ITEM: 09/027
Doc 6

MEETING:	Trust Board 18th February 2009

TITLE:	Financial Position – Month 10 (January 2009)

Executive Summary

1. Month 10 Income and Expenditure

1.1. The overall I&E position to 31st January 2008 is a surplus of £1,737k, which is £283k worse than planned. This year-to-date position is broadly consistent with last month's forecast.

1.2. Pay expenditure increased significantly in January – with over £1.5m expenditure on bank and agency staff in the month. This was due to high levels of staff sickness, the opening of additional wards to meet additional patient demand, high levels of activity on the Intensive Care Unit, and the use of expensive agency staff.

1.3. Non-pay expenditure was £158k lower than planned in January – however, this is after a provision release of £280k reflecting the settlement agreed with Whittington Facilities Limited (WFL) within the month. The underlying non-pay expenditure position was therefore an overspend of £122k. The WFL settlement also improved the income position within Facilities by £310k. The overall non-recurrent benefit reflected in Month 10 was therefore £590k. No further provisions were released this month.

1.4. The year-to-date position includes several non-recurrent items, which when removed show a significant underlying financial deficit. The current forecast remains at £2m although it is likely that a higher than expected use of provisions will be required.

1.5. In the dashboard, the year-to-date surplus against plan is shown as red as the actual surplus is lower than the year-to-date planned surplus of £2.019m. This planned year-to-date surplus is higher than the year-end planned surplus of £2m due to profiling of I&E plan in Months 11 and 12.

2. Month 10 Balance Sheet and Cash

2.1. The cash balance increased in January with a closing cash balance of £3.2m, £0.9m above the forecast position. The majority of this is due to the Roche Managed Equipment Service (MES) invoice being sent to the Trust later than usual in January and a corresponding reduction in payments as a result.

2.2. Capital payments were £197k above forecast in January, although there remains a risk that the capital programme allocation, although full, will not be entirely utilised by the end of March unless projects are actively managed and slippage prevented.

3. 2008/09 Forecast

3.1. The detailed bottom-up forecasting exercise that was undertaken in previous months has been updated for Month 10. This indicates that the Trust is projecting a 'likely case' £1,998k surplus for 2008/09 – this remains contingent upon strong income over-performance in the final two months of the year and the release of further provisions no longer required. Further details of this forecast are given in Section 13.

3.2. A particular emphasis should be placed on the following key priorities:

- Reduction in pay expenditure – if pay costs remain at Month 10 levels for the remainder of the year, achievement of the £2m planned surplus will be at risk if activity levels are not sufficient to generate income in excess of the 'likely case' forecast to cover this expenditure
- Achievement of DTC income target – currently significantly below plan, with additional problems so far in February due to the adverse weather conditions
- Maintenance of income levels sufficiently above SLA plan to cover other targets and cost pressures – these targets were not met this month

4. Recommendations

4.1. The Trust Board is asked to:

- **Note** the financial performance for the first ten months of 2008/09
- **Note** the year-end forecast of £2m and the reliance upon non-recurrent items and final quarter activity levels to achieve this
- **Note** the continued importance of the key priorities outlined above

ACTION:	For information / discussion

REPORT FROM:	Tim Jaggard, Deputy Director of Finance

SPONSORED BY:	Richard Martin, Finance Director

Financial Validation Lead: Director of Finance	Tim Jaggard

Compliance with statute, directions, policy, guidance Lead: All directors	**Reference:** Best Practice – financial assurance standards; ALE; Accounting Standards; Monitor financial regime

Compliance with Healthcare Commission Core/Developmental Standards Lead: Director of Nursing & Clinical Development	**Reference:**

Compliance with Auditors' Local Evaluation standards (ALE) Lead: Director of Finance	**Reference:** **ALE – Financial Management and Financial Reporting Domains**

Compliance with requirements of FT application and monitoring regime Lead: Director of Strategy & Performance	**Reference:**

