 PROPERTY MAINTENANCE	0	
-	320 CLEANING	3	
6	330 FURNITURE, FITTINGS & EQUIPMENT	3	
-	340 HEAT, LIGHT & POWER	0	
-	350 RENT & RATES	0	
	380		
6	390		6
	400 <b>RUNNING EXPENSES</b>		
17	410 ADVERTISING & PUBLICITY	11	
-	420 FUND RAISING	0	
10	430 POSTS, TELEPHONE & CARRIAGE	11	
12	440 PRINTING & STATIONERY	15	
11	450 SUBSCRIPTIONS - NAT ASSOC	12	
22	460 OTHER	39	
	480		
72	490		88
	600 <b>INCOME</b>		
-	610 FROM OTHER THAN HOST HEALTH BOARD	0	
	670		
234	680 <b>TOTAL EXPENDITURE</b> <b>6.0/030</b>		247
	690		

I CERTIFY THAT THE FOREGOING ACCOUNT IS CORRECT AND IN ACCORDANCE WITH THE BOOKS OF ACCOUNT.

Signed: Wendy Hull, Director of Finance, Greater Glasgow NHS Board 25 May 2004

THE ACCOUNT WAS SUBMITTED AT THE COUNCIL MEETING ON 1<sup>ST</sup> JUNE AND DULY APPROVED.

Signed: Patricia C Bryson, Chair, Greater Glasgow Health Council 01 June 2004

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 11.0

**EFFECT OF REVALUATION OF PROPERTIES**

2003 £'000		£'000	£'000
	<b>100 IMPAIRMENT OF FIXED ASSETS</b>		
-	110 As written off through the Operating Cost Statement	-	
-	120 As written off through the Revaluation Reserve	-	
	130		
-	140 Total Impairment of Fixed Assets		-
	150		
	160		

**(PROFIT) / LOSS ON DISPOSAL OF FIXED ASSETS**

Note 12.0

2003 £'000		£'000	£'000
	<b>100 (PROFIT)/LOSS ON DISPOSAL OF FIXED ASSETS</b>		
(1,255)	110 Profit on disposal of land and buildings	-	
-	120 Loss on disposal of land and buildings	11	
	130		
(1,255)	140 Total profit/(loss) on disposal of land and buildings		11
	150		
-	160 Profit on disposal of plant and equipment	-	
-	170 Loss on disposal of plant and equipment	-	
	180		
-	190 Total profit/(loss) on disposal of plant and equipment		-
	200		
(1,255)	300 Total profit/(loss) on disposal of fixed assets A1.0/310		11

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 13.0

**MISCELLANEOUS INCOME**

2003 £000's		£000's
	<b>UNIFIED BUDGET INCOME</b>	
	100 <b>Income from Activities</b>	
-	110 NHSScotland Bodies	-
-	120 Non-NHS	-
6,300	130 FHS (Pharmaceutical Services)	6,900
-	140 Private Patients	-
-	150 RTA Income	-
-	160 Other Income from Activities	-
<b>6,300</b>	180 <b>Total Income from Activities</b>	<b>6,900</b>
	195	
	200 <b>Other Operating Income</b>	
2,726	210 Other, including prior year credits	2,441
-	220 Sums withheld from Practitioners	-
-	230 Transfer from Donated Assets Reserve in respect of Depreciation on donated assets	-
395	240 Contributions in respect of clinical/medical negligence claims	(28)
250		
9,421	260 <b>Total Unified Budget Income</b>	9,313
	270	
	300 <b>NON DISCRETIONARY INCOME</b>	
-	310 General Medical Services	-
9,482	320 General Dental Services	9,427
-	330 General Ophthalmic Services	-
9,482	400 <b>Total Non Discretionary Income</b>	9,427
<b>18,903</b>	500 <b>TOTAL INCOME</b>	<b>18,740</b>
	<b>A1/610</b>	

