

Abertawe Bro Morgannwg University NHS Trust

Foreword

These accounts for the year ended 31 March 2009 have been prepared by the Abertawe Bro Morgannwg University NHS Trust 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.

The Abertawe Bro Morgannwg University NHS Trust was created on 1st April 2008 as a result of the merger of the former Bro Morgannwg and Swansea NHS Trusts. All of the assets and liabilities of the former Trusts transferred to Abertawe Bro Morgannwg University NHS Trust on that date.

The Trust provides a comprehensive range of integrated hospital and community services for the resident population of the County Boroughs of Bridgend, Neath Port Talbot, Swansea and the Western Vale of Glamorgan. The Trust's catchment area also includes populations West of Swansea as a result of its provision of regional and sub regional specialities.

The Trust also manages Welsh Health Supplies, Informing Healthcare and the National Leadership and Innovation Agency For Healthcare which includes the Workforce Development Education and Contracting Unit, the Delivery and Support Unit and the Centre for Equality Human Rights.

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 Local Health Boards (LHBs) to create 7 new LHBs as at 1st October 2009.

The Trust will continue in its present form until that date. These financial statements are the final full year financial statements. Six month financial statements from 1st April 2009 to 30th September 2009 will be produced and on 1st October 2009 the Trust will merge with Swansea, Neath Port Talbot and Bridgend LHBs to form Abertawe Bro Morgannwg University LHB. All of the assets and liabilities of Abertawe Bro Morgannwg University NHS Trust will transfer to the new LHB at that time and all operations are continuing.

INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2009

	Note	£000	2007-08 £000
Income from activities	3	794,722	736,483
Other operating income	4	55,393	74,931
Total income		850,115	811,414
Operating expenses	5	(835,990)	(799,360)
Operating surplus/(deficit)		14,125	12,054
Costs of fundamental reorganisation/restructuring		0	0
Profit/(loss) on disposal of fixed assets	8	(78)	(322)
Surplus/(deficit) before interest		14,047	11,732
Interest receivable	9	2,598	4,100
Interest payable	9	0	0
Other finance costs	16	(135)	(125)
Surplus/(deficit) for the financial year		16,510	15,707
Public Dividend Capital dividends payable		(16,293)	(15,577)
Retained surplus/(deficit) for the year	17	217	130

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 31 MARCH 2009

		2007-08
	£000	£000
	Note	
Surplus/(deficit) for the financial year before dividend payments		15,707
Fixed asset impairment losses	17	(9)
Unrealised surplus/(deficit) on fixed assets revaluations/indexation	17	1,291
Increases in the donated asset and government grant reserves due to receipt of donated and government grant finance assets	17	309
Reduction in the donated asset and government grant reserves due to the depreciation, impairment and disposal of donated and government grant financed assets	17	(827)
Additions/(reductions) in "other reserves"	17	(379)
Defined benefit scheme actuarial gains & losses		0
		<u>0</u>
Total recognised gains and losses for the financial year		16,092
Prior period adjustment	17	0
		<u>0</u>
Total gains and losses recognised in the financial year		<u>15,478</u>
		<u>16,092</u>

BALANCE SHEET AS AT 31 MARCH 2009

	Note	£000	£000	31-Mar 2008 £000
Fixed assets				
Intangible assets	10	10,678		6,892
Tangible assets	11	480,617		474,409
Investment assets	11.4	0		0
			491,295	481,301
Current assets				
Stocks and work-in-progress	12	10,540		9,103
Debtors	13	91,126		85,257
Investments	14	23,500		21,101
Cash at bank and in hand	18.3	659		659
Total current assets			125,825	116,120
Creditors: amounts falling due within 1 year	15		(41,560)	(39,301)
Net current assets/(liabilities)			84,265	76,819
Total assets less current liabilities			575,560	558,120
Creditors: amounts falling due after more than one year	15		(4,107)	(3,312)
Provisions for liabilities and charges	16		(72,141)	(63,700)
Total assets employed			499,312	491,108
Financed by:				
Taxpayer's equity				
Public dividend capital	23.2		493,826	333,035
Revaluation reserve	17		(868)	145,723
Donated asset reserve	17		5,172	5,688
Government grant reserve	17		0	613
Other reserves	17		0	0
Income and expenditure reserve	17		1,182	6,049
Total taxpayer's equity			499,312	491,108