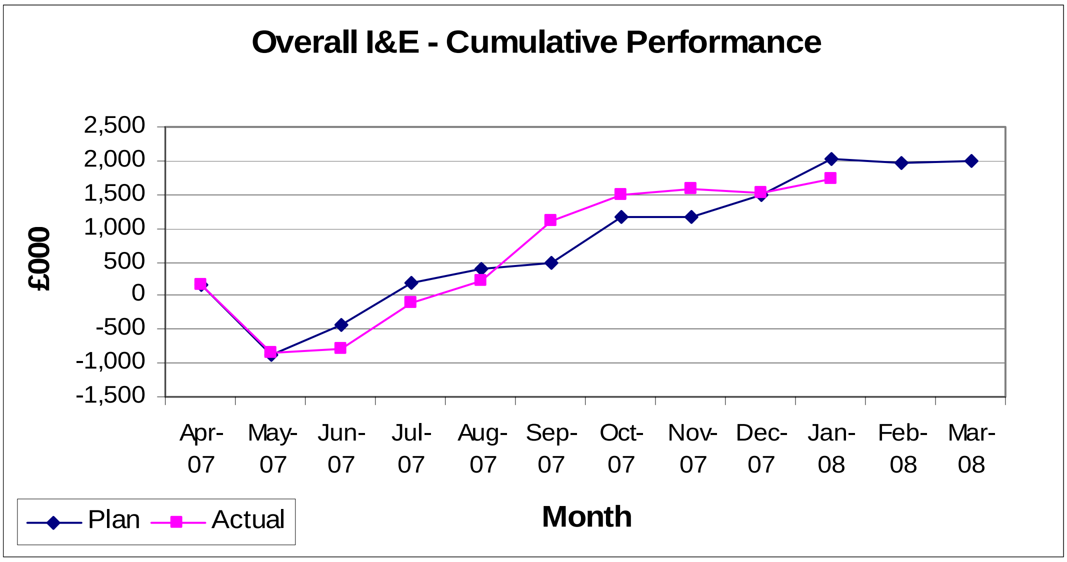
Month 10 Finance Report

5. Income and Expenditure Summary

5.1. Income and Expenditure is summarised in the table and chart below:

FIGURE 1 Description	Current Month Actual £'000	 Budget £'000	 Variance £'000	Year To Date Actual £'000	 Budget £'000	 Variance £'000	Annual Budget £'000
NHS Clinical Income	11,489	11,667	(179)	115,839	115,811	28	138,557
Non NHS Clinical Income	75	64	11	763	641	122	769
All Other Non Clinical Income	2,093	1,936	157	20,065	18,802	1,264	22,574
Total Income	**13,657**	**13,667**	**(10)**	**136,667**	**135,253**	**1,414**	**161,900**
Pay	9,694	9,208	(486)	92,900	90,860	(2,040)	109,090
Non Pay	3,030	3,188	158	35,162	34,918	(244)	41,837
Total Expenditure	**12,724**	**12,396**	**(328)**	**128,062**	**125,778**	**(2,284)**	**150,927**
EBITDA	**933**	**1,271**	**(338)**	**8,605**	**9,475**	**(870)**	**10,973**
Plus Interest Receivable	2	30	(27)	237	276	(39)	355
Less Interest Payable	0	0	0	1	0	(1)	50
Less Depreciation	402	455	53	3,924	4,552	628	5,462
Less PDC Dividend	318	318	0	3,180	3,180	0	3,816
Net Surplus / (Deficit)	**215**	**528**	**(313)**	**1,737**	**2,019**	**(283)**	**2,000**

FIGURE 2



5.2. EBITDA of £8,605k to date is reported, which is £870k worse than planned as this is calculated before the depreciation underspend that is contributing to the overall I&E surplus.

5.3. The apparent strong financial performance to date is due to a number of factors:

- Planned release of provisions – totalling £3m for the year
- Additional Market Forces Factor (MFF) payment from DH - £50k
- A favourable variance on depreciation (£628k total to Month 10), partially due to a change in indexation rules and partially due to a lower level of assets as a result of capital programme slippage
- Recognition of the year-to-date proportion of a) £500k maternity funding and b) £400k waiting list funding from Islington PCT
- Unanticipated payment of a number of 2007/08 outstanding debts of around £400k relating largely to SLA over-performance – over and above planned provision release
- Review of creditor balances held (i.e. amount owing to other organisations) - £341k released in November
- Reduced credit note provisions following an assessment of outstanding claims – in November and December these reductions together amounted to £429k above the planned £250k per month provision release
- Recognition of the WFL settlement – a total positive impact on the I&E position of £590k due to clearing historical debts that had been provided for,

5.4. The total of the non-recurrent items above is around £5.3m at Month 10. At the same time as reviewing and releasing old provisions, new provisions are also added where necessary (new credit note provisions total £2.2 at Month 10). It is also worth noting that there will almost certainly be some non-recurrent items in future years, but that the extent of these is estimated to be significantly lower than in 2008/09.