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 14.0

**INTANGIBLE FIXED ASSETS**

	[State Category] £'000	[State Category] £'000	Total £'000
<b>100 Cost or Valuation:</b>			
105			
110 As at 1st April 2003	0	0	0
120 Additions	0	0	0
130 Donations	0	0	0
135 Transfers	0	0	0
140 Disposals	0	0	0
145 Indexation	0	0	0
150 Revaluation	0	0	0
160 Impairment	0	0	0
<b>180 At 31st March 2004</b>	<b>0</b>	<b>0</b>	<b>0</b>
190			
<b>205 Amortisation</b>			
210 At 1st April 2003	0	0	0
215 Amortisation	0	0	0
220 Transfers	0	0	0
240 Disposals	0	0	0
245 Indexation	0	0	0
250 Revaluation	0	0	0
260 Impairment	0	0	0
<b>280 At 31st March 2004</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>900 Net Book Value at 1st April 2003</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>950 Net Book Value at 31 March 2004</b>	<b>0</b>	<b>0</b>	<b>0</b>

A 3.0/105

### FIXED ASSETS SUMMARY (HEALTH BOARD PURCHASED ASSETS)

	Dwellings (inc associated land) £'000	Other Land and Buildings £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Equipment £'000	Assets Under Construction £'000	TOTAL £'000
420 COST OR VALUATION - START OF YEAR	0	409	0	167	239	0	1,039	1,854
430 ADDITIONS	0	0	0	0	0	0	0	0
440 COMPLETIONS	0	0	0	0	0	0	(1,039)	(1,039)
445 TRANSFERS	0	0	0	0	0	0	0	0
450 INDEXATION	0	0	0	0	0	0	0	0
460 REVALUATION	0	928	0	0	0	0	0	928
470 IMPAIRMENT	0	0	0	0	0	0	0	0
480 DISPOSALS	0	(11)	0	(28)	(10)	0	0	(49)
500 COST OR VALUATION - END OF YEAR	0	1,326	0	139	229	0	0	1,694
610 ACCUM DEPRECIATION – START OF YEAR	0	0	0	(122)	(38)	0	0	(160)
620 PROVIDED DURING THE YEAR:								
630 CAPITAL CHARGES	0	0	0	(19)	(47)	0	0	(66)
640 OTHER	0	0	0	0	0	0	0	0
650 TRANSFERS	0	0	0	0	0	0	0	0
660 INDEXATION	0	0	0	0	0	0	0	0
670 ADJUSTMENT ON REVALUATION	0	0	0	0	0	0	0	0
675 IMPAIRMENT	0	0	0	0	0	0	0	0
680 DISPOSALS	0	0	0	28	10	0	0	38
720 ACCUM DEPRECIATION - END OF YEAR	0	0	0	(113)	(75)	0	0	(188)
<b>900 NET BOOK VALUE PURCHASED ASSETS</b>								
970 AT START OF YEAR	0	409	0	45	200	0	1,039	1,693
980 AT END OF YEAR	0	1,326	0	26	154	0	0	1,506
<b>900 NET BOOK VALUE OF LAND INCLUDED ABOVE</b>								
970 AT START OF YEAR	0	409	0					
980 AT END OF YEAR	0	1,326	0					
<b>1000 NET BOOK VALUE TOTAL TANGIBLE FIXED ASSETS (including Donated Assets on Note 14.1b) (total to A3.0/110)</b>								
1070 AT START OF YEAR	0	420	0	45	201	0	1,039	1,705
1080 AT END OF YEAR	0	1,356	0	26	154	0	0	1,536

Of the total net book value at 31 March 2004 £1,356k related to land valued at open market value, and £0 related to buildings, installations and fittings valued at open market value.