Signed on behalf of the Board on

Chairman

Chief Executive

Adopted by the Board on

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2009

	Note	£000	£000	2007-08 £000
Operating activities				
Net cash inflow from operating activities	18.1		56,544	21,755
Returns on investments and servicing of finance				
Interest received		2,734		4,169
Interest paid		(135)		(58)
Interest element of finance leases		0		0
Net cash inflow/(outflow) from returns on investments and servicing of finance			2,599	4,111
Capital expenditure				
Payments to acquire tangible fixed assets		(46,263)		(44,790)
Receipts from sale of tangible fixed assets		50		5,024
Payments to acquire/ receipts from sale of intangible assets		(4,363)		(4,245)
Payments to acquire/ receipts from sale of fixed asset investments		0		0
Net cash inflow/(outflow) from capital expenditure			(50,576)	(44,011)
Public dividend capital dividends paid			(15,187)	(16,179)
Management of liquid resources				
Purchase of current asset investments		(2,400)		(6,200)
Sale of investments		0		0
Net cash inflow/(outflow) from management of liquid resources			(2,400)	(6,200)
Net cash inflow/(outflow) before financing			(9,020)	(40,524)
Financing				
Public dividend capital received		27,362		42,791
Public dividend capital repaid (not previously accrued)		(18,342)		(2,267)
Public dividend capital repaid (accrued in previous period)		0		0
Government loans received: short term		0		0
Government loans repaid: short term		0		0
Loan advances/brokerage received		0		0
Loan advances/brokerage repaid		0		0
Other capital receipts		0		0
Capital element of finance leases		0		0
Net cash inflow/(outflow) from financing			9,020	40,524
Increase/(decrease) in cash	18.2		0	0

Notes to the accounts

1. Accounting policies and other information

The Welsh Assembly Ministers have directed that the financial statements of NHS trusts in Wales shall meet the accounting requirements of the NHS trust manual for accounts which shall be agreed with HM Treasury. The accounting policies contained in the manual follow UK generally accepted accounting practice for companies (UK GAAP) and HM Treasury's Resource Accounting Manual to the extent that they are meaningful and appropriate to the NHS, as determined by the National Assembly for Wales as approved by HM Treasury, which is advised by the Financial Reporting Advisory Board. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts. Standard accounting policies are laid down in the manual for accounts and the Capital Accounting Manual. If a change in accounting policy is made it will be disclosed and accounted for in accordance with FRS18 and FRS3.

1.1 Accounting convention

This account has been prepared under the historical costs convention, modified to account for the revaluation of fixed assets at their value to the business by reference to their current cost. NHS Trusts are not required to provide a reconciliation between current costs surpluses and deficits and historical cost surpluses and deficits.

1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are acquired 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 outside the public sector.

1.3 Income recognition

Income is accounted for applying the accruals convention. The main source of income for the trust is from commissioners in respect of healthcare services provided under Service and Financial Framework agreements. Income for patient care provided for other NHS bodies is recognised in accordance with the terms and conditions of the NHS contracts. Where non NHS income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

1.4 Intangible fixed assets

Intangible assets are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued and they have a cost of at least £5,000.

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is carried at historic cost. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

1.5 Tangible fixed assets

i. Capitalisation

Tangible assets are capitalised if they are capable of being used for a period which exceeds one year and they:

- individually have a cost of at least £5,000; or
- collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates and are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of an IT network which collectively has a cost more than £5000 and individually have a cost of more than £250; or
- form part of the initial equipping and setting up cost of a new building, ward or unit irrespective of their individual or collective cost.

ii. Valuation

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. The carrying value of tangible fixed assets is reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Land and buildings are restated to current value using professional valuations in accordance with FRS15 every five years and in the intervening years by the use of indices provided from the District Valuer via the Assembly.

Professional valuations are carried out by the District Valuers of the Inland Revenue at 5 yearly intervals. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Assembly and HM Treasury. The last asset valuations were carried out as at 1 April 2007 and were reflected in the 2007-08 balance sheet values.

The valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property. The value of land for existing use purposes is assessed at existing use value. For non-operational properties, including surplus land, the valuations are carried out at open market value.

Adjustments arising from the five-yearly and indexed revaluations are in the first instance taken to the relevant Revaluation Reserve. All impairments resulting from price changes are charged to the Statement of Total Recognised Gains and Losses where there is a credit balance for that impaired asset in the revaluation reserve, otherwise ordinarily they will be charged to the income and expenditure statement, unless it can be demonstrated that the recoverable amount is greater than the revalued amount in which case the impairment is taken to the revaluation reserve. Diminutions in value when newly constructed assets are brought into use are charged in full to the Income & Expenditure account.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure, subsequent disposal and taken out of operational use.

Assets in the course of construction are valued at current cost as for land and buildings, as above. These assets include any existing land or buildings under the control of a contractor.

