

**Association of
Community
Health Councils
for England
and Wales**

Report and Accounts

1 December 2003

Legal and administrative information

Address	Association of Community Health Councils for England and Wales 30 Drayton Park London N5 1PB
Standing Committee members	Alan Hartley (Chair) Sally Brearley (Vice-Chair) Donald Roy (Vice-Chair) Graham Girvan (Honorary Treasurer) Trevor Gauntlett Cllr Ian Mason Valerie Bryden Barry Fippard David Walsh Susan O'Donnell Keith Jackson John Biggs Tony Tester Judith Blakeman Bill Marks Celia Davies Gordon Peake Frank Rust Frances Johnson Christopher Hayes Mark Woodcock Alice Clarke David Spilsbury Pauline Davis David Mattocks John Seddon Cath Arnold Tommy Morgan Jane Jeffs
Observers	Bill Coltham
Director	Malcolm Alexander
Accountants	Buzzacott 12 New Fetter Lane London EC4A 1AG

Legal and administrative information

Auditors	Audit Commission Victoria House 49 Clarendon Road Watford Herts WD17 1HP
Bankers	The Royal Bank of Scotland plc 189-191 Camden High Street London NW1 7BP

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Report of the Committee 1 December 2003

The Secretary of State for Health presents his report together with the accounts of the Association of Community Health Councils for England and Wales (ACHCEW) for the period ended 1 December 2003.

The accounts have been drawn up on a break-up basis following the closure of ACHCEW on 1 December 2003.

Constitution and organisation

ACHCEW was established in 1977 under the provisions in the National Health Service (Reorganisation) Act 1973. The relevant statutory instrument is SI 1977 874 as amended by SI 1977 1204.

The policy of the Association was determined by an Annual General Meeting of all member Community Health Councils (CHC). Between AGMs the business of the Association was conducted by a Standing Committee.

On 1 December 2003 the Secretary of State for Health exercised the powers conferred on him by the National Health Service Reform and Health Care Professions Act 2002 and transferred the property held and rights enjoyed or liabilities incurred in respect of the functions of ACHCEW by a person as a member or former member of a CHC which was a member of ACHCEW to the Secretary of State for Health.

Principal aims and objectives

The objects of the Association were to channel the views of CHCs to the Secretary of State for Health, to provide a forum for member CHCs, to provide information and advisory services to CHCs and to represent the users of health services at a national level.

Review of the period

The Standing Committee managed Association's affairs as they were wound down prior to formal abolition on 1 December 2003.

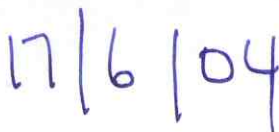
A Special General Meeting was held to transact the last formal business of the Association on 8 July 2003.

The Department of Health on behalf of the Secretary of State managed the formal closure of the Association's business.



For and on behalf of the Secretary of State for Health

Date of approval:



Independent auditors' report to the Secretary of State for Health

We have audited the accounts set out on pages 4 to 13 which have been prepared on a break-up basis under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of the Standing Committee, Secretary of State for Health and auditors

The National Health Service (Association of Community Health Councils) Regulations 1977 (as amended) required the Association to prepare accounts for each financial year in such form as the Secretary of State, with the approval of the Treasury, may direct. By virtue of the 'Transfer Order in Respect of Rights and Liabilities of Community Health Councils and of Property, Rights and Liabilities of the Association of Community Health Councils for England and Wales' dated 1 December 2003 this responsibility transferred to the Secretary of State for Health.

The Secretary of State for Health has not issued an Accounts Direction and has prepared the financial statements ~~have been prepared~~ so that they show a true and fair view of the state of affairs of the Association and of its surplus or deficit for the financial period. In preparing such accounts the Secretary of State has:

- ◆ selected suitable accounting policies and then applied them consistently;
- ◆ made judgements and estimates that are reasonable and prudent;
- ◆ stated whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Standing Committee was also responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association up until the date of its abolition. It was also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We report to you our opinion as to whether the financial statements give a true and fair view.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Secretary of State for Health in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

Independent auditors' report 1 December 2003

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. 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 Association of Community Health Councils for England and Wales as at 1 December 2003 and of its income and expenditure for the period then ended.