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 14.1b

**FIXED ASSETS SUMMARY (DONATED ASSETS)**

	Dwellings (inc associated land) £'000	Other Land and Buildings £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Equipment £'000	Assets Under Construction £'000	TOTAL £'000
420 COST OR VALUATION - START OF YEAR	0	11	0	0	0	0	0	11
430 ADDITIONS	0	0	0	0	0	0	0	0
440 COMPLETIONS	0	0	0	0	0	0	0	0
445 TRANSFERS	0	0	0	0	0	0	0	0
450 INDEXATION	0	0	0	0	0	0	0	0
460 REVALUATION	0	19	0	0	0	0	0	19
470 IMPAIRMENT	0	0	0	0	0	0	0	0
480 DISPOSALS	0	0	0	0	0	0	0	0
500 COST OR VALUATION - END OF YEAR	0	30	0	0	0	0	0	30
610 ACCUM DEPRECIATION - START OF YEAR	0	0	0	0	0	0	0	0
620 PROVIDED DURING THE YEAR:								
630 CAPITAL CHARGES	0	0	0	0	0	0	0	0
640 OTHER	0	0	0	0	0	0	0	0
650 TRANSFERS	0	0	0	0	0	0	0	0
660 INDEXATION	0	0	0	0	0	0	0	0
670 ADJUSTMENT ON REVALUATION	0	0	0	0	0	0	0	0
675 IMPAIRMENT								
680 DISPOSALS	0	0	0	0	0	0	0	0
720 ACCUM DEPRECIATION - END OF YEAR	0	0	0	0	0	0	0	0
<b>900 NET BOOK VALUE PURCHASED ASSETS</b>								
970 AT START OF YEAR	0	11	0	0	0	0	0	11
980 AT END OF YEAR	0	30	0	0	0	0	0	30
<b>900 NET BOOK VALUE OF LAND INCLUDED ABOVE</b>								
970 AT START OF YEAR	0	11						
980 AT END OF YEAR	0	30						



## DEBTORS, CREDITORS AND PROVISIONS

2003 £'000		£'000
	100 <b>Debtors due within one year</b>	
	110 NHS in Scotland	
61	115 SEHD	167
188	120 Boards	432
11,959 *	122 Trusts	29,866
12,208	124 <b>Total NHSScotland</b>	30,465
1,316	129 General Fund Debtor	56
143	130 VAT Recoverable	108
3,556 *	135 Prepayments and accrued income	3,058
4,289	140 Other Debtors	2,197
121	145 Reimbursement of provisions	0
21,633	148 <b>Total Debtors due within one year</b>	35,884
	150 <b>Debtors due after more than one year:</b>	
0	152 NHS in Scotland	0
0	160 Prepayments and accrued income	0
0	165 Other debtors	0
0	168 Reimbursement of Provisions	0
0	170 <b>Total Debtors due after more than one year</b>	0
21,633	175 <b>Total Debtors</b>	35,884
	180 <b>CREDITORS DUE WITHIN ONE YEAR</b>	
	310 NHS in Scotland:	
0	322 SEHD	(76)
(180)	324 Boards	(1,935)
(34,108)	326 Trusts	(45,136)
(34,288)	330 Total NHSScotland Creditors	(47,147)
0	332 General Fund Creditor	0
(784)	335 Trade Creditors	(678)
(20,071)	338 Accruals	(19,511)
0	340 Payments received on account	0
0	345 Interest Payable	0
0	348 Rentals due under operating leases	0
0	350 Net obligations under finance leases	0
(30)	355 Bank overdrafts	0
(227)	360 Income tax and social security	(261)
0	365 Clinical/Medical negligence claims	0
0	368 VAT	0
(211)	369 Other creditors	(1,374)
(55,611)	380 <b>Total Creditors due within one year</b>	(68,971)
	400 <b>CREDITORS DUE AFTER MORE THAN ONE YEAR</b>	
0	520 NHSScotland (please specify)	0
0	535 Net obligations under Finance Leases due within 5 years	0
0	540 Net obligations under Finance Leases due after 5 years	0
0	550 Other (specify if material)	0
0	580 <b>Total Creditors due after more than one year</b>	0