Residual interests in off-balance sheet Private Finance Initiative properties are included in tangible fixed assets as 'assets under construction and payments on account' where the PFI contract specifies the amount, or a nil value, at which the assets will be transferred to the Trust at the end of the contract. The residual interest is built up, on an actuarial basis, during the life of the contract by capitalising part of the unitary charge so that at the end of the contract the balance sheet value of the residual value plus the specified amount equal the expected fair value of the residual asset at the end of the contract. The estimated fair value of the asset on reversion is determined by the District Valuer. The District Valuer should provide an estimate of the anticipated fair value of the assets on the same basis as the District Valuer values the NHS Trusts estate.

Operational equipment is carried at current value. Where assets are of low value, and/or have short useful economic lives, these are carried at depreciated historic cost as a proxy for current value. Equipment surplus to requirements is valued at net recoverable amount.

iii. Depreciation

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives. No depreciation is provided on freehold land, assets in the course of construction and assets surplus to requirements.

Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer. Leaseholds are depreciated over the primary lease term. Equipment is depreciated on current cost evenly over the estimated life of the asset.

Impairment losses resulting from short-term changes in price that are considered to be recoverable in the longer term are taken in full to the revaluation reserve. These include impairments resulting from the revaluation of fixed assets from their cost to their value in existing use when they become operational. This may lead to a negative revaluation reserve in certain instances.

Where the useful economic life of an asset is reduced from that initially estimated due to the revaluation of an asset for sale, depreciation is charged to bring the value of the asset to its value at the point of sale. Where there have been any significant changes to the useful economic life or residual values of assets, the reason and effect should be disclosed in the year of change.

1.6 Fixed Asset Investments

Fixed asset investments should be disclosed where the Trust has a participating interest held for the long-term, with a view to exercising control. Each category of investment should be separately disclosed

1.7 Donated fixed assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the donated asset reserve. Donated assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluation are also taken to the donated asset reserve and each year, an amount equal to the depreciation charge is released from this reserve to the Income and Expenditure account. Similarly, any impairment on donated assets charged to the Income and Expenditure account is matched by a transfer from the donated asset reserve. On sale of donated assets, the value of the sale proceeds is transferred from the Donated Asset Reserve to the Income and Expenditure Reserve.

1.8 Government grants

Government grants are grants from government bodies other than funds from NHS bodies or funds awarded by Parliamentary Vote. The government grants reserve is maintained at a level equal to the net book value of the assets which it has financed.

1.9 Cash Bank and Overdrafts

Cash, Bank and Overdrafts are recorded at current values and are only set-off where a formal agreement exists with the bank. Interest earned on bank accounts and interest charged on overdrafts are recorded as, respectively, 'Interest receivable' and 'Interest Payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate."

1.10 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Income and Expenditure Account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Income and Expenditure Account on a straight-line basis over the term of the lease.

1.11 Private Finance Initiative

The NHS follows HM Treasury's 'Technical Note 1 (Revised) How to account for PFI transactions' which provides practical guidance for the application of the FRS5 amendment and the guidance Land and Buildings in PFI schemes version 2. PFI schemes are schemes under which the PFI operator receives an annual payment from the Trust for the services provided by the PFI operator in operating a property and for access to the property itself .

Where the balance of risks and rewards of ownership is borne by the PFI operator, the PFI payments are recorded as an operating expense. Where the trust has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by a charge to the Income and Expenditure account. Where, at the end of the PFI contract, a property reverts to the trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.

Where the balance of risks and rewards of ownership of the PFI property are borne by the trust, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

1.12 Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to the current cost due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.13 Research and development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- * there is a clearly defined project;
- * the related expenditure is separately identifiable;
- * the outcome of the project has been assessed with reasonable certainty as to:
 - * its technical feasibility;
 - * its resulting in a product or service which will eventually be brought into use;
- * adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. The amortisation charge is calculated on the same basis as used for depreciation i.e. on a quarterly basis. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. The trust is unable to disclose the total amount of research and development expenditure charged in the income and expenditure account (a requirement of SSAP 13) because some research and development activity cannot be separated from patient care activity.

Fixed assets acquired for use in research and development are amortised over the life of the associated project.

1.14 Provisions

The trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. In accordance with FRS 12 provisions are only recognised where the transfer of economic benefit is probable, and the amount can be reasonably estimated. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms.

1.15 Contingent Liabilities

Contingent liabilities are recognised where the NHS Trust has

- A possible obligation arising from past events whose existence will be confirmed by the occurrence of future events not wholly within the Trust's control;

- A present obligation arising from past events for which it is not probable that a transfer of economic benefits will be required to settle the obligation; or
- A present obligation where the amount of the obligation cannot be measured with sufficient accuracy.

