



Department of

Health, Social Services and Public Safety

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AN ROINN

Sláinte, Seirbhísí Sóisialta
agus Sábháilteachta Poiblí

MÁNNYSTRIE O

Poustie, Resydènter Heisin
an Fowk Siccar

Subject: Indices 2009-10

Circular Reference: HSC(F) 09 /2010

Date of Issue: 15 February 2010

For Action by:

- *The Director of Finance of each, Trust, Board, Agency and NDPB.*

For Information to:

Summary of Contents:

The purpose of this circular is to provide indices for the 2009-10 accounts.

Enquiries:

Any enquiries about the contents of this Circular should be addressed to:

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Related documents

Superseded Documents:

Expiry Date:
Not Applicable

Implementation:

Background

The Department has for a number of years provided Indices at Appendix E in the Capital Accounting manual (CAM). As the CAM has not been updated for 2009-10 the following guidance is issued now to assist with indices needed for the annual accounts.

Land and Buildings

In October 2009 Land and Property Services (LPS) advised DHSSPS of the following estimated indices for land and buildings projected at 31 January 2010.

| | |
|-------------------------------|-----|
| Urban Land | 142 |
| Rural Land | 110 |
| Buildings excluding dwellings | 211 |
| Dwellings | 211 |

These indices were issued to HSC bodies on 17 November to calculate estimated impairment figures for the 2009-10 year. At date of issue of this circular, these are still the current indices.

LPS are currently completing valuation of Land and Buildings at 31 January 2010 for the Department, Board, Trusts and Agencies. The Indices above will be replaced with actual valuations at 31 January. LPS will advise at 31 March 2010 whether valuations at 31 January remain the same or if new indices have to be applied for two months.

As NDPBs were not included in this 5 year revaluation, NDPBs should consider the use of the above indices for land and buildings.

Other Indices

The Department has looked at trends in the other indices being used and has decided that the indices to be used at 31 March 2010 are as follows;

| | | |
|---------------------------------|-------|-------------|
| Plant and Machinery (Equipment) | 162 | (was 157) |
| Transport Equipment | 109.7 | (was 101.1) |

| | |
|------------------------|-------------------|
| Information Technology | 39.0* (was 32.8) |
| Furniture and Fittings | 112.8 (no change) |

* Information Technology or indeed any short life asset (short life being defined as up to and including 5 years) should be depreciated at historic cost without indexation being applied in line with guidance at paragraph 7.5.2 of the Capital Accounting manual.

Explanation of change to IT and Transport equipment indices

The above indices were calculated using MM17 publication 'Price Index Numbers for Current Cost Accounting' provided by Office of National Statistics (ONS).

1. PQHL – for Plant and Machinery (Equipment)
2. PQIR – Motor Vehicles
3. PQEK – Information Technology
4. PQKT – Furniture and Fittings

The indices at 31 March 2009 had been projected at the start of the 2008-09 financial year on trends. These have now been updated based on actuals and in addition available data from March 2009 up to and including November 2009 have been used to use to represent 2009-10 changes in value. The over estimation of the fall in IT in 2008-09 (-14.33% against actual fall of -6.77%) coupled with the first increase in value in many years of 11.5% from March to November 2009 has lead to an overall 19% increase.

The only other main change was in vehicle indexation which was underestimated by 5.3% in 2008-09 and in addition has increased from March 2009 to November 2009 by 3.2% leading to an increase in the index of 8.5% for 2009-10.

Further updates of Indices

It is intended that indices issued now based on November 2009 will be used for 2009-10 accounts, and in future years the index at November will be used for each year's annual accounts. This is taking into account the time lag in

obtaining November indices and the need to have the information in advance of year end to assist the faster closing of accounts.

Account NI users

Account NI (ANI) uses indices at February 2009 for year end accounts. Users of ANI should use the separate indices provided by ANI.

Additional Information

If there are any queries regarding Indices please contact me.

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