

# Newport Local Health Board

## **Foreword to the Accounts**

These accounts for the period ended 30 September 2009 have been prepared to comply with HM Treasury's I-FReM by Newport Local Health Board under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

**Operating Cost Statement  
for the period ended 30 September 2009**

	<b>6 months to 30 September 2009</b>	12 months 2008-09
	<b>Note      £000</b>	£000
Expenditure on Primary Healthcare Services	2.1 <b>27,821</b>	56,437
Expenditure on secondary and community healthcare	2.2 <b>76,074</b>	144,463
Other programme expenditure	2.3 <b>1,253</b>	2,141
Administration expenditure	2.4 <b>1,021</b>	2,018
	<b><u>106,169</u></b>	<b><u>205,059</u></b>
Less: Miscellaneous Income	3 <b><u>(1,236)</u></b>	<b><u>(2,538)</u></b>
Net Operating Costs	<b><u>104,933</u></b>	<b><u>202,521</u></b>

The notes on pages 6 to 52 form part of this account.

## Statement of Financial Position as at 30 September 2009

	30 September 2009	31 March 2009	1 April 2008
Note	£000	£000	£000
<b>Non-current assets:</b>			
Property, plant and equipment	10      118	69	68
Intangible assets	11      0	0	0
Trade and other receivables	17      0	24	25
Other financial assets	14      0	0	0
Other assets	15      0	0	0
<b>Total non-current assets:</b>	<b>118</b>	<b>93</b>	<b>93</b>
<b>Current assets</b>			
Inventories	16      0	0	0
Trade and other receivables	17      3,803	2,953	3,803
Other financial assets	14      0	0	0
Other assets	15      0	0	0
Cash and cash equivalents	18      96	72	86
	<b>3,899</b>	<b>3,025</b>	<b>3,889</b>
Non-current assets classified as held for sale	10      0	0	0
<b>Total current assets</b>	<b>3,899</b>	<b>3,025</b>	<b>3,889</b>
<b>Total assets</b>	<b>4,017</b>	<b>3,118</b>	<b>3,982</b>
<b>Current liabilities</b>			
Trade and other payables	19      11,190	14,778	13,226
Other financial liabilities	14      0	0	0
Provisions	20      424	463	534
<b>Total current liabilities</b>	<b>11,614</b>	<b>15,241</b>	<b>13,760</b>
<b>Net current assets/ (liabilities)</b>	<b>(7,715)</b>	<b>(12,216)</b>	<b>(9,871)</b>
<b>Non-current liabilities</b>			
Trade and other payables	19      0	0	0
Provisions	20      0	0	0
Other financial liabilities	14      0	0	0
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Assets less liabilities</b>	<b>(7,597)</b>	<b>(12,123)</b>	<b>(9,778)</b>
<b>Taxpayers' equity</b>			
General Fund	(7,649)	(12,148)	(9,800)
Revaluation reserve	52	25	22
Donated asset reserve	0	0	0
Government grant reserve	0	0	0
<b>Total taxpayers' equity</b>	<b>(7,597)</b>	<b>(12,123)</b>	<b>(9,778)</b>

The notes on pages 6 to 52 form part of this account.

The financial statements on pages 1 to 5 were approved by the Board on 24 February 2010 and signed on its behalf by:

Chief Executive.....

Date.....

**Statement of Changes in Taxpayers' Equity  
for the year ended 31 March 2009**

	General Fund	Revaluation reserve	Donated asset reserve	Government grant reserve	Total reserves
	£000s	£000s	£000s	£000s	£000s
<b>Balance at 31 March 2008</b>					
As previously stated	(9,800)	22	0	0	(9,778)
Prior Period Adjustment	0	0	0	0	0
<b>Restated balance at 1 April 2008</b>	<b>(9,800)</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>(9,778)</b>
<b>Changes in taxpayers' equity for 2008-09</b>					
Net gain/(loss) on revaluation of property, plant & equipment	0	3	0	0	3
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of investments	0	0	0	0	0
Receipt of donated or government granted assets	0	0	0	0	0
Release of reserves to OCS	0	0	0	0	0
Non-cash charges- cost of capital	(384)	0	0	0	(384)
Transfers between reserves	0	0	0	0	0
Net operating cost for the year	(202,521)	0	0	0	(202,521)
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	0
<b>Total recognised income and expense for 2008-09</b>	<b>(202,905)</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>(202,902)</b>
Net Assembly funding	200,557	0	0	0	200,557
<b>Balance at 31 March 2009</b>	<b>(12,148)</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>(12,123)</b>

The notes on pages 6 to 52 form part of this account.

**Statement of Changes in Taxpayers' Equity  
for the period ended 30 September 2009**

Changes in taxpayers' equity for the 6 months to 30 September 2009	General Fund	Revaluation reserve	Donated asset reserve	Government grant reserve	Total reserves
	£000s	£000s	£000s	£000s	£000s
<b>Balance at 31 March 2009</b>					
As previously stated	(12,148)	25	0	0	(12,123)
Prior Period Adjustment	0	0	0	0	0
<b>Restated balance at 1 April 2009</b>	<b>(12,148)</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>(12,123)</b>
Net gain/(loss) on revaluation of property, plant & equipment	0	27	0	0	27
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of investments	0	0	0	0	0
Receipt of donated or government granted assets	0	0	0	0	0
Release of reserves to OCS	0	0	0	0	0
Non-cash charges- cost of capital	(193)	0	0	0	(193)
Transfers between reserves	0	0	0	0	0
Net operating cost for the period	(104,933)	0	0	0	(104,933)
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	0
<b>Total recognised income and expense for 2009</b>	<b>(105,126)</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>(105,099)</b>
Net Assembly funding	109,625	0	0	0	109,625
<b>Balance at 30 September 2009</b>	<b>(7,649)</b>	<b>52</b>	<b>0</b>	<b>0</b>	<b>(7,597)</b>

The notes on pages 6 to 52 form part of this account.

## Cashflow Statement for the period ended 30 September 2009

	Notes	6 months to 30 September 2009 £000	12 months 2008-09 £000
<b>Cash Flows from operating activities</b>			
Net operating cost		(104,933)	(202,521)
Other cashflow transactions	32.2	(149)	(339)
Movement in working capital	32.1	(4,438)	2,403
Provisions utilised		(81)	(114)
Interest paid		0	0
<b>Net cash outflow from operating activities</b>		<b>(109,601)</b>	<b>(200,571)</b>
<b>Cash Flows from investing activities</b>			
Purchase of property, plant and equipment		0	0
Proceeds from disposal of property, plant and equipment		0	0
Purchase of intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
Interest received		0	0
Payment for investments		0	0
Proceeds of investments		0	0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Welsh Assembly Government funding (including capital)		109,625	200,557
Capital receipts surrendered		0	(0)
Capital element of payments in respect of finance leases and on-balance sheet finance		0	(0)
<b>Net financing</b>		<b>109,625</b>	<b>200,557</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>24</b>	<b>(14)</b>
<b>Cash and cash equivalents at 1 April 2009</b>		<b>72</b>	<b>86</b>
<b>Cash and cash equivalents at 30 September 2009</b>		<b>96</b>	<b>72</b>

The notes on pages 6 to 52 form part of these accounts.

## Notes to the Accounts

### 1. Accounting policies

The accounts have been prepared in accordance with the 2009-10 Local Health Board Manual for Accounts and 2009-10 Financial Reporting Manual (FReM) issued by HM Treasury. These reflect International Financial Reporting Standards (IFRS) and these statements have been prepared to show the effect of the first-time adoption of the European Union version IFRS. The particular accounting policies adopted by the Local Health Board are described below. They have been applied in dealing with items considered material in relation to the accounts.

These accounts apply to the period 1 April 2009 to 30 September 2009 and form the final financial return for the Local Health Boards prior to the establishment of a new NHS Wales Local Health Board structure on 1 October 2009.

#### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

#### 1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

#### 1.3 Income and funding

The main source of funding for the Local Health Boards are allocations (Assembly Funding) from the Welsh Assembly government within an approved cash limit, which is credited to the General Fund of the Local Health Board. Assembly funding is recognised in the financial period in which the cash is received. Non discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Assembly Government. Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit. Funding for the acquisition of fixed assets received from the Welsh Assembly Government is credited to the general fund.