Description of non-recurrent item	**Month 10 Value (£000s)**	**Month 12 Forecast Value (£000s)**
Surplus reported at Month 10	**1,737**	**2,000**
Planned provision release to Month 10	2,500	3,000
Additional MFF from 2007/08	50	50
Non-recurrent reduction in depreciation	480	553
Maternity and Waiting List Funding	750	900
Unanticipated payment of 07/08 debt	400	400
Release of creditor balances	341	341
Unplanned provision release from review at M8 & 9	429	429
Recognition of WFL settlement (amount over and above planned provision release shown above)	340	340
Underlying deficit after adjusting for items above	**(3,553)**	**(4,013)**

5.5. The Trust had a number of provisions at the start of 2008/09 that have subsequently been assessed as not being required – this is unlikely to be the case at the start of 2009/10 and as a result the Trust's income and expenditure position next year cannot be reliant upon significant provision releases on a similar scale to 2008/09.

6. Income Performance

6.1. NHS Clinical Income is reported based upon the latest coded activity data (December 2008). In addition, January un-coded activity (where available) indicated that performance was above plan by around £150k and this value has been accrued for.

6.2. As in previous months, adjustments have been made to reduce income based on anticipated non-payment for certain items:

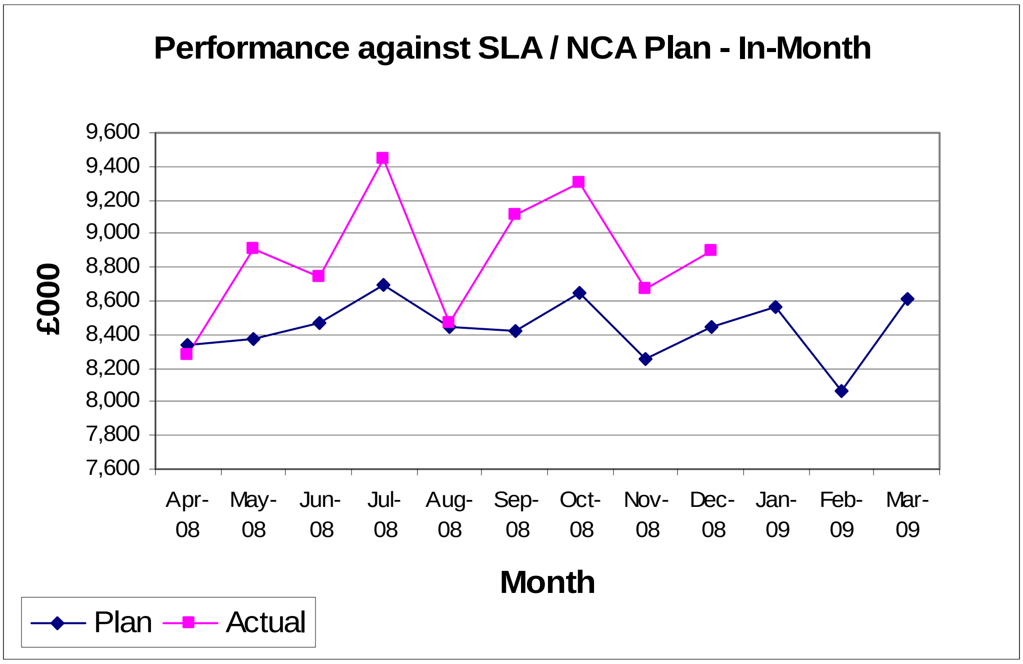
- Follow-up outpatient attendances above the PCT target. Agreement has been reached for the penalty not to be applied to several specialties and this provision has been reduced to reflect this. Discussions are ongoing for the remaining specialties breaching the target ratio. Attention must be given to the these to avoid a potentially large reimbursement to PCTs at the end of the year
- Glucose tolerance tests – coded as outpatient activity. Agreement to charge at a lower rate from December onwards – possible reimbursement to PCTs
- N12 Maternity activity – a recent audit has highlighted that some women admitted ante-natally may not meet the criteria for an admission. The audit is ongoing but an initial estimate of reimbursement to the PCT has been included
- Quarter 2 and 3 disputed activity – as in previous months, a provision has been made for estimated disputes from PCTs.

6.3. Over-performance against SLAs (including non-contract activity) increased by £515k in December – however, around £135k of this relates to community midwifery visits which have recently moved to a 'cost and volume' arrangement and which were accrued elsewhere until Month 9. Achievement of the £2m surplus is highly dependent upon increased over-performance against SLA plans in the remainder of the year – an additional £500k over and above the current *rate* of over-performance has been included in the 'likely case'. This has been reviewed with operational management and is considered realistic – but an emphasis on meeting DTC target activity must remain to achieve this.

