

The Directors
City Hospitals Sunderland NHS Trust
Sunderland Royal Hospital
Trust Headquarters
Kayll Road
Sunderland
Tyne and Wear
SR4 7TP

10 June 2004

Dear Sirs

Working Capital Opinion – DRAFT

In accordance with the terms of our Service Contract dated [] 2004, we are writing in connection with the proposed application of City Hospitals Sunderland NHS Trust (“the Trust”) to the Office of the Independent Regulator of NHS Foundation Trusts (“the Regulator”) for NHS Foundation Trust status.

We refer to the board memorandum dated 10 June 2004 (“the Board Memorandum”) which has been prepared by you in connection with your statement relating to the sufficiency of working capital (“the Board Statement”) contained in the letter dated 10 June 2004 (“the Letter”) to the Regulator. Copies of the Board Memorandum and the Letter are attached to this report at Appendix 6 and have been initialled by us for the purpose of identification.

We have reviewed the compilation of the Trust’s forecast of future working capital requirements from 1 July 2004 to 30 June 2005, the Board Memorandum and the Board Statement. [We attach copies of letters received by us from the Department of Health regarding receipt of PDC as currently assumed in the Financial Model that we have relied upon in arriving at our opinion.]

You are solely responsible for the forecast of future working capital requirements, the Board Memorandum and the Letter.

Our detailed review is set out in the attached report, which should be read in conjunction with this letter.

The Board of Directors

10 June 2004

We emphasise that the forecast of future working capital requirements relates to future events and are based on assumptions which may not remain valid for the whole of the relevant period. Consequently it cannot be relied upon to the same extent as information derived from the audited accounts for completed accounting periods. For these reasons, we express no opinion as to how closely the actual working capital requirements will correspond to the forecast.

We draw your attention to the sensitivity analysis set out in Section [] of the Board Memorandum.

On the basis of our work we report that, in our opinion, you have made the Board Statement with due care.

This letter, and the attached report, are provided solely for your use and benefit and only in connection with the Board Statement to the Regulator in the Letter. Other than as provided by the next paragraph or unless required by law, you will not provide this letter, or the attached report, or a copy thereof, to any third party without our prior written consent which we may at our discretion grant, withhold or grant subject to conditions. In no event, regardless of whether consent has been provided, will we assume any liability or responsibility to any third party to which this letter, or the attached report, is disclosed or otherwise made available.

Copies of this letter, and the attached report, may be made available to the Regulator provided that it is clearly understood by the Regulator that it enjoys such receipt for information only and on a hold harmless basis. We accept no duty of care to the Regulator in respect of this letter, or the attached report. Further, the letter and the attached report are to be used by the Regulator only for the purposes of the application stated above.

If you require any clarification or further information, please do not hesitate to contact Gareth Oakland on 020 7584 2840 or David Horrocks on 0191 269 4418.

Yours faithfully

PricewaterhouseCoopers LLP