- Miscellaneous income is income which relates directly to the operating activities of the Local Health Board and is not funded by the Welsh Assembly Government.

- Income is accounted for applying the accruals convention. Income is recognised in the period in which services are provided. Where income had been received from third parties for a specific activity to be delivered in the following financial year, that income will be deferred. Only non -NHS income may be deferred.

#### 1.4 Employee benefits

##### Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.





## **Retirement benefit costs**

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the LHB commits itself to the retirement, regardless of the method of payment.

Where employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme this is disclosed. The scheme assets and liabilities attributable to those employees can be identified and are recognised in the trust's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs. Actuarial gains and losses during the year are recognised in the pensions reserve and reported as an item of other comprehensive income.

## **1.5 Other expenses**

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

## **1.6 Property, plant and equipment**

### **Recognition**

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

### **Valuation**

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.



Land and buildings used for the LHBs services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. NHS Wales bodies have applied these new valuation requirements from 1 April 2009.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

For 2009-10 no indexation is applied to the Land and Properties of NHS Wales bodies because they have been subject to a MEA revaluation exercise. The equipment of NHS Wales LHBs is subject to indexation. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

### **Subsequent expenditure**

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

## **1.7 Intangible assets**

### **Recognition**

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the trust; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:



- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to use the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the intangible asset and use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

### **Measurement**

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

### **1.8 Depreciation, amortisation and impairments**

Freehold land and properties under construction are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the LHB expects to obtain economic benefits or service potential from the asset. This is specific to the LHB and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives.

At each reporting period end, the LHB checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

### **1.9 Borrowing costs**

Borrowing costs are recognised as expenses as they are incurred.



### **1.10 Donated assets**

Donated assets are capitalised at their fair value on receipt, with a matching credit to the donated asset reserve. Donated assets are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the operating cost statement.

### **1.11 Government grants**

Government grants are grants from government bodies other than funds from NHS bodies or funds awarded by the Welsh Assembly Government. Revenue grants are treated as deferred income initially and credited to the operating cost statement to match the expenditure to which it relates. Capital grants are credited to the government grant reserve. Assets purchased from government grants are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the government grant reserve and, each year, an amount equal to the depreciation charge on the asset is released from the government grant reserve to the operating cost statement.

### **1.12 Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the operating cost statement. On disposal, the balance for the asset on the revaluation reserve, donated asset reserve or government grant reserve is transferred to the General Fund.

### **1.13 Leases**

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

#### **1.13.1 The Local Health Board as lessee**

Amounts held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are charged directly to the operating cost statement.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

#### **1.13.2 The health board as lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the health





board's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the LHB's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### **1.14 Inventories**

Inventories are valued at the lower of cost and net realisable value using the [first-in first-out/weighted average] cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

#### **1.15 Cash and cash equivalents**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### **1.16 Provisions**

Provisions are recognised when the Local Health Board has a present legal or constructive obligation as a result of a past event, it is probable that the Local Health Board will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% in real terms.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Local Health Board has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Local Health Board has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

#### **1.17 Clinical negligence costs**

The Welsh Risk Pool operates a risk pooling scheme which is funded by the Welsh Assembly Government. The Welsh Risk Pool is hosted by North Wales NHS Trust.



## **1.18 Financial assets**

Financial assets are recognised on the Statement of Financial Position when the Local Health Board becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

### **1.18.1 Financial assets are initially recognised at fair value.**

Financial assets are classified into the following categories: financial assets 'at fair value through profit and loss'; 'held to maturity investments'; 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### **1.18.2 Financial assets at fair value through profit and loss**

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the operating cost statement. The net gain or loss incorporates any interest earned on the financial asset.

### **1.18.3 Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

### **1.18.4 Available for sale financial assets**

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the operating cost statement on de-recognition.

### **1.18.5 Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

At the balance sheet date, the Health board assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.



For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the operating cost statement and the carrying amount of the asset is reduced directly, or through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the operating cost statement to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### **1.19 Financial liabilities**

Financial liabilities are recognised on the balance sheet when the Local Health Board becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

#### **1.19.1 Financial liabilities are initially recognised at fair value.**

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' or other financial liabilities.

#### **1.19.2 Financial liabilities at fair value through profit and loss**

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the operating cost statement. The net gain or loss incorporates any interest earned on the financial asset.

#### **1.19.3 Other financial liabilities**

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

### **1.20 Cost of Capital**

The cost of capital applies to all the assets and liabilities of the Local Health Board, less cash balances held at the Office of the Paymaster General and donated assets. The charge rate applied to capital charges in the 2009-10 financial year was 3.5% (2008-09: 3.5%)

### **1.21 Value Added Tax**

Most of the activities of the Local Health 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.

### **1.22 Foreign currencies**

Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the operating cost statement. At the balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

### **1.23 Third party assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Health board has no beneficial interest in them. Details of third party assets are given in Note 25 to the accounts.

### **1.24 Losses and Special Payments**

Losses and special payments are items that the Welsh Assembly Government would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings in the operating cost statement on an accruals basis, including losses which would have been made good through insurance cover had Local Health Boards not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which is prepared on a cash basis.

### **1.25 Pooled budget**

The LHB has entered into a pooled budget with five Local Authorities. Under the arrangement funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for GWICES activities.

The pool is hosted by Torfaen Council. Payments for services provided are accounted for as Miscellaneous Income. The LHB accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

### **1.26 Critical Accounting Judgements and key sources of estimation uncertainty**

In the application of the LHB's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

### **1.27 Key sources of estimation uncertainty**

Key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out in Note 24 of the accounts.



## 2. Analysis of gross operating costs

### 2.1 Expenditure on Primary Healthcare Services

	Cash limited £000	Non-cash limited £000	6 months to	12 months
			30 September	2008-09
			2009	Total
General Medical Services	8,377	0	8,377	17,619
Pharmaceutical Services	3,117	0	3,117	6,569
General Dental Services	3,861	0	3,861	7,682
General Ophthalmic Services	0	789	789	1,306
Other Primary health care expenditure	348	0	348	755
Prescribed drugs and appliances	10,987	342	11,329	22,506
<b>Total</b>	<b>26,690</b>	<b>1,131</b>	<b>27,821</b>	<b>56,437</b>

### 2.2 Expenditure on secondary and community healthcare

	6 months to	12 months
	30 September	2008-09
Goods and services from other NHS Wales Trusts	62,600	122,523
Goods and services from other non Welsh NHS bodies	303	685
Local Authorities	1,148	2,190
Voluntary organisations	363	746
NHS Funded Nursing Care	772	1,766
Continuing Care	10,888	16,347
Private providers	0	80
Specific projects funded by the Welsh Assembly Government	0	0
Other	0	126
<b>Total</b>	<b>76,074</b>	<b>144,463</b>

### 2.3 Other programme expenditure

	6 months to	12 months
	30 September	2008-09
Salaries and wages	464	846
National Public Health Service	417	818
Losses, special payments and irrecoverable debts	0	4
Research and development	0	0
Other	372	473
<b>Total</b>	<b>1,253</b>	<b>2,141</b>



**2.4 Administration expenditure**

	<b>6 months to</b>	12 months
	<b>30 September</b>	2008-09
	<b>Total</b>	Total
	<b>£000</b>	£000
Non-officer members' remuneration	<b>55</b>	111
Other salaries and wages	<b>452</b>	1,012
Consultancy services	<b>33</b>	76
Establishment expenses	<b>86</b>	104
Transport and moveable plant	<b>0</b>	0
Premises and fixed plant	<b>61</b>	122
External contractors	<b>9</b>	14
Auditors' remuneration - audit fee	<b>86</b>	99
Auditors' remuneration - other fees	<b>0</b>	0
Business Services Centre / Business Services Partnership recharge	<b>430</b>	862
Interest payable - unwinding of discount	<b>0</b>	0
Interest payable - other	<b>0</b>	0
Capital - Depreciation	<b>2</b>	2
Amortisation	<b>0</b>	0
Capital charge interest	<b>-193</b>	-384
Impairments and reversals (property, plant, equipment)	<b>0</b>	0
Impairments and reversals (intangible assets)	<b>0</b>	0
Impairments and reversals of financial assets (by class)	<b>0</b>	0
Loss on disposal of non-current assets	<b>0</b>	0
Other	<b>0</b>	0
	<b>1,021</b>	<b>2,018</b>