6.4. The year-to-date position is summarised below by patient type (note that these values exclude the Market Forces Factor (MFF) top-up of 37% which is payable separately on PbR activity by the Department of Health):

FIGURE 3	**Activity**			**Finance £000s**		
Patient Type	**Plan To M9**	**Actual To M9**	**Variance To M9**	**Plan To M9**	**Actual To M9**	**Variance To M9**
Block Contract/Emergency Threshold	0	0	0	12,642	12,642	0
Adult High Dependancy Beddays	1,888	2,107	219	1,476	1,647	171
Adult Intensive Care Beddays	2,386	2,688	302	4,531	5,105	573
Day Cases	10,616	12,341	1,725	6,517	7,588	1,070
Direct Access	462,523	500,875	38,352	5,141	5,367	227
ED Attendances	60,468	57,236	(3,232)	4,439	4,209	(230)
Elective Inpatients	2,548	2,079	(469)	4,805	4,395	(410)
Excess Beddays	9,807	9,217	(590)	1,595	1,488	(107)
NICU High Dependancy Beddays	938	810	(128)	905	782	(124)
NICU Intensive Care Beddays	663	591	(72)	895	798	(97)
NICU Special Care Beddays	5,312	5,261	(51)	2,120	2,060	(60)
Non-Elective Inpatients	17,605	18,299	694	15,064	15,300	236
Other Activity	10,743	26,136	5,781	912	1,336	424
Outpatient 1st Attends	40,065	45,216	5,151	6,951	7,843	903
Outpatient Follow Ups	88,728	103,313	14,585	7,434	8,476	1,042
Outpatient Procedures	2,889	3,802	913	614	794	180
Grand Total				**76,042**	**79,828**	**3,798**

FIGURE 4



6.5. Significant favourable in-month variances were in outpatient attendances, showing a total £2.1m variance to date (before the provision in respect of the follow up ratio), and non-elective inpatients (£129k over-performance in December).

6.6. Elective activity was low in December (£139 under-performance) due to the Christmas break. Day case activity was £75k above SLA plan but significantly below the Trust's internal target. The combined performance of day cases and elective inpatients – i.e. total elective activity - is now £724k above SLA plan. However, this is before meeting additional DTC income targets which at Month 9 totalled some £1.7m (before MFF). After factoring in the anticipated year-to-date ophthalmology income from the Royal Free (£410k) this brings total elective income to £566k below target as at the end of December.

7. Expenditure Performance

7.1. Pay expenditure was significantly overspent in January (£486k), in contrast to improvements in recent months. This has given rise to a year-to-date overspend of over £2m. The particular issues in January contributing to high pay expenditure included:

- High levels of staff sickness
- Increased numbers of admissions leading to additional wards being opened
- High levels of activity on the Intensive Care Unit
- The use of expensive agency staff
- Expenditure on the new Midwifery-Led Birthing Unit (although cost pressure budget has been released to fund this)

7.2. A total of £1.5m was spent on bank and agency staff in January alone. If this level of overspend continues into February and March this will put the achievement of the £2m surplus at risk if activity levels are not sufficient to generate income in excess of the 'likely case' forecast to cover this expenditure. Therefore control of pay expenditure must be a priority for the remainder of the year.

7.3. Medical staffing continues to be overspent, by £969k to date. An overspend of £783k on locum medical staffing is contributing to this, which is not sufficiently offset by an underspend against permanent medical staff.

7.4. Underlying non-pay expenditure (after adjusting for the WFL settlement described above) is an overspend of £122k in January. Included within this figure is an overspend on drugs (£78k), on provisions and kitchen supplies (£123k) and NHS blood services (£57k), partially offset by underspends elsewhere.

8. Cost Pressures and Central Budgets

8.1. Claims against central budgets totalled £380k, mainly relating to the expansion of the Maternity Day Unit and the opening of the Midwifery-Led Birthing Unit.

8.2. The total value of central budgets relating to cost pressures that have not yet been claimed is around £890k. This effective underspend is already included within the pay and non-pay lines in Figure 1.

9. Cost Improvement Programme (CIP)

9.1. Performance against the CIP is summarised in the charts below. The target to the end of January was £3.4m, against which £3.85m has been validated (£500k of this being non-recurrent savings). In-month performance was £150k above target.

9.2. The total target for the year remains at £4.2m. The forecast has reduced slightly to £4.1m, with an additional non-recurrent CIP of £0.6m predicted over and above this recurrent value. The year-end forecast assumes the likely scenario that both Reckitt and Eddington wards remain open, with additional income due to increased activity offsetting the CIP underachievement.

9.3. As reported in previous months, the CIP for 2009/10 is being developed (a minimum target of a challenging £8m recurrent savings), with Directors involved in forming detailed plans for achieving this target. The 2010/11 CIP is also being discussed.