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 16.0  
continued

	<b>PROVISIONS etc.</b>	<b>Pensions</b>	<b>Legal Claims</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
600	<b>PROVISIONS FOR LIABILITIES &amp; CHARGES</b>			
610	At 1 <sup>st</sup> April 2003	(50,432)	(2,884)	(53,316)
620	Arising during the year	(823)	(42)	(865)
630	Utilised during the year	2,219	100	2,319
640	Reversed unutilised	190	184	374
670				
680	<b>As at 31 March 2004</b> <b>A3.0/650</b>	<b>(48,846)</b>	<b>(2,642)</b>	<b>(51,488)</b>
690				

**GENERAL FUND**

Note 17.0

<b>2003 £'000</b>		<b>£'000</b>	<b>£'000</b>
(94,096)	100 <b>General Fund at 1 April</b>		(85,342)
	110		
-	110 Opening General Fund (Debtor)/Creditor	(1,316)	
1,141,938	120 Add Cash drawn down	1,221,029	
1,316	130 Add Closing General Fund Debtor/ (Creditor)	56	
1,143,254	140 Net Funding		1,219,769
(1,129,586)	150 Net Operating Cost for the year		(1,215,315)
(5,159)	160 Cost of Capital		(2,937)
245	170 Transfer of realised element of revaluation reserve		1
-	180 Prior Year Adjustments		-
	190		
8,754	200 Net increase/(decrease) in general fund		1,518
	210		
(85,342)	220 <b>General Fund at 31 March</b> <b>A3.0/710</b>		(83,824)

**GREATER GLASGOW HEALTH BOARD**  
**ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 18.0

**MOVEMENT ON RESERVES**

	REVALUATION RESERVE £'000	DONATION RESERVE £'000
100 Balances as at start of year	(214)	(11)
110		
120 Indexation of fixed assets	0	0
130 Revaluation of fixed assets	(928)	(19)
140 Impairment of fixed assets (as written off to reserves)	0	0
150		
180 Total indexation/revaluation of fixed assets	(928)	(19)
190		
200 Additions/(disposals) of donated assets		
210 Depreciation of donated assets		
220		
230 Transfer of realised element to general fund	1	
240		
250 Other reserve movements		
290		
300 Balances as at end of year <span style="float: right;">A3/720 &amp; A3/730</span>	(1,141)	(30)
310		

Note 19.0

**CONTINGENT LIABILITIES**

	Value £'000	Uncertainties affecting outcome
Clinical and Medical Compensation Payments		
Outstanding Legal Claims	1,201	
	1,201	
Employers Liability		
Third Party Liability		
Doubtful Debts		
Other (Please specify)		
Total	1,201	

**POST BALANCE SHEET EVENTS**

On 1<sup>st</sup> April 2004, the assets & liabilities and undertakings of the under-noted NHS Trusts transferred to Greater Glasgow NHS Board. The NHS Trusts were dissolved on the 31<sup>st</sup> March 2004.

Following the transfers of assets and liabilities, all financial transactions for the under-noted NHS Trusts after 31<sup>st</sup> March 2004 were taken on by Greater Glasgow NHS Board. The assets and liabilities of the under-noted NHS Trusts reported in their accounts will be brought into account from the start of the financial year within the accounts of Greater Glasgow NHS Board for the year ended 31 March 2005.

**NHS Trusts referred to in above note:**

North Glasgow University Hospitals NHS Trust  
South Glasgow University Hospitals NHS Trust  
Yorkhill Hospitals NHS Trust  
Greater Glasgow Primary Care NHS Trust

## PENSION COSTS

**The Health 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. The most recent actuarial valuation covered the five years up to 31 March 1994 and details 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 Health board will therefore account for its pension costs on a defined contribution basis as permitted by Financial Reporting Standard 17.