**3. Miscellaneous income**

	<b>6 months to</b>	12 months
	<b>30 September 2009</b>	2008-09
	<b>£000</b>	£000
	<b>Note</b>	
Fees and Charges	<b>0</b>	0
Prescription charge income	<b>439</b>	862
Dental fee income	<b>628</b>	1,286
Deferred income released to revenue	<b>0</b>	0
Rental income from finance leases	<b>0</b>	0
Rental income from operating leases	<b>0</b>	0
Profit on disposal of non-current assets	<b>0</b>	0
Other	<b>169</b>	390
<b>Total</b>	<b><u>1,236</u></b>	<u>2,538</u>

**2.5 Losses, special payments and irrecoverable debts:  
charges to operating expenses**

	<b>6 months to</b> <b>30 September 2009</b> <b>£000</b>	12 months 2008-09 £000
Clinical negligence	0	0
Personal injury	0	0
All other losses and special payments	0	0
Defence legal fees and other administrative costs	0	0
Gross increase/(decrease) in provision for future payments	<u>0</u>	<u>0</u>
Irrecoverable debts	0	4
<b>Less:</b> income received/ due from Welsh Risk Pool	<u>0</u>	<u>0</u>
<b>Net cost :</b>	<u><b>0</b></u>	<u><b>4</b></u>

**4. Investment revenue**

	<b>6 months to 30 September 2009 £000</b>	12 months 2008-09 £000
<b>Rental revenue</b>		
Finance lease contingent rental revenue	0	0
Finance lease rentals	0	0
Other	0	0
<b>Subtotal</b>	<u>0</u>	<u>0</u>
Bank deposits	0	0
Other loans and receivables	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

**5. Other gains and losses**

	<b>6 months to 30 September 2009 £000</b>	12 months 2008-09 £000
Gain/(loss) on disposal of financial assets	0	0
Change in fair value of financial assets at fair value		
- through profit and loss	0	0
- classified as available for sale	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

**6. Finance costs**

	<b>6 months to 30 September 2009 £000</b>	12 months 2008-09 £000
Interest on obligations under finance leases	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Other finance costs	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

## 7. Operating leases

### As lessee

The majority of the operating lease payments consists of rent paid on LHB premises. The duration of the lease is a period of ten years with an option to terminate after five years. The remaining lease payments relate to photocopiers and leased cars.

#### Payments recognised as an expense

	<b>6 months to</b>	12 months
	<b>30 September 2009</b>	2008-09
	<b>£000</b>	£000
Minimum lease payments	<b>52</b>	104
Contingent rents	<b>0</b>	0
Sub-lease payments	<b>0</b>	0
<b>Total</b>	<b>52</b>	<b>104</b>

#### Total future minimum lease payments

	<b>6 months to</b>	12 months
	<b>30 September 2009</b>	2008-09
	<b>£000</b>	£000
Payable:		
Not later than one year	<b>3</b>	8
Between one and five years	<b>2</b>	3
After 5 years	<b>47</b>	93
<b>Total</b>	<b>52</b>	<b>104</b>

Total future sublease payments expected to be received £

### As lessor

	<b>6 months to</b>	12 months
	<b>30 September 2009</b>	2008-09
	<b>£000</b>	£000
<b>Rental revenue</b>		
Rent	<b>0</b>	0
Contingent rent	<b>0</b>	0
<b>Total revenue rental</b>	<b>0</b>	<b>0</b>

#### Total future minimum lease payments

	<b>£000</b>	£000
Receivable:		
Not later than one year	<b>0</b>	0
Between one and five years	<b>0</b>	0
After 5 years	<b>0</b>	0
<b>Total</b>	<b>0</b>	<b>0</b>

**8. Employee costs and numbers****8.1 Employee costs**

	Permanent Staff	Staff on Inward Secondment	6 months to		12 months 2008-09
			30 September 2009		
			Agency Staff	Total	
	£000	£000	£000	£000	£000
Salaries and wages	813	71	2	886	1,772
Social security costs	64	0	0	64	132
Employer contributions to NHS Pension Scheme	108	0	0	108	230
Other pension costs	0	0	0	0	0
<b>Total</b>	<b>985</b>	<b>71</b>	<b>2</b>	<b>1,058</b>	<b>2,134</b>

**8.2 Average number of employees**

	Permanent staff	Staff on inward secondment	Agency staff	Total	2008-09					
						No.	No.	No.	No.	No.
Medical and dental	1	0	0	1	3					
Ambulance staff	0	0	0	0	0					
Administrative and estates	42	1	0	43	41					
Healthcare assistants and other support staff	0	0	0	0	0					
Nursing, midwifery and health visiting staff	8	1	0	9	7					
Nursing, midwifery and health visiting learners	0	0	0	0	0					
Scientific, therapeutic and therapeutic staff	4	0	0	4	0					
Social care staff	0	0	0	0	0					
Other	0	0	0	0	0					
<b>Total</b>	<b>55</b>	<b>2</b>	<b>0</b>	<b>57</b>	<b>51</b>					

**8.3. Retirements due to ill-health**

There were not any early retirements from the LHB agreed on the grounds of ill-health.

**8.4 Employee benefits**

Lease cars

£000

3

## 9. Public Sector Payment Policy - Measure of Compliance

### 9.1 Prompt payment code - measure of compliance

The Assembly requires that Health Boards pay all their trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The Assembly has set as part of the Health Board financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery.

	Number	£000
<b>NHS</b>		
Total bills paid	443	71,408
Total bills paid within target	439	71,404
Percentage of bills paid within target	99.1%	100.0%
<b>Non-NHS</b>		
Total bills paid	3,043	12,672
Total bills paid within target	3,033	12,651
Percentage of bills paid within target	99.7%	99.8%
<b>Total</b>		
Total bills paid	3,486	84,080
Total bills paid within target	3,472	84,055
Percentage of bills paid within target	99.6%	100.0%

### 9.2 The Late Payment of Commercial Debts (Interest) Act 1998

	£
Amounts included within finance costs from claims made under this legislation	0
Compensation paid to cover debt recovery costs under this legislation	0
<b>Total</b>	<u>0</u>

**10. Property, plant and equipment**

Cost or valuation	Assets							Total £000	
	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000		Furniture fittings £000
<b>At 1 April 2008</b>	0	70	0	0	0	0	0	0	<b>70</b>
Indexation	0	3	0	0	0	0	0	0	3
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
<b>At 31 March 2009</b>	0	73	0	0	0	0	0	0	<b>73</b>
<b>Depreciation</b>									
<b>At 1 April 2008</b>	0	2	0	0	0	0	0	0	2
Indexation	0	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the year	0	2	0	0	0	0	0	0	2
<b>At 31 March 2009</b>	0	4	0	0	0	0	0	0	<b>4</b>
<b>Net book value at 1 April 2008</b>	0	68	0	0	0	0	0	0	<b>68</b>
<b>Net book value At 31 March 2009</b>	0	69	0	0	0	0	0	0	<b>69</b>
<b>Net book value at 31 March 2009 comprises :</b>									
<b>Purchased</b>	0	0	0	0	0	0	0	0	0
<b>Donated</b>	0	0	0	0	0	0	0	0	0
<b>Government Granted</b>	0	0	0	0	0	0	0	0	0
<b>Asset financing :</b>									
<b>Owned</b>	0	0	0	0	0	0	0	0	0
<b>Held on finance lease</b>	0	0	0	0	0	0	0	0	0
<b>On-balance sheet PFI contracts</b>	0	0	0	0	0	0	0	0	0
<b>PFI residual interests</b>	0	0	0	0	0	0	0	0	0

The net book value of land, buildings and dwellings at 30 September 2009 comprises :