Figure 5

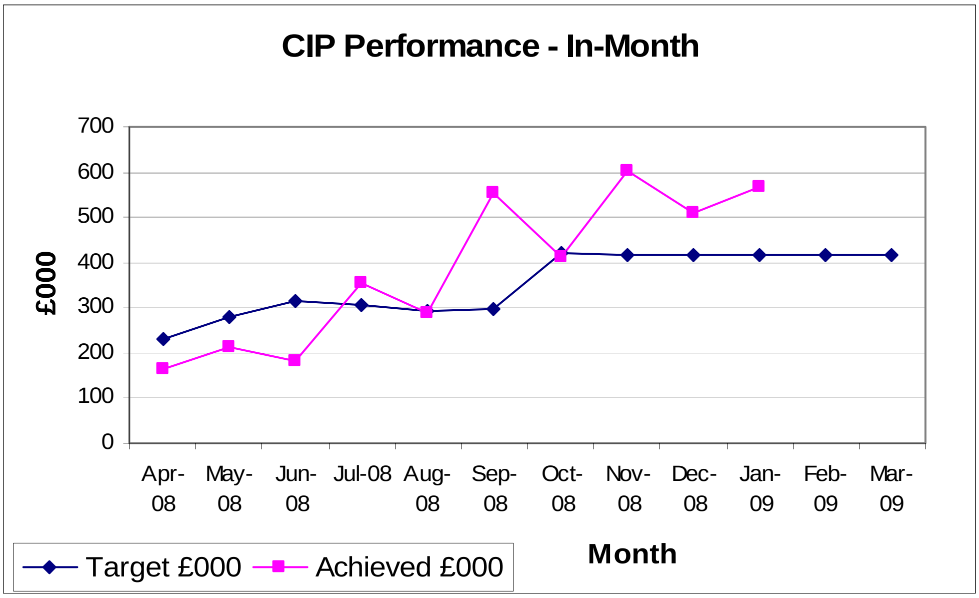
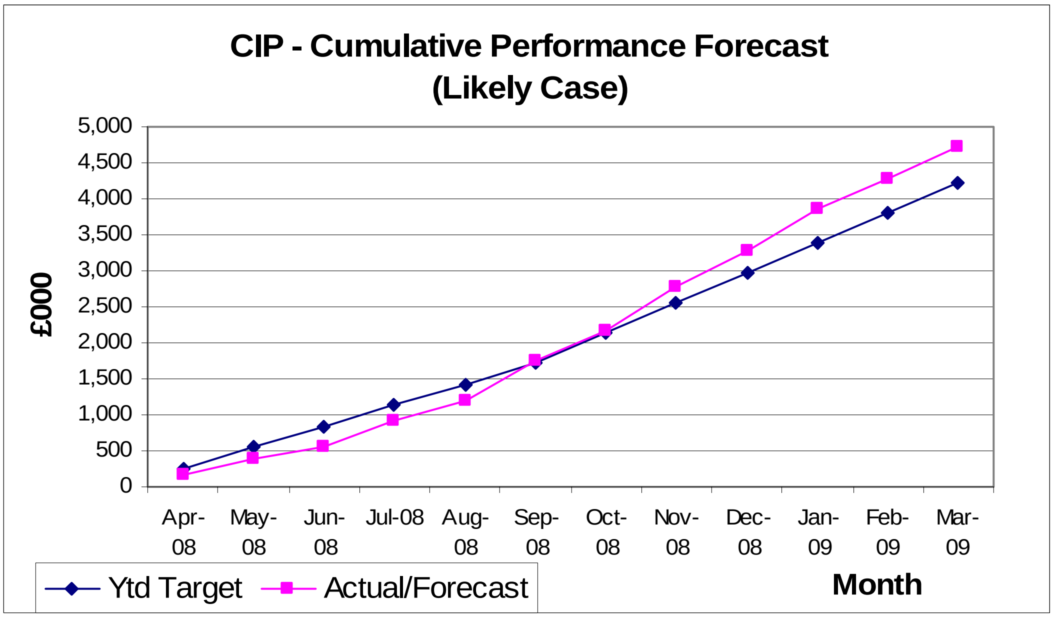