Contingent liabilities are not disclosed where the probability of them becoming liabilities is considered to be remote.

Contingent assets are disclosed where a possible asset exists as a result of past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the NHS Trust's control". Contingent assets are disclosed only where the future inflow of economic benefit is considered to be probable".

1.16 Losses and special payments

Losses and special payments are items that the National Assembly for Wales 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 income and expenditure account on an accruals basis. However, note 22 is compiled directly from the losses and compensations register which is prepared on a cash basis.

The Trust accounts for all losses and special payments gross (including assistance from the Welsh Risk Pool). The Trust accrues or provides for the best estimate of its future payouts for certain or probable liabilities and discloses all other potential payments as contingent liabilities, unless the probability of the liabilities becoming payable is remote.

All claims for losses and special payments are provided for, where the probability of settlement of an individual claim is over 50%. Where reliable estimates can be made, incidents of clinical negligence against which a claim has not, as yet, been received are provided in the same way. Expected reimbursements from the Welsh Risk Pool are included in debtors. For those claims where the probability of settlement is below 50%, the liability is disclosed as a contingent liability.

1.17 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.pensions.nhsbsa.nhs.uk. 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.

The Scheme is subject to a full actuarial valuation every four years (until 2004, based on a five year valuation cycle), and a FRS17 accounting valuation every year. An outline of these follows:

a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date.

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay.

On advice from the Scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

b) FRS17 Accounting valuation

In accordance with FRS17, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date by updating the results of the full actuarial valuation. Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the Scheme Actuary. At this point the assumptions regarding the composition of the Scheme membership are updated to allow the Scheme liability to be valued.

The valuation of the Scheme liability as at 31 March 2009, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2009 with summary global member and accounting data.

The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

Scheme provisions as at 31 March 2009

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die after retirement, is payable.

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 the income and expenditure account at the time the Trust commits itself to the retirement, regardless of the method of payment.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

Scheme provisions from 1 April 2008

From 1 April 2008 changes have been made to the NHS Pension Scheme contribution rates and benefits. Further details of these changes can be found on the NHS Pensions website www.pensions.nhsbsa.nhs.uk.

[Where the NHS Trust has employees who are members of pension schemes other than the NHS pension scheme described above, additional disclosure will be required to give details of those schemes, e.g. stakeholder pensions.]

1.18 Liquid resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement.

1.19 Value added tax

Most of the activities of the Trust 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.

1.20 Foreign Exchange

Transactions that are 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 Income and Expenditure Account.

1.21 Third party assets

Assets belonging to third parties (such as money held on behalf of Patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in note 28 to the accounts.

1.22 Public Dividend Capital Dividends

A charge, reflecting the forecast cost of capital utilised by the NHS Trust, is paid over as public dividend capital dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the forecast average carrying amount of all assets less liabilities, except for donated assets and cash with the Office of the Paymaster General.

1.23 EU Emission Trading Scheme

EU emission trading scheme allowances are accounted for as Government granted current asset investments, valued at open market value. As the NHS body makes emissions a provision is recognised with an offsetting transfer from the Government Grant Reserve. The provision is settled on surrender of the allowances. The current asset investment, provision and Government Grant Reserve are valued at current market value at the balance sheet date.

1.24 Financial Instruments

Financial assets

Financial assets are recognised on the balance sheet when the Trust 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.

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.

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 income statement. The net gain or loss incorporates any interest earned on the financial asset.

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.

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 income statement on de-recognition.

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 Trust 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 income 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 income 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.

• Financial liabilities

Financial liabilities are recognised on the balance sheet when the Trust 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.

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.

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 income statement. The net gain or loss incorporates any interest earned on the financial asset.

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.