	£000
Freehold	0
Long Leasehold	69
Short Leasehold	0
	<u>69</u>



**10. Property, plant and equipment (continued)**

Cost or valuation	Buildings, excluding		Assets under					Total £000	
	Land £000	dwelling £000	Dwellings £000	construction on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000		Furniture fittings £000
<b>At 1 April 2009</b>	0	73	0	0	0	0	0	0	73
Indexation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	47	0	0	0	0	0	0	47
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
<b>At 30 September 2009</b>	<b>0</b>	<b>120</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>120</b>
<b>Depreciation</b>									
<b>At 1 April 2009</b>	0	4	0	0	0	0	0	0	4
Indexation	0	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	(4)	0	0	0	0	0	0	(4)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the year	0	2	0	0	0	0	0	0	2
<b>At 30 September 2009</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Net book value at 1 April 2009</b>	<b>0</b>	<b>69</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69</b>
<b>Net book value At 30 September 2009</b>	<b>0</b>	<b>118</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>118</b>
<b>Net book value at 30 September 2009 comprises :</b>									
<b>Purchased</b>	0	0	0	0	0	0	0	0	0
<b>Donated</b>	0	0	0	0	0	0	0	0	0
<b>Government Granted</b>	0	0	0	0	0	0	0	0	0
<b>Asset financing :</b>									
<b>Owned</b>	0	0	0	0	0	0	0	0	0
<b>Held on finance lease</b>	0	0	0	0	0	0	0	0	0
<b>On-balance sheet PFI contracts</b>	0	0	0	0	0	0	0	0	0
<b>PFI residual interests</b>	0	0	0	0	0	0	0	0	0

The net book value of land, buildings and dwellings at 30 September 2009 comprises :

	£000
Freehold	0
Long Leasehold	118
Short Leasehold	0
	<u>118</u>

## **Disclosures:**

### **Alway Health Centre**

Newport LHB is currently the leaseholder of the land and buildings used by Always Health Centre. The lease was issued by Newport City Council in 1991 and was subsequently transferred to Newport LHB in 2003.

The lease was revalued by the Valuation Office Agency (District Valuer Services) with effect from 1st April 2007. The valuation was determined in conjunction with the following:

- 1) Depreciated Replacement Costs
- 2) Existing Use Values of operational properties
- 3) Capitalised value of finance leases.

The buildings element of the lease has an estimated remaining useful life of 29.5 years at 30th September 2009 and has been depreciated on this basis.

**11. Intangible Non-Current Assets**

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure	2008-09 Total
	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation :</b>						
<b>At 1 April 2008</b>	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Additions	0	0	0	0	0	0
Donations	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
<b>At 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation</b>						
At 1 April 2008	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Additions	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0
<b>At 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>at 1 April 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>At 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>At 31 March 2009</b>						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0

**11. Intangible Non-Current Assets (continued)**

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure	2008-09 Total
	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation :</b>						
<b>At 1 April 2009</b>	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Additions	0	0	0	0	0	0
Donations	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
<b>At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation</b>						
At 1 April 2009	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Additions	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0
<b>At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>at 1 April 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>At 30 September 2009</b>						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0

**12. Impairments**

	To 30 September 2009		2008-09	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Loss as a result of catastrophe	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Miscellaneous Income	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Impairments charged in the year to the revaluation reserve**

Charged to revaluation reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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Note significant events and circumstances giving rise to impairments and impairment reversal

**13. Capital commitments****Contracted capital commitments at 30 September 2009**

	To 30 September	2008-09
	2009 £000	£000
Property, plant and equipment	0	0
Intangible assets	0	0
	<u>0</u>	<u>0</u>

**14. Other Financial Assets and Liabilities**

	Current 30 September 2009 £000	Non-current 30 September 2009 £000	Current 31 March 2009 £000	Non-current 31 March 2009 £000	Current 1 April 2008 £000	Non-current 1 April 2008 £000
<b>Other Financial assets</b>						
Finance lease receivables	0	0	0	0	0	0
Financial assets carried at fair value through profit and loss	0	0	0	0	0	0
Held to maturity investments carried at amortised cost	0	0	0	0	0	0
Available for sale financial assets carried at fair value	0	0	0	0	0	0
Loans carried at amortised cost	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**Other Financial liabilities**

Financial liabilities carried at fair value through profit and loss	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Narrative disclosures - Financial Instruments

**15. Other assets**

	Current 30 September 2009 £000	Non-current 30 September 2,009 £000	Current 2008-09 £000	Non-current 2008-09 £000	Current 2008-09 £000	Non-current 2008-09 £000
Other assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**16. Inventories****16.1 Inventories**

	<b>30 September</b>	<b>31 March</b>	<b>1 April</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Drugs	0	0	0
Consumables	0	0	0
Energy	0	0	0
Work in progress	0	0	0
Other	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

**16.2 Inventories recognised in expenses**

Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

<b>17. Trade and other receivables</b>	<b>30 September 2009</b>	<b>31 March 2009</b>	<b>1 April 2008</b>
<b>Amounts falling due within one year</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	39	203	285
Welsh Health Boards	193	34	1,145
Welsh NHS Trusts	3,056	2,020	1,954
Other NHS Trusts	18	14	76
Other NHS	0	0	0
Welsh Risk Pool	0	0	0
Pension Prepayments:	0	0	0
Other debtors	328	229	86
Provision for irrecoverable debts	0	0	(43)
Capital debtors	0	0	0
Other prepayments and accrued income	169	453	300
<b>Sub-total</b>	<b>3,803</b>	<b>2,953</b>	<b>3,803</b>
<b>Amounts falling due after more than one year:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	0	0	0
Welsh Health Boards	0	0	0
Welsh NHS Trusts	0	0	0
Other NHS Trusts	0	0	0
Other NHS	0	0	0
Welsh Risk Pool	0	0	0
Pension Prepayments	0	0	0
Other debtors	0	0	0
Provision for irrecoverable debts	0	0	0
Capital debtors	0	0	0
Other prepayments and accrued income	0	24	25
<b>Sub total</b>	<b>0</b>	<b>24</b>	<b>25</b>
<b>Total Trade and other Receivables</b>	<b>3,803</b>	<b>2,977</b>	<b>3,828</b>

No interest is charged on trade receivables.



**17.1 Provision for the impairment of receivables**

	<b>30 September</b>	<b>31 March</b>	<b>1 April</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at beginning of the year	0	0	43
Amount written off during the year	0	0	-43
Amount recovered during the year	0	0	0
(Decrease)/increase in allowance recognised in income statement	0	0	0
<b>Balance at end of the year</b>	<b>0</b>	<b>0</b>	<b>0</b>

**18. Cash and cash equivalents**

	<b>30 September</b>	<b>31 March</b>
	<b>2009</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Opening balance	<b>72</b>	<b>86</b>
Net change in cash and cash equivalent balances	<b>24</b>	<b>-14</b>
Closing balance	<b>96</b>	<b>72</b>
Commercial banks and cash in hand	<b>0</b>	<b>0</b>
Held at Paymaster General	<b>£ 432,470</b>	<b>£ 75,603</b>

**19. Trade and other payables**

	<b>30 September</b>	<b>31 March</b>
	<b>2009</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	34	359
Welsh Health Boards	1,273	696
Welsh NHS Trusts	366	2,366
Other NHS	310	497
Income tax and social security	0	0
Non-NHS creditors	5,713	8,931
Capital Creditors	0	0
Overdraft	0	0
Obligations under finance leases and HP contracts	0	0
Pensions: staff	0	0
Accruals	3,481	1,916
Deferred Income	0	0
Other creditors	13	13
	<hr/>	<hr/>
<b>Sub Total</b>	<b>11,190</b>	<b>14,778</b>
	<hr/>	<hr/>

**Amounts falling due after more than one year:**

	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Income tax and social security	0	0
Non-NHS creditors	0	0
Capital Creditors	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases and HP contracts	0	0
Pensions: staff	0	0
Accruals	0	0
Deferred Income	0	0
Other creditors	0	0
	<hr/>	<hr/>
<b>Sub Total</b>	<b>0</b>	<b>0</b>
	<hr/>	<hr/>