Figure 6

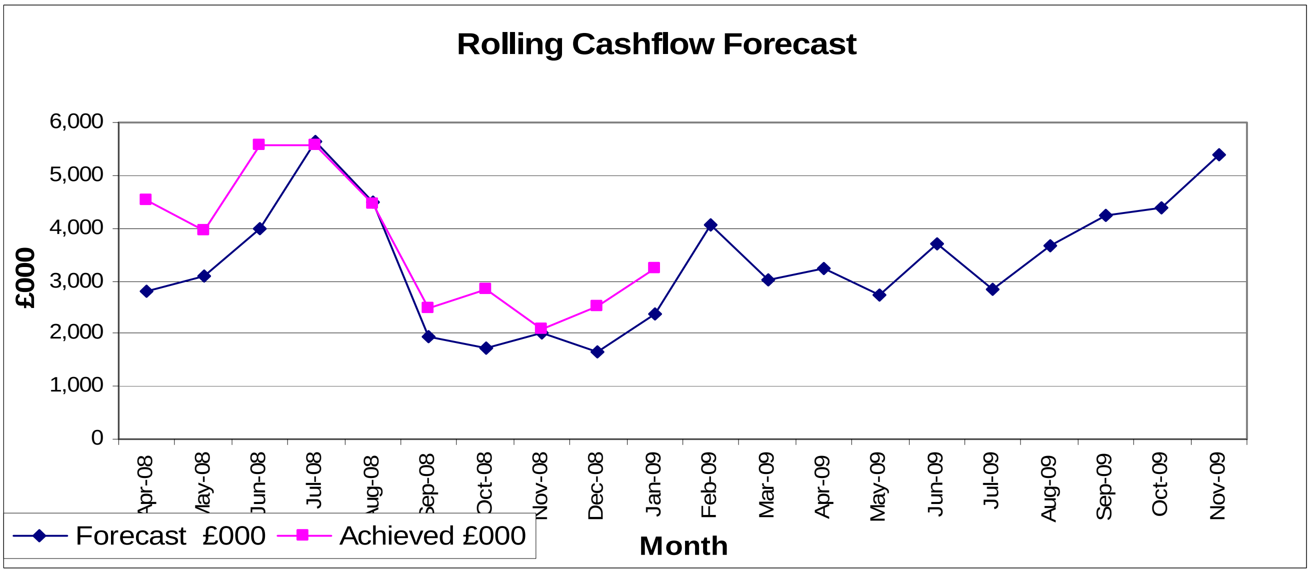


10. Cash

10.1. The cash balance at the end of November was £3.2m, around £0.9m higher than the previously published forecast. The higher than anticipated cash balance was due primarily to the Roche Managed Equipment Service (MES) invoice being sent to the Trust later than usual in January and a corresponding reduction in payments as a result. The anticipated clearance of the backlog of invoices due to the Christmas period was also smaller than expected.

10.2. It will be important in the coming months to ensure that the capital programme for 2009/10 is fully committed by the end of the financial year – the impact upon this has been included within the cash flow forecast below:

FIGURE 7



10.3. Where exact timings are unknown, estimates have been included. The reduction in the cash balance that occurred in September is due to the half-yearly Public Dividend

Capital payment of £1.9m. The capital programme is expected to impact more in the second half year with a final dividend payment due in March offset by substantial payment of debts as PCTs seek to achieve their year-end cash targets.

10.4. The projected cash-flow for 2009/10 is based upon the recent Annual Plan submitted to NHS London. This shows an increase in cash due to higher EBITDA as a result of high income assumptions (pending SLA agreement with PCTs) included to offset the non-cash impact of implementing International Financial Reporting Standards (IFRS).

11. Risk Rating

11.1. An indicative risk rating is shown below, based upon the Monitor methodology. The year-to-date and forecast risk ratings remain at a score of 3. It should be noted that the Monitor methodology takes into account the overdraft facility of £11m and this helps the liquid ratio part of the rating. The NHS London approach does not take this into account – however, a score of 3 is still predicted under either methodology.

FIGURE 8

Weighting	Metric Description	Month 10 Rating	Weighted	Forecast Year-end Rating	Weighted
10%	EBITDA achieved (% of plan)	4	**0.4**	4	**0.4**
25%	EBITDA margin (%)	3	**0.75**	3	**0.75**
20%	Return on Assets (%)	3	**0.6**	4	**0.8**
20%	I&E surplus margin (%)	3	**0.6**	3	**0.6**
25%	Liquid ratio (days)	4	**1**	3	**0.75**
	Overall rating		**3.35**		**3.3**

12. Balance Sheet

The balance sheet is summarised below, showing the opening, current month and year-end forecast position. The year-end forecast has been updated.