For 2002-03, normal employer contributions of **£477,862** were payable to the SPPA (prior year £439,462) at the rate of 5.5% of total pensionable salaries. In addition, during the accounting period the Health board incurred additional costs of £ nil (prior year £ nil) arising from the early retirement of staff. The most recent actuarial valuation discloses a balance of £934 million to be met by future contributions from employing authorities. As a consequence of the valuation, employers' superannuation contributions will increase to 7% on 1<sup>st</sup> April, 2005.

Provisions/Pre-payments amounting to £40,694k are included in the Balance Sheet and reflect the difference between the amounts charged to the Operating Cost Statement and the amounts paid directly.

The scheme provides benefits on a "final salary" basis at a normal retirement age of 60. Annual benefits are normally based on 1/80<sup>th</sup> of the best of the last three years pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 6% (5% for manual staff) 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.

**GREATER GLASGOW HEALTH BOARD  
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

Note 24.0

**EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS**

**Prior Year Adjustment:**

Section 4.6 of the Resource Accounting Manual (RAM) requires that, where bodies have opted to continue funding early retirement liabilities on a pay as you go basis, as permitted in FIN(T)(1995)2, provision should be made in respect of these liabilities in accordance with FRS 12.

This was not reflected in the 2002/03 Account which was the first year RAM was applied the Health Board accounts. Therefore to correct this fundamental error prior year adjustments have been made to create provision for this effective from 1 April 2002.

The adjustments in the accounts are:

<b>Form</b>	<b>Line</b>	<b>2002/03 £'000</b>	<b>2003/04 £'000</b>	<b>Description</b>
A 1.0	210	-1,941	-1,910	Spend now shown against provision
		- 480	-	Provision not utilised
		-	+ 104	Additional provision created
		- 2,546	- 1,411	Reduced Cost of Capital
Note 6.0	020	- 4,967	- 3,217	Total of above adjustments
Note 9.0	450	- 2,421	-1,806	Spend now against provision + movement in provision
A 3.0	650	+41,220	+ 39,414	Additional closing provision
	710	+41,220	+ 39,414	Movement on General Fund
Note 16.0	610-680	-41,220	+ 39,414	Additional Provision
Note 17.0	110	+43,641	+ 39,309	Create opening provision
	150	- 4,967	- 3,217	Adj Net Operating cost as detailed above (A1.0)
	160	+ 2,546	+ 1,411	Cost of Capital
	220	+41,220	+39,414	Total movement in General Fund

**GREATER GLASGOW HEALTH BOARD**  
**ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

**RESTATED BALANCE SHEET**

	31/03/03 £'000	Adjustment £'000	01/04/03 £'000
<b>100 FIXED ASSETS</b>			
110 Intangible fixed assets	-	-	-
120 Tangible fixed assets	1,705	-	1,705
190	1,705	-	1,705
195			
200 <b>Debtors falling due after more than one year</b>	-	-	-
210			
<b>300 CURRENT ASSETS</b>			
310 Stocks	-	-	-
320 Debtors	21,633	-	21,633
325 Investments		-	-
325 PGO account balance	472	-	472
330 Cash at bank and in hand	1	-	1
370	22,106	-	22,106
380			
390			
<b>500 CURRENT LIABILITIES</b>			
510 Creditors due within one year	55,611	-	55,611
550			
560 Net current assets/(liabilities)	(33,505)	-	(33,505)
570			
580 <b>Total assets less current liabilities</b>	(31,800)	-	(31,800)
590			
610 <b>CREDITORS DUE AFTER MORE THAN 1 YEAR</b>	-	-	-
620			
650 <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>12,096</b>	<b>41,220</b>	<b>53,316</b>
670			
680	(43,896)	(41,220)	(85,116)
690			
<b>700 FINANCED BY:</b>			
710 General Fund	(44,121)	(41,220)	(85,341)
720 Revaluation Reserve	214	-	214
730 Donated Asset Reserve	11	-	11
670			
680	(43,896)	(41,220)	(85,116)
690			