## 20. Provisions

	At 1 April 2008	Structured settlement cases transferr-ed to Risk Pool	Transfer of provisions to creditors	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2009
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	534			294	(114)	(251)		463
<b>Total</b>	<b>534</b>	<b>0</b>	<b>0</b>	<b>294</b>	<b>(114)</b>	<b>(251)</b>	<b>0</b>	<b>463</b>
<b>Non Current</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	0			0	0	0		0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	534			294	(114)	(251)		463
<b>Total</b>	<b>534</b>	<b>0</b>	<b>0</b>	<b>294</b>	<b>(114)</b>	<b>(251)</b>	<b>0</b>	<b>463</b>

## Expected timing of cash flows:

	Within 1 year	2 and 5 years	6 and 10 years	After 10 years	After 50 years	After 75 years	Totals
	£000	£000	£000	£000	£000	£000	£000
Clinical negligence	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	0	0	0	0	0	0	0
Restructuring	0	0	0	0	0	0	0
Other	463	0	0	0	0	0	463
<b>Total</b>	<b>463</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>463</b>

The provision included under 'other' relates to Continuing Care funding appeals. A case will be provided for in the accounts where the reviewer forms an opinion that the application for Continuing Care funding is likely to be successful when submitted to the Panel for a decision.

**20. Provisions (continued)**

	At 1 April 2009	Structured settlement cases transferr-ed to Risk Pool	Transfer of provisions to creditors	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 30 September 2009
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	463			154	(81)	(112)		424
<b>Total</b>	<b>463</b>	<b>0</b>	<b>0</b>	<b>154</b>	<b>(81)</b>	<b>(112)</b>	<b>0</b>	<b>424</b>
<b>Non Current</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	0			0	0	0		0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	463			154	(81)	(112)		424
<b>Total</b>	<b>463</b>	<b>0</b>	<b>0</b>	<b>154</b>	<b>(81)</b>	<b>(112)</b>	<b>0</b>	<b>424</b>

**Expected timing of cash flows:**

	Within 1 year £000	2 and 5 years £000	6 and 10 years £000	After 10 years £000	After 50 years £000	After 75 years £000	Totals £000
Clinical negligence	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	0	0	0	0	0	0	0
Restructuring	0	0	0	0	0	0	0
Other	424	0	0	0	0	0	424
<b>Total</b>	<b>424</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>424</b>

The provision included under 'other' relates to Continuing Care funding appeals. A case will be provided for in the accounts where

**21. Finance leases****21.1 Finance leases obligations (as lessee)**

Future sub-lease payments expected to be received total £0 (2008-09 £0).  
Contingent rents recognised as an expense £0 (2008-09 £0).

**Amounts payable under finance leases:**

<b>LAND</b>	<b>30 September 2009 £000</b>	<b>31 March 2009 £000</b>	<b>1 April 2008 £000</b>
<b>Minimum lease payments</b>			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	<u>0</u>	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	<u>0</u>	<u>0</u>	<u>0</u>

**21.1 Finance leases obligations (as lessee) continued****Amounts payable under finance leases:****BUILDINGS**

	<b>30 September</b>	<b>31 March</b>	<b>1 April</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Minimum lease payments</b>			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

**OTHER**

	<b>30 September</b>	<b>31 March</b>	<b>1 April</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Minimum lease payments</b>			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

**21.2 Finance lease receivables (as lessor)**

The unguaranteed residual value accruing to LHB is £0  
 Future sub-lease payments expected to be received total £0

**Amounts receivable under finance leases:**

	<b>30 September 2009 £000</b>	<b>31 March 2009 £000</b>	<b>1 April 2008 £000</b>
<b>Gross investment in leases</b>			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>



**22. Financial risk management**

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing commissioning relationship that the LHB has with NHS Trusts, and in view of the LHBs renouncing by means of Assembly Funding, the LHB is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which these standards mainly apply. The LHB has limited powers to invest and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the LHB in undertaking its activities.

**Currency risk**

The LHB is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The LHB has no overseas operations. The LHB therefore has low exposure to currency rate fluctuations.

**Interest rate risk**

LHBs are not permitted to borrow. The LHB therefore has low exposure to interest rate fluctuations

**Credit risk**

Because the majority of the LHB's funding derives from funds voted by the Assembly the LHB has low exposure to credit risk.

**Liquidity risk**

The LHB is required to operate within cash limits set by the Welsh Assembly Government for the financial year and draws down funds from the Assembly as the requirement arises. The LHB is not, therefore, exposed to significant liquidity risks.

**Maturity of financial liabilities**

	<b>30 September 2009 £'000</b>
In one year	<b>11,190</b>
In more than one year but not more than two years	<b>0</b>
In more than two years but not more than five years	<b>0</b>
In more than five years	<b>0</b>
<b>Total</b>	<b>11190</b>

**23. Financial Instruments**

	At "fair value" through P&L £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
Other financial assets	0	0	0	0
Cash at bank and in hand	96	0	0	96
Other financial assets	0	3,634	0	3,634
<b>Total at 30 September 2009</b>	<b>96</b>	<b>3,634</b>	<b>0</b>	<b>3,730</b>

Financial liabilities	At "fair value" through P&L £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	11,190	0	11,190
<b>Total at 30 September 2009</b>	<b>11,190</b>	<b>0</b>	<b>11,190</b>

	At "fair value" through P&L £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
Other financial assets	0	0	0	0
Cash at bank and in hand	72	0	0	72
Other financial assets	0	2,500	0	2,500
<b>Total at 31 March 2009</b>	<b>72</b>	<b>2,500</b>	<b>0</b>	<b>2,572</b>

Financial liabilities	At "fair value" through P&L £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	14,778	0	14,778
<b>Total at 31 March 2009</b>	<b>14,778</b>	<b>0</b>	<b>14,778</b>

Financial assets	At "fair value" through P&L £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
Other financial assets	0	0	0	0
Cash at bank and in hand	86	0	0	86
Other financial assets	0	3,503	0	3,503
<b>Total at 1 April 2008</b>	<b>86</b>	<b>3,503</b>	<b>0</b>	<b>3,589</b>

Financial liabilities	At "fair value" through P&L £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	13,213	0	13,213
<b>Total at 1 April 2008</b>	<b>13,213</b>	<b>0</b>	<b>13,213</b>

**24. Contingencies**

	<b>30 September 2009</b>
<b>Contingent liabilities</b>	<b>£000</b>
Continuing Healthcare	795
Prescribing incentive scheme	260
	<hr/>
	<b>1,055</b> <hr/>
<b>Contingent assets</b>	
	0
	0
	0
	<hr/>
	<b>0</b> <hr/>

**Continuing Healthcare Cost uncertainties**

Liabilities for continuing care costs continue to be a significant financial issue for the LHB. The December 2009 deadline for reclaiming pre-1/4/2003 care costs has resulted in a large increase in the number of claims registered, regarding both pre and post 1/4/2003 costs. Newport LHB is responsible for post 1/4/2003 costs and the financial statements include the following amounts relating to those uncertain continuing healthcare costs:

Note 20 sets out the £424k provision made for probable continuing care costs relating to 10 claims received; Note 24 sets out the £795k contingent liability for possible continuing care costs relating to 17 claims received;

However in addition the LHB has another 17 claims for which the assessment process has not yet started. The assessment process is highly complex, involves multi-disciplinary teams and for those reasons can take many months. At this stage, the LHB does not have the information to make a judgement on the likely success or otherwise of these claims, however they may result in significant additional costs to the LHB.

Any continuing healthcare claims which relate to pre-1/4/2003 are included in the Welsh Assembly Government resource accounts.

## **25. Third Party assets**

## **26. Events after Reporting Period**

### **Reconfiguration of the NHS in Wales**

In 2008 the Health and Social Services Minister in the Welsh Assembly Government gave approval for the merger of NHS Trusts and LHBs to create 7 new LHBs at 1st October 2009.