FIGURE 9

Description	As at 1st April 2008	End of Month Actual	2008/09 Year End Forecast
	£'000	£'000	£'000
Fixed Assets	**92,504**	**91,980**	**94,200**
Stock	1,230	1,361	1,341
Debtors	7,457	12,336	8,162
Debtors - Deferred Asset	24,933	24,113	23,949
Cash in hand & at Bank	2,515	3,216	3,030
Total Current Assets	**36,135**	**41,027**	**36,482**
Creditors - Revenue	11,468	15,987	12,529
Creditors - Capital	3,150	794	2,200
Total Current Liabilities	**14,618**	**16,781**	**14,729**
Net Current Assets	**21,517**	**24,246**	**21,753**
Provisions for Liabilities & Charges	**3,289**	**3,056**	**2,460**
Total Assets Employed	**110,732**	**113,169**	**113,493**
Public Dividend Capital	47,258	48,084	48,084
Revaluation Reserve	40,426	40,268	40,268
Donated Asset Reserve	1,221	1,124	1,187
Income & Expenditure Reserve	21,827	23,693	23,954
Total Capital & Reserves	**110,732**	**113,169**	**113,493**

12.1. As described previously, figures for debtors include around £1.4m in respect of uncompleted spells of patient care.

12.2. Average invoiced debtor days are currently 20.6 against a target maximum of 30 days. The invoiced debt at the end of January represents 5.64% of the Trust's turnover (target maximum of 5%).

12.3. Debtors have increased over the year due largely to a change in the accounting treatment for work in progress and accruals for over-performance, which are not settled on a monthly basis. NHS debt is projected to fall towards the end of the year, in line with previous years, as organisations seek to reduce their cash balances. Cash payment for estimated over-performance for Quarters 3 and 4 has been agreed with Islington PCT.

12.4. As at 31st January, 92.1% of NHS Creditors and 86.7% of Non-NHS Creditors were paid within the target 30 days.

13. 2008/09 Forecast Income and Expenditure

13.1. The table below summarises the forecast I&E position for 2008/09 – the result of the bottom-up forecasting process undertaken by finance/operational management, with limited high-level adjustments. The full summary forecast is shown in Appendix 1.

Description	Forecast Year End Actual		
	Worst £'000	**Likely £'000**	**Best £'000**
NHS Clinical Income	138,781	139,239	139,468
Non NHS Clinical Income	978	978	978
All Other Non Clinical Income	24,187	24,187	24,187
Total Income	**163,947**	**164,405**	**164,634**
Pay	111,785	110,749	110,660
Non Pay	43,746	43,341	43,306
Total Expenditure	**155,531**	**154,090**	**153,966**
EBITDA	**8,416**	**10,315**	**10,668**
Plus Interest Receivable	258	239	249
Less Interest Payable	20	1	1
Less Depreciation	4,744	4,744	4,744
Less PDC Dividend	3,816	3,816	3,816
Net Surplus / (Deficit)	**94**	**1,993**	**2,357**

13.2. Forecast income is based upon average performance against SLA plan in previous months. In Month 10 this has been updated through detailed conversations with General Managers about expected activity levels. As noted above, an additional £700k of activity has been assumed over and above the current *rate* of over-performance.

13.3. The expenditure forecast has been derived as in previous months but refreshed for Month 10, with new adjustments made at a detailed level from meetings with operational management and budget holders.

13.4. CIP – the forecast implicitly assumes that CIP will overachieve by £0.6m at the year-end (including non-recurrent items): therefore no CIP adjustments have been made to the forecast.

13.5. Release of Provisions – the forecast assumes that £250k per month will be released from provisions for the remainder of the year. However, as described in Section 5, due to lower than expected levels of income in recent months, the likely case forecast assumes an *additional* £200k of provisions to be released by the end of the financial year in order to achieve the £2m planned surplus. It should also be noted that whilst amounts are being released as and when they are no longer required, new provisions are being created where necessary.

13.6. Whilst the likely case forecast is still projecting a £2m surplus, this is contingent upon activity over-performance increasing by £700k over the current rate of over-performance for the remainder of the year. To mitigate the risk of activity not being sustained at these levels, it remains essential to focus on the key risks / priorities identified in the Executive Summary.

14. Update on HRG Version 4 and 2009/10 SLA Negotiations

14.1. The Department of Health published the final national tariff for 2009/10 on 5th February. The Trust has analysed its planned activity for next year using the new tariff and submitted on 6th February a fully costed proposal to PCTs (including the new North Central London Commissioning Agency with whom contract negotiations are taking place).

14.2. The main changes to the tariff structure are as follows:

- Change in Whittington Market Forces Factor from 37% to 30% top-up on basic tariff prices
- Introduction of a new Planned Same Day tariff for day cases (and outpatient procedures on a non-mandatory basis) – this replaces the current payment for day cases using the elective tariff, and is at a lower rate
- ‘Unbundling’ of outpatient diagnostic imaging and patient transport – these will now be paid for separately rather than as part of the tariff

14.3. At the time of writing, the Trust is awaiting the PCTs’ response to the proposal, which does not as yet include PCT assumptions around demand management (e.g. activity that they wish to reduce by delivering care in the community) and the impact of the independent sector (likely to be significant in 2009/10).