2. Segmental Reporting

The following information segments the results of the Trust by:-

	Informing Healthcare		Leadership & Innovation Agency for		Welsh Health Supplies		Delivery & Support Unit		Centre for Equality & Human Rights		Healthcare Activities		Inter-segment Trading (Note 1)		Trust Total (per main I&E statement)	
	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
Segment income (Gross)	20,673	22,113	100,443	91,987			1,983	2,252	602	634						
WAG Creditor *	(1)	(34)	0	(5)			(233)	(40)	0	0						
Segment income (Net)	20,672	22,079	100,443	91,982	29,092	29,224	1,750	2,212	602	634	709,188	278,916	-11,632	-3,994	850,115	421,053
Costs directly attributable to segment:-																
Pay	3,999	3,528	6,532	6,350	3,331	3,116	1,403	1,227	520	542						
Funded programme payments for NHS bodies	2,420	7,326	7	1,520			0	0	0	0						
Supplies & services - General	18	7	40	76	14	19	0	3	0	0						
Establishment	1,779	1,611	4,432	4,267	262	269	100	183	49	63						
Transport	8	7	5	15	364	392	2	4	1	1						
Premises	5,237	3,668	591	589	595	644	92	134	1	3						
Other operating expenses (Note 2)	4,099	3,084	88,580	78,915	23,942	24,206	98	608	31	22						
Total directly attributable costs	17,560	19,231	100,187	91,732	28,508	28,646	1,695	2,159	602	631	647,070	273,665	-11,632	-3,994	795,622	412,070
Surplus / deficit	3,112	2,848	256	250	584	578	55	53	0	3	50,486	5,251			54,493	8,983
Common costs	205	199	256	250	436	424	55	53	0	3	11,124	4,677			12,076	5,603
Depreciation	2,663	2,378	0	0	81	78	0	0	0	0	25,626	9,076			28,370	11,532
Surplus before Interest	244	271	0	0	67	76	0	0	0	0	13,736	3,033			14,047	3,380
Capital Charges	244	271	0	0	67	74					15,982	5,745			16,293	6,090
Disposal of Fixed Assets & Other Finance Costs	0	0	0	0	0	2	0	0	0	0	217	117			-2,463	-2,829
Surplus after Interest	0	0	0	0	0	2	0	0	0	0	217	117			217	119
Segment Average Net Assets	3,547	4,348	-1,180	-1,606	6,258	7,212	-113	-189	-25	-21	456,937	162,948			465,424	172,692

* WAG creditor relates to Trading Agency underspends in line with agreement between the Trust and the WAG.

NOTE 1

The following inter-segment trading amounts have been "netted-off" in the consolidated position shown in the main I&E Account:-

WHS related - £8,905,955

IHC related - £619,802

NLIH related - £2,051,499

DSU related - £54,643

CEHR related -

Total inter-segment trading - £11,631,899

NOTE 2

For the business segments, "other operating expenses" shown above for 2008/09 includes the following material items:-

Informing Healthcare -

External Consultancy costs £1,868k and Staff Consultancy Support £680k

National Leadership & Innovations Agency for Health -

External Consultancy costs £3,168k and WEDCU contracts of £85,333k

Welsh Health Supplies -

Cost of stock issues £23,574k

Delivery & Support Unit -

External Consultancy costs £97k

Additional information regarding the accounting and governance arrangements for Informing Healthcare, the National Leadership & Innovation Agency for Healthcare (NLIH), the Delivery & Support Unit (DSU), and the Centre for Equality and Human Rights (CEHR) is given in Note 31 to the Accounts.

3. Income from activities

	2007-08
	£000
Local health boards	516,753
Health Commission Wales	98,059
NHS trusts	5,429
Strategic health authorities and primary care trusts	2,995
Foundation Trusts	0
Local authorities	1,966
Welsh Assembly Government	153,737
Non NHS:	
Private patient income	2,799
Overseas patients (non-reciprocal)	82
Injury Costs Recovery (ICR) Scheme	3,302
Other income from activities	9,600
Total	794,722

ICR income is subject to a provision for doubtful debts of 7.8% to reflect expected rates of collection.

4. Other operating income

	2007-08
	£000
Patient transport services	0
Education, training and research	23,651
Charitable and other contributions to expenditure	821
Transfer from the donated asset reserve	800
Transfer from the government grant reserve	613
Non-patient care income generation schemes	984
Rental income from finance leases	0
Rental income from operating leases	129
Other income:	
Provision of laundry, pathology, payroll services	925
Accommodation and catering charges	2,643
Mortuary fees	253
Staff payments for use of cars	287
Business unit Welsh Health Supplies	20,081
Other	4,206
Total	55,393

Other Income does not exceed 20% of total or £10million.

Rental Income From Operating Leases has been separately analysed in the Trust Accounts for 2008-09. The prior year figure for 2007-08 amounted to £127k and was included in 'accommodation and catering charges'

5. Operating expenses

5.1 Operating expenses comprise

	2007-08
	£000
Goods and services from other NHS bodies	13,145
Goods and services from other NHS Foundation Trusts	0
Purchase of healthcare from non-NHS bodies	124
Directors' costs	1,936
Staff costs	485,386
Supplies and services - clinical	82,098
Supplies and services - general	10,389
Consultancy Services	5,042
Establishment	16,940