These six month financial statements from 1st April 2009 to 30<sup>th</sup> September 2009 are the final financial statements of Newport LHB. On 1st October 2009 the Newport LHB merged with Gwent Healthcare NHS Trust and Caerphilly, Monmouthshire, Blaenau-Gwent and Torfaen LHBs to form Aneurin Bevan Health Board. All of the assets and liabilities of the Blaenau Gwent LHB transferred to the new LHB at that date and all operations are continuing.

**27. Related Party Transactions****£000**

Total value of transactions with Board members  
and key senior staff was 0

[Newport Local Health Board is a body corporate established by order of the National Assembly](#)

[The Assembly is regarded as a related party. During the year Newport Local Health Board has had a significant number of material transactions with the Assembly and with other entities for which the Assembly is regarded as the parent body namely,](#)

[Blaenau Gwent LHB, Caerphilly LHB, Monmouthshire LHB and Torfaen LHB.](#)

The Assembly Government has not notified us of any related parties relating to Ministers during the period April to September 2009

In addition, the Local Health Board has a significant number of material transactions with other Government Departments and other Central and Local Government bodies. Most of these transactions have been with Newport City Council (£1.1m), details of which are given below

	<b>£000s</b>
Section 28a Agreements	1,056
Mental Health Act	8
Other	36
	<u>1,100</u>

A number of the LHB's Board members have interests in related parties, as follows:

<b>Name</b>	<b>Details</b>	<b>Interests</b>
Dr Liam Taylor	Grange Surgery	GP
Richard Frame	Seren Group	Employee
Dr Neil Statham	Beechwood Surgery	GP
Dr James Leney	Underwood Medical Centre	GP
Dr Alina McGarrigle	Bellevue Surgery	GP
David Thomas	LT Chemists	Director and 50% shareholder
Leighton Griffiths	Specsavers	Partner
Diane George	Chapelwood Surgery	Practice Nurse
Cllr Ray Truman	Newport City Council	Elected Member
Cllr P Cockeram	Newport City Council	Elected Member
Cllr Val Dudley	Newport City Council	Elected Member
Richard White	Newport City Council	Elected Member
Donald Graham	Newport City Council	Employee
<a href="#">Mervyn Thomas</a>	<a href="#">Newport City Council</a>	Employee
<a href="#">Dr Grant Robinson</a>	<a href="#">Gwent Healthcare Trust</a>	Employee
<a href="#">Dr Paul Buss</a>	<a href="#">Gwent Healthcare Trust</a>	Employee

**28. Intra Government balances**

	Trade receivables		Trade payables	
	Amounts falling due within one year	Amounts falling due after more than one year	Amounts falling due within one year	Amounts falling due after more than one year
<b>To 30 September 2009</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	39	0	34	0
Welsh Local Health Boards	193	0	1,273	0
Welsh NHS Trusts	3,056	0	366	0
Health Commission Wales	0	0	0	0
All English Health Bodies	18	0	310	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	0	0	0	0
<b>Sub-total</b>	<b>3,306</b>	<b>0</b>	<b>1,983</b>	<b>0</b>
Other Central Government Bodies				
Other Government Departments	0	0	0	0
HMRC	3	0	0	0
Local Authorities	250	0	229	0
Balances with Public Corporations & trading funds	0	0	0	0
Balances with bodies external to Government	0	0	0	0
<b>TOTAL</b>	<b>3,559</b>	<b>0</b>	<b>2,212</b>	<b>0</b>
<b>2008-09</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	222	0	204	0
Welsh Local Health Boards	34	0	696	0
Welsh NHS Trusts	2,017	0	2,366	0
Health Commission Wales	0	0	155	0
All English Health Bodies	17	0	497	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	0	0	0	0
<b>Sub-total</b>	<b>2,290</b>	<b>0</b>	<b>3,918</b>	<b>0</b>
Other Central Government Bodies				
Other Government Departments	0	0	0	0
HMRC	0	0	0	0
Local Authorities	426	0	562	0
Balances with Public Corporations & trading funds	0	0	0	0
Balances with bodies external to Government	0	0	0	0
<b>TOTAL</b>	<b>2,716</b>	<b>0</b>	<b>4,480</b>	<b>0</b>

**29. Losses and special payments**

Losses and special payments are charged to the Income statement in accordance with IFRS. Losses and special payments register when payment is made. Therefore this note is prepared

**Gross loss to the Exchequer**

Number of cases and associated amounts paid out or written-off during the financial year

	<b>Amounts paid out during period to 30 September 2009</b>	
	<b>Number</b>	<b>£</b>
Clinical negligence	0	0
Personal injury	0	0
All other losses and special payments	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Analysis of cases which exceed £250,000 and all other cases

<b>Cases exceeding £250,000</b>	<b>Case type</b>	<b>Amounts paid out in year £</b>
Case reference		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
		0
<b>Sub-total</b>		<b>0</b>
<b>All other cases</b>		<b>0</b>

### **30. Pooled budgets**

#### **GWICES Project**

##### **S 33 Pooled Budget Memorandum Account**

A Section 33 Partnership Agreement exists between the five Local Authorities, five Local Health Boards and the Gwent Healthcare NHS Trust for the provision of an efficient and effective integrated GWICES (Gwent Wide Integrated Community Equipment Service) to service users who are resident in the Partner Localities. This agreement came into effect from 1st October 2008.



**31. First time adoption**

	<b>General Fund £000</b>	<b>Revaluation Reserve £000</b>	<b>Donated Asset Reserve £000</b>	<b>Government Grant Reserve £000</b>	<b>Total Reserves £000</b>
Taxpayers' equity at 31 March 2009 under UKGAAP	(12,135)	39	0	0	(12,096)
Adjustment to remove negative balances on revaluation reserves	0	0	0	0	0
<b>Adjusted Taxpayers' equity at 31 March 2009</b>	<b>(12,135)</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>(12,096)</b>
<b>Adjustments for IFRS changes</b>					
PFI	0	0	0	0	0
Leases	0	(14)	0	0	(14)
Others (specify)	(13)	0	0	0	(13)
<b>Taxpayers' equity at 1 April 2009 under IFRS</b>	<b>(12,148)</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>(12,123)</b>
Net operating costs for 2008-09 under UKGAAP	202,522	0	0	0	0
Adjustments for IFRS changes :					
PFI	0	0	0	0	0
Leases	(1)	0	0	0	0
Others (specify)	0	0	0	0	0
<b>Net operating costs for 2008-09 under IFRS</b>	<b>202,521</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Narrative disclosure

**32. Cashflow Notes****32.1 Movements in working capital**

	6 months to 30 September 2009 £000	12 months 2008-09 £000
(Increase)/decrease in receivables	-826	851
(Increase)/decrease in inventories	0	0
Increase/(decrease) in payables	-3,588	1,565
<b>Subtotal</b>	<b>-4,414</b>	<b>2,416</b>
Less Movement in receivables relating to items not passing through the OCS	-24	0
Less Movement in payables relating to items not passing through the OCS	0	-13
<b>Subtotal</b>	<b>-24</b>	<b>-13</b>
<b>Total</b>	<b>-4,438</b>	<b>2,403</b>

**32.2 Other cashflow adjustments**

	30 September 2009	2008-09
Depreciation	2	2
Amortisation	0	0
Impairments and reversals	0	0
Cost of Capital Charge	-193	-384
Profit/(Loss) on disposal	0	0
Finance Costs	0	0
Interest Revenue	0	0
Change in fair value of financial instruments	0	0
Provisions - Arising in Year	42	43
Provisions - Reversed unused	0	0
Provisions - unwinding of discount	0	0
<b>Total</b>	<b>-149</b>	<b>-339</b>

**32.3 Analysis of changes in net debt**

	As at 1 April 2009 £000	Cash flows £000	As at 30 September 2009 £000
OPG cash at bank	72	24	96
Commercial cash at bank and in hand	0	0	0
Bank overdraft	0	0	0
<b>Total</b>	<b>72</b>	<b>24</b>	<b>96</b>