14.4. The Trust is aiming to have SLA contracts signed with the Commissioning Agency by the deadline of 27th February, subject to achieving agreement in negotiations.

Appendix 1: Summary of Month 10 Forecast Income and Expenditure 2008/09

Income

Board Report rollup	Worst case scenario	Likely scenario	Best case scenario
	Year end forecast - from summary sheet		
Adult High Dependancy Beddays	2,186,391	2,194,336	2,198,309
Adult Intensive Care Beddays	6,932,842	6,957,256	6,969,463
Block Contract/Emergency Threshold	17,532,733	17,591,371	17,620,690
Day Cases	10,212,106	10,246,928	10,264,339
Direct Access	7,210,190	7,234,304	7,246,361
ED Attendances	5,472,407	5,489,991	5,498,783
Elective Inpatients	5,957,729	5,977,407	5,987,246
Excess Beddays	2,143,700	2,151,854	2,155,931
NICU High Dependancy Beddays	974,845	978,083	979,703
NICU Intensive Care Beddays	1,068,469	1,072,020	1,073,796
NICU Special Care Beddays	2,823,377	2,833,437	2,838,467
Non-Elective Inpatients	20,250,932	20,319,439	20,353,692
Other Activity	1,156,101	1,161,360	1,163,990
Outpatient 1st Attends	10,549,802	10,585,098	10,602,746
Outpatient Follow Ups	11,324,904	11,362,732	11,381,645
Outpatient Procedures	1,061,563	1,065,082	1,066,841
Total SLAM income	106,858,090	107,220,699	107,402,004
MFF @ 37.2016%	28,127,541	28,222,988	28,270,712
Education & Training Income	17,172,827	17,172,827	17,172,827
Devolved Income	4,941,381	4,941,381	4,941,381
Non-SLAM Clinical Income	2,901,236	2,901,236	2,901,236
Tariff + Non-Tariff less SLAM	894,270	894,270	894,270
Other Income (non-clinical)	3,051,533	3,051,533	3,051,533
TOTAL INCOME BEFORE HIGH-LEVEL ADJUSTMENTS	163,946,878	164,404,935	164,633,963
High-Level Adjustments			
Adjustment to provisions based on SLA performance	700,000	0	0
Non-achievement of additional overperformance in Months 11-12	-700,000	0	0
TOTAL INCOME AFTER HIGH-LEVEL ADJUSTMENTS	**163,946,878**	**164,404,935**	**164,633,963**

Expenditure

Division	Worst case scenario	Likely scenario	Best case scenario
	Year end forecast		
Diagnostics	17,585,064	17,404,304	17,396,444
Facilities	16,914,580	16,894,580	16,884,580
Finance	3,223,780	3,223,780	3,223,780
HR & Corporate Affairs	2,388,584	2,388,584	2,388,584
IM&T	3,135,689	3,135,689	3,135,689
Medical Education	753,272	753,272	753,272
Medicine & Therapy	37,173,213	37,133,213	37,138,213
Nursing & Clinical Development	3,321,421	3,321,421	3,321,421
Operations	682,803	682,803	682,803
Pharmacy	3,713,698	3,713,698	3,713,698
Primary Care	388,126	388,126	388,126
Strategy & Performance	7,937,744	7,937,744	7,937,744
Surgery & Cancer	36,429,091	36,005,054	35,852,518
Womens & Children	23,584,450	23,429,540	23,356,042
Total Expenditure in Directorates	157,231,515	156,411,808	156,172,914
50% MARGINAL COST ADJUSTMENT DUE TO ACTIVITY CHANGES	-229,028	0	114,514
Reserves	0	0	0
Other Trust Finance (includes planned provision release in M11 and M12)	-2,321,805	-2,321,805	-2,321,805
TOTAL EXPENDITURE	154,680,682	154,090,003	153,965,623
High-Level Adjustments			
18 Weeks Penalty (50% of maximum penalty)	850,000	0	0
TOTAL EXPENDITURE AFTER HIGH-LEVEL ADJUSTMENTS	**155,530,682**	**154,090,003**	**153,965,623**
Interest	-238,187	-238,187	-248,187
Depreciation	4,743,949	4,743,949	4,743,949
PDC Dividend	3,816,000	3,816,000	3,816,000
NET FORECAST INCOME/EXPENDITURE POSITION 2008/09	**94,435**	**1,993,170**	**2,356,578**