Andrew Chappell

A Chappell - Audit Manager
Audit Commission
Victoria House
49 Clarendon Road
Watford
Herts
WD17 1HP

Date: *6th Jan 2004*

Income and expenditure account Period to 1 December 2003

		1 April 2003 to 1 December 2003		Year to 31 March 2003	
	Notes	£	£	£	£
Income					
Membership subscriptions	1		12,700		348,989
Annual General Meeting			28,597		84,321
Publications			339		1,539
Department of Health funding	2		169,953		40,000
Legal Service Level Agreement	3		4,405		133,295
Department of Health grant towards the cost of redundancies			—		66,097
OSC training project grant			—		15,000
Seminars and training			—		41,721
Dilapidation provision no longer required			20,000		—
Other income	4		298		15,628
			236,292		746,590
Expenditure					
Staff costs	5	92,515		391,599	
Professional fees		23,816		24,278	
Standing Committee and officers' expenses (including officers' Honoraria)	6	17,379		33,248	
Annual General Meeting		20,644		63,490	
Office expenses including advertising		33,985		51,326	
Office accommodation		30,967		46,188	
Staff expenses and travel		3,841		6,808	
Staff training		4,008		10,190	
Printing and publications		1,810		4,010	
Periodicals and journals		357		1,589	
Seminars and training		—		31,580	
Legal service level agreement		5,525		8,609	
Legal fees		6,169		—	
OSC training project		—		9,582	
Depreciation of equipment		—		8,699	
Miscellaneous costs		2,462		—	
		243,478		691,196	
Provision for redundancy and other closure costs		—		257,000	
			243,478		948,196
Operating deficit	7		(7,186)		(201,606)
Interest received			2,999		8,889
Deficit on ordinary activities			(4,187)		(192,717)
Corporation tax			—		8
Deficit on ordinary activities after taxation carried forward to page 5			(4,187)		(192,709)

Income and expenditure account Period to 1 December 2003

	Notes	1 April 2003 to 1 December 2003 £	Year to 31 March 2003 £
Deficit on ordinary activities after taxation brought forward from page 4		(4,187)	(192,709)
Retained surplus brought forward at 1 April 2003		4,187	196,896
Retained surplus carried forward at 1 December 2003		—	4,187

Total recognised gains and losses

All recognised gains and losses are included in the above income and expenditure account.

Balance sheet 1 December 2003

		1 December 2003		31 March 2003	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		—		—
Current assets					
Debtors	9	728		21,904	
Cash at bank and in hand		(728)		416,172	
		—		438,076	
Creditors: amounts falling due within one year	10	—		(163,889)	
Net current assets			—		274,187
Provision for liabilities and charges					
Provision for redundancies and sundry closure costs	11	—		(250,000)	
Dilapidations provision	11	—		(20,000)	
			—		(270,000)
Total net assets			—		4,187
Represented by:					
Capital and reserves					
Income and expenditure account			—		4,187

Approved by, and on behalf of, the Secretary of State for Health:

E J Exelver

Date of approval:

17/6/04

Cash flow statement 1 December 2003

	Notes	1 December 2003 £	31 March 2003 £
Net cash outflow from operating activities	A	(419,899)	(10,014)
Net cash inflow from returns on investments			
Interest received		2,999	8,889
Decrease in cash	B	(416,900)	(1,125)

Notes to the cash flow statement for the year to 1 December 2003:

A Adjustment of deficit on ordinary activities to net cash outflow from operating activities

	1 December 2003 £	31 March 2003 £
Deficit on ordinary activities	(4,187)	(192,709)
Depreciation charge	—	8,699
Interest receivable	(2,999)	(8,889)
Decrease in debtors	21,176	2,334
Decrease in creditors	(163,889)	(76,456)
(Decrease) increase in provision for redundancies and sundry closure costs	(250,000)	250,000
(Decrease) increase in provision for dilapidations	(20,000)	7,000
Loss on disposal of tangible fixed assets	—	7
Net cash outflow from operating activities	(419,899)	(10,014)

B Analysis of cash and cash equivalents as shown in balance sheet

	At 1 April 2003 £	Cash flows £	At 1 December 2003 £
Cash at bank and in hand	416,172	(416,900)	(728)

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

As a result of the closure of ACHCEW with effect from 1 December 2003, the accounts have been prepared on a break-up basis with provision being made for all known liabilities relating specifically to the closure.

Membership subscriptions

Annual membership subscriptions were credited to the income and expenditure account on an accruals basis.

Grants receivable

Grants receivable were credited to the income and expenditure account on a receivable basis.

Donations and voluntary income

Donations and voluntary income were credited to the income and expenditure account on a receipts basis.

Tangible fixed assets

In prior years depreciation has been provided at a rate of $33\frac{1}{3}\%$ on the reducing balance basis in order to write off items of furniture and equipment over their expected useful lives. Given the imminent closure of ACHCEW, all items of furniture and equipment were written down to a zero net book value in the accounts for the year ended 31 March 2003 (see note 9).

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor were charged on a straight-line basis over the lease term.

Pension costs

The Association's employees participated in the NHS pension scheme. This is a statutory, defined benefit scheme, the provisions of which are contained in the NHS Pension Scheme Regulations (SI 1995 No. 300). Under these regulations the Association was required to pay an employer's contribution, currently 7% of pensionable pay, as specified by the Secretary of State for Health. These contributions were charged to operating expenses as and when they become due.