**33. Remuneration Report****33.1 Salaries and pension entitlement of senior managers**

Name and title	To 30 Sept	To 30 Sept	To 30 Sept	2008-09	2008-09	2008-09
	2009	2009	2009			
	Salary	Other	Benefits	Salary	Other	Benefits
	(bands of £5,000) £'000	(bands of £5,000) £'000	in kind (to nearest £100) £'000	(bands of £5,000) £'000	(bands of £5,000) £'000	in kind (to nearest £100) £'000
<b>Executive directors</b>						
Dr L Taylor: (Medical)	40-45	0	0	80-85	0	0
S Ham: (Chief Executive-Temporary)	40-45	0	1	5-10	0	0
F Davies: (Finance-Acting)	35-40	0	0	0-5	0	0
T Spriggs: (Clin Lead & Quality)	25-30	0	0	35-40	0	0
K Watkins: (Chief Executive)	0	0	0	70-75	0	2
S Ham: (Finance)	0	0	0	60-65	0	3
<b>Non officer members</b>						
S Kent	15-20	0	0	30-35	0	0
D Thomas	0-5	0	0	5-10	0	0
Dr Leney	0-5	0	0	5-10	0	0
Dr Statham	0-5	0	0	5-10	0	0
Dr A McGarrigle	0-5	0	0	5-10	0	0
R Frame	0-5	0	0	5-10	0	0
K Dunn	0-5	0	0	5-10	0	0
S Morris	0-5	0	0	5-10	0	0
J Godden	0-5	0	0	5-10	0	0
L Griffiths	0-5	0	0	5-10	0	0
J Tucker	0-5	0	0	5-10	0	0
J Pitter	0-5	0	0	5-10	0	0
D George	0-5	0	0	5-10	0	0

**33. Remuneration Report****33.2 Pension benefits**

Name and title	Real	Lump	Total	Lump	Cash	Cash	Real	Employers
	increase in pension at 60 (bands of £2,500)	sum at age 60 related to real increase in pension	accrued pension at age 60 at 30 September 2009 (bands of £2,500)	sum at age 60 related to accrued pension at 30 September	Equivalent Transfer Value at 30 September 2009	Equivalent Transfer Value at 31 March 2009	increase on cash equivalent transfer value	contribution to stakeholder pension
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
K Watkins (Chief Executive)	2.5-5	14	35-37.5	110	772	654	77	0
S Ham (Finance + Chief Executive)	0-2.5	5	10-12.5	34	218	180	25	0
F Davies (Finance)	0-2.5	6	12.5-15	41	206	165	27	0
Dr. L Taylor (Medical)	0-2.5	6	20-22.5	66	343	295	31	0
T Spriggs (Clin Lead & Quality)	0-2.5	4	15-17.5	51	260	230	19	0

### **34. Operating segments**

**STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES  
AS ACCOUNTABLE OFFICER OF THE LOCAL HEALTH BOARD**

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer to the LHB. The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accountable Officer's Memorandum issued by the Assembly.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Date.....2009 ..... Chief Executive

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT  
OF THE ACCOUNTS**

The directors are required under the National Health Service Act (Wales) 2006 to prepare accounts for each financial year. The Welsh Ministers, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the LHB and of the income and expenditure of the LHB for that period. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting principles laid down by the Welsh Ministers with the approval of the Treasury
- make judgements and estimates which are responsible and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the account.

The directors confirm that they have complied with the above requirements in preparing the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the authority and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction by the Welsh Ministers.

**By Order of the Board**

**Signed:**

Chairman: ..... Dated: .....2009

Chief Executive: ..... Dated: .....2009

Director of Finance: ..... Dated: .....2009

## **PROFORMA STATEMENT ON INTERNAL CONTROL**

### **1. Scope of responsibility**

The former LHB was accountable for internal control. As Accountable Officer and Chief Executive for the Aneurin Bevan Local Health Board (ABLHB), I have the responsibility for providing assurance within this Statement that the former LHB maintained a sound system of internal control that supports achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and organisational assets for which I am now personally responsible, in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales.

The LHB's internal control framework was underpinned by Standing Orders and Standing Financial Instructions, which were formally adopted by the LHB in April 2003, and have been reviewed. The Standing Orders included a scheme of delegation and the LHB had also adopted a detailed authorisation matrix. Membership and Terms of Reference of the LHB's Audit Committee, Clinical Governance Committee and Remuneration & Terms of Service Committee had been agreed. The LHB had undertaken self-assessments against the Health Care Standards for Wales (HCSW) and had agreed Health Care Standards Improvement Plan (HCSIP).

### **2. The purpose of the system of internal control**

The LHB's system of internal control was designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it could therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control was based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control had been in place in the organisation for the six months ended 30 September 2009 and up to the date of approval of the annual report and accounts, and accords with Welsh Assembly Government guidance.

### **3. Capacity to handle risk**

The LHB had agreed to discharge its responsibilities for corporate risk management through the LHB's Audit Committee and for clinical governance through the Clinical Governance Committee. There was a clear link established between these two committees in relation to risk management. The overall accountability for the management of risk rested with the then Chief Executive. The Director of Finance had been delegated with responsibility for risk management and the Director of Clinical Leadership & Quality was charged with responsibility for clinical governance.

The LHB's Audit Committee had been responsible for advising the Chief Executive and Board on risk management and internal control. It was also responsible for collating the sources of assurance which inform how effectively risk was managed and the reliability of the internal control system. This was predominantly taken from the work of the internal and external auditors who attended the LHB's Audit Committee. The LHB's Audit Committee also received regular reports from the LHB's local counter fraud officer on investigations and recovery.

Lead managers are responsible for ensuring that risk management issues are reviewed and for keeping the Senior Management Team, Audit Committee and Clinical Governance Committee informed of key issues. Risk Management presentations have been given to both the Board and LHB staff as part of Continuing Professional Development.



In 2008/9 the LHB has sought to learn from best practice by reviewing the Healthcare Standards, Improvement Plan and Risk Register in full at Senior Management meetings. This has enabled the risk management process to not only be embedded throughout the organisation but to also help each team member to learn from each other.

#### **4. The risk and control framework**

##### **Transitional Period**

Gwent Healthcare NHS Trust along with the five Local Health Boards in the Gwent area were abolished on the 30th September 2009 as part of a major reconfiguration of the NHS in Wales and were replaced by Aneurin Bevan Local Health Board on the 1st October 2009.

The Board and officers of the LHB fully participated in the arrangements put in place to manage the transition to the new organisation. This was done to ensure that all key issues from the LHB were highlighted and understood through transition and that an effective handover of responsibilities would be made to the new Health Board. I am satisfied that the transition programme has been well managed, that there has been an appropriate focus on business critical issues, a clear understanding of key risks and any continuing issues or key risks have been appropriately incorporated into the organisational development plans of the new organisation.

##### **Internal Audit Opinion**

Internal Audit have confirmed that based upon the work undertaken, for the six months ended 30 September 2009, the LHB had adequate and effective risk management, control and governance processes in place.

##### **Management of Risks**

The LHB Risk Management Strategy addressed clinical, organisational and financial risk through encouraging a culture of risk ownership, its assessment and associated remedial or limitation action, by the Board and all staff within the LHB. The Board and Audit Committee reviewed the effectiveness of the risk management processes and internal controls throughout the financial period and approved the risk profile, action plans and internal audit programme.

A corporate risk register is maintained.

A robust internal control framework was in place during the year, which includes:

- The adoption by LHB of the Standing Orders and Standing Financial Instructions;
- An Audit & Risk Management Committee, a Remuneration Committee and various subgroups;
- The appointment of internal auditors; and
- An approved financial plan and regular reporting of financial and performance information.

##### **Key Financial Controls**

There was a budgetary control system in place, which safeguarded the acquisition, use, disposal and security of goods and services. There were controls in place concerning the security of financial systems and data. These systems produced reliable financial information that informed budget holders and the financial reporting to the Board. Internal Audit opinion was that the LHB can take **substantial** assurance that the controls upon which the organisation relies to manage this area, as currently laid down and operated, were effective.

The LHB's financial systems have been subject to review by Internal Audit. The Audit Committee had reviewed all internal audit reports and monitors the implementation of agreed control improvements.

### Continuing NHS Healthcare

The internal audit follow-up of Continuing NHS Healthcare was undertaken in April and September 2009. The Internal Audit opinion was that the LHB had the assurance that **reasonable progress** has been made. There are 10 recommendations and none of them being fundamental.

### Healthcare Standards

In 2008-09, the LHB completed a self assessment process based on 32 individual HCSW. Each HCSW is sub-divided into various categories and questions in relation to 3 areas, being: Corporate, Operational/ Clinical Outcomes and User Experience. Within the LHB each HCSW has been delegated to a standard lead who was responsible for collecting evidence and ensuring the completion of the standard via the online tool. Each area of the 32 HCSW was assessed based on the following scores:

5	Leading
4	Practising
3	Developing
2	Responding
1	Aware

Self Assessment of Performance against the HCSW and in particular those that underpin the management of risk across all standards:

HCSW	2008-09 Self Assessed Score	2007-08 Self Assessed Score
14 Health & Safety	3	3
16 Patient Safety Incidents	3	3
27 Governance	4	3
28 Clinical Governance	4	3

The self-assessments against the HCSW were reviewed by the LHB's Internal Auditors and agreement reached on scores.

Overall, the LHB performed well and was assessed by HIW as having a maturity of **Practising** at the User Experience levels.

### Healthcare Standards Improvement Plan

During the transition period, the Clinical Governance work stream created a Healthcare Standards sub group, which aligned the legacy statements and identified priorities from all of the organisations so as to create one HCSIP for Aneurin Bevan LHB for 2009-10. This plan was approved by the Shadow Board at its first meeting in July 2009.

The HCSIP includes both the combined needs of the new organisation and the need to maintain individual organisations' statutory obligations towards their own HCSIP until October 1st 2009.

The internal audit review sought to ensure that the Healthcare Standards Improvement Plan had been drawn up, monitored effectively, and regularly reported on. The internal audit opinion provided **substantial** assurance with no recommendations being made.

## 5. Probity of Dental Expenditure

A new Dental Contract was implemented from 1st April 2006, with payments being made on LHBs' behalf by the Business Services Authority Dental Services Division (DSD) in England. In addition to the checks required to obtain assurance on the adequacy of the payment systems - undertaken by both the DSD's and the LHB internal auditors - there should also be checks to ensure the probity of dental expenditure. In 2008/09 the following work was undertaken on the probity of dental expenditure:

a) Clinical Assurance Monitoring - 7 inspection visits were undertaken on a cyclical basis in 2008/09. In addition, the LHB requested 1 further visit as a consequence of analytical review work and contract monitoring which took place earlier in the year. Therefore, in total there were 8 visits out of a total of 30 contracts in 2008/09. During 2009/10, an in-depth investigation has been ongoing with 1 dental contractor.

b) Patient questionnaires - The LHB received notification of 1 patient questionnaire being completed at 1 Orthodontic practice. The patient in question was satisfied with treatment.

c) Analytical review undertaken by the LHB covered FOUR main areas:

1. Monthly information reports were reviewed where outliers were identified. The monthly information identified that there were no persistent outliers.

2. Quarterly exception reports were scrutinised (4 for 2008/09, compared to 4 in 2007/08). Once all information was reviewed the LHB agreed action plans with the practices.

3. All contracts were subject to mid-year review that concentrated on contract activity levels. Any amendments to contract levels were undertaken on a monthly basis after the mid-year review took place. In 2008/09, 1 contract did not achieve the 30% activity level. The contract in question was relatively small in comparison with other Newport Dental Contracts, therefore, no mid-year review clawback was actioned.

4. All contracts were subject to an Annual Review which was carried out in July. There was a financial adjustment based on a national contract agreement, where all contracts that delivered below 95% of their contracted activity were adjusted to actual performance levels. This applied to 4 contracts. In addition, the review looked at various contract matters i.e. Patient Charge Revenue achievement, contract implementation, NICE, treatment plans, etc. The LHB utilised the year reports provided by the DSD. The LHB targeted exceptions that were reported as part of the annual review process.

5. During 2009/10, analytical review of 6 dental contracts has been undertaken. Close monitoring of performance of 1 contract which has consistently under-performed for the previous two years has been undertaken, A performance meeting took place in August 2009 before the mid-year activity was reported, and the provider was given monthly targets to report achievement directly to the Locality on a monthly basis.

e) The LHB's Internal Audit team have undertaken a review of the Dental Payments system that is managed by the Business Service Centre. There were no matters to report with the payments system.

f) The LHB's Local Counter Fraud Specialist team were involved as appropriate in the review work.

## 6. Pensions Contributions Assurance Statement

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures were in place to ensure all employer obligations contained within the Scheme regulations were complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme were in accordance with the Scheme rules, and that member Pension Scheme records were accurately updated in accordance with the timescales detailed in the Regulations.

## 7. Review of effectiveness

As Accountable Officer for ABLHB, I have responsibility for reviewing the effectiveness of the system of internal control that was in place at the former LHB and to provide assurance that measures were in place that ensured compliance with the organisation's obligations under equality, diversity and human rights legislation so that strategies, policies, functions and service delivery do not discriminate against employees or sections of the community. This includes ensuring service provision is compliant with human rights, disability, gender and race equality legislation. Control measures were in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

My review of the effectiveness of the system of internal control was informed by the work of the internal auditors and the executive officers within the organisation who had responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the new ABLHB system is in place.

The Board was advised of the effectiveness of internal controls through reports received from the Audit Committee and Clinical Governance Committee. Each of these committees played an important role in reviewing the effectiveness of the system of internal control.

The Audit Committee had monitored the effectiveness of the system of internal control through the receipt and review of internal and external audit reports and consideration of the associated management action taken. These reports were based on a systematic review of LHB processes. During 2009 -10 these reports have not highlighted any significant internal control problems and, where appropriate, LHB management had responded positively to recommendations made. Detailed Action Plans had been agreed with the LHB's Internal Auditors to address areas where improvements can be made.

Signed:.....  
Chief Executive  
(on behalf of board)

Date:.....

## **The Certificate and Report of the Auditor General for Wales to the National Assembly for Wales**

I certify that I have audited the financial statements of Newport Local Health Board for the six months ended 30 September 2009 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Operating Cost Statement, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them.

### **Respective responsibilities of Directors, the Chief Executive and the Auditor**

The Directors and the Chief Executive are responsible for preparing the financial statements in accordance with paragraph 3 of schedule 9 to the National Health Service (Wales) Act 2006 and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statements of Directors' and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report my opinion to you as to whether the financial statements give a true and fair view and have been properly prepared in accordance with paragraph 3 of schedule 9 of the National Health Service (Wales) Act 2006 and Welsh Ministers' directions made there under. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

In addition I report to you if in my opinion, Newport Local Health Board has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Newport Local Health Board's compliance with HM Treasury's and Welsh Ministers' guidance and report if it does not. I am not required to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of Newport Local Health Board's corporate governance procedures or its risk and control procedures.

### **Basis of audit opinions**

I conducted my audit in accordance with the Public Audit Wales Act 2004 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Newport Local Health Board's circumstances, and are consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused

by fraud or error and that in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In my opinion:

- the financial statements give a true and fair view in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers of the state of affairs of Newport Local Health Board as at 30 September 2009 and of its net operating costs, its recognised gains and losses and cash flows for the six months then ended; and
- the financial statements have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

### **Emphasis of matter**

In forming my opinion, I have considered the disclosure made in note 24 concerning the additional liabilities that may arise from continuing health-care claims. Whilst the Local Health Board has provided me with sufficient, appropriate evidence to enable me to satisfy myself as to whether ISA37 Provisions, Contingent Liabilities and Contingent Assets would require recognition of a provision, I consider that the uncertainties relating to these amounts are significant and that once additional assessments of these claims have been undertaken they may result in significant additional costs to the Local Health Board.

My opinion is not qualified in this respect.

### **Opinion on Regularity**

In my opinion in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

### **Report**

I have no observations to make on these financial statements.

My conclusion on Newport Local Health Board's arrangements for securing economy, efficiency and effectiveness in its use of resources for the period ended 30 September 2009 will be reported separately in my published Audit Letter for the six month period.

Gillian Body  
Auditor General for Wales  
12th March 2010

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