Pension costs (continued)

Employer contributions are used to defray the cost of providing the scheme benefits. These are guaranteed by the Exchequer, with the liability to pay benefits falling to the Secretary of State, not to the Association. The Association's Index linking costs under the Pensions (Increase) Act 1971 are met directly by the Exchequer.

The scheme is notionally funded. Scheme accounts are prepared annually by the Department of Health and are examined by the Comptroller and Audit General. The Government Actuary values the scheme every five years and his quinquennial reports are published.

The scheme has a money purchase Additional Voluntary Contribution (AVC) arrangement linked to the Equitable Life Assurance Society, which is available to employees to enhance their pension benefits.

Project costing

The contribution to ACHCEW overheads by individual projects was calculated at 20% of the other costs of the project, excluding direct transfers to other agencies.

Administration costs were assessed, as a contribution to ACHCEW administrative staffing, on the basis of an estimate of the likely amount of administrative input that was necessary.

Notes to the accounts Period to 1 December 2003

1 Membership subscriptions

The Association achieved a membership of 197 Community Health Councils in the year to 31 March 2003. There were no members during the period to 1 December 2003 although £12,700 of subscriptions relating to earlier years were received.

2 Department of Health funding

	General funding £
Grant received in the period and credited to the income and expenditure account	169,953
Expenditure in the period	(169,953)

3 Legal Service Level Agreement

	1 April 2003 to 1 December 2003 £
Deferred income brought forward at 1 April 2003	4,405
Expenditure in the period (direct and indirect costs)	(4,405)

The Service Level Agreement was an agreement with the NHS Executive to provide legal services to CHCs.

4 Other income

	1 April 2003 to 1 December 2003 £	Year to 31 March 2003 £
Amount receivable from the Department of Health to reimburse audit and legal costs	—	15,628
Sundry income	298	—
	298	15,628

5 Staff costs

	1 April 2003 to 1 December 2003 £	Year to 31 March 2003 £
Wages and salaries	138,318	346,279
Social security costs	6,506	25,574
Other pension costs	6,602	19,746
	151,426	391,599
Redundancy costs	56,789	—
Pension capitalisation	134,300	—
Less provision for redundancies and closure costs	(250,000)	—
	92,515	391,599

There were no employees who earned £50,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the period (year to 31 March 2003 – none).

The average weekly number of employees during the year was as follows:

	1 April 2003 to 1 December 2003	Year to 31 March 2003
Full time		6
Part time		8

6 Standing Committee and officers' expenses (including officers' Honoraria)

	1 April 2003 to 1 December 2003 £	Year to 31 March 2003 £
Honoraria	—	10,000
Officers' expenses	—	9,948
	—	19,948
Standing Committee expenses	17,379	13,300
	17,379	33,248

Notes to the accounts Period to 1 December 2003

7 Operating deficit

	1 April 2003 to 1 December 2003 £	Year to 31 March 2003 £
This is stated after charging:		
Auditors' remuneration	8,225	15,628
Operating lease charges	—	20,910
Depreciation	—	8,699

8 Tangible fixed assets

	Furniture and equipment £
Cost	
At 1 April 2003	74,261
Disposals	(74,261)
At 1 December 2003	—
Depreciation	
At 1 April 2003	74,261
Depreciation on disposals	(74,261)
At 1 December 2003	—
Net book values	
At 1 December 2003	—
At 31 March 2003	—

9 Debtors

	1 December 2003 £	31 March 2003 £
Trade debtors	—	995
Prepayments and accrued income	—	5,281
Sundry debtors	728	15,628
	728	21,904

Notes to the accounts Period to 1 December 2003

10 Creditors: amounts falling due within one year

	1 December 2003	31 March 2003
	£	£
Subscriptions paid in advance	—	7,600
Deferred income:		
· Department of Health (for the period 1 April 2003 to 31 August 2003)	—	100,000
· Legal Service Level Agreement (note 3)	—	4,405
Other creditors	—	1,399
Accruals	—	50,485
	—	163,889

11 Provision for liabilities and charges

	Redundancy and sundry closure costs £	Dilapid- ations £	Total £
Brought forward at 1 April 2003	250,000	20,000	270,000
Provision released in period	(250,000)	(20,000)	(270,000)
At 1 December 2003	—	—	—

12 Leasing commitments

Operating leases

At 1 December 2003, the Association had annual commitments under non-cancellable operating leases as follows:

	Leasehold property		Furniture and equipment	
	1 December 2003	31 March 2003	1 December 2003	31 March 2003
	£	£	£	£
Operating leases which expire:				
Within one year	—	16,750	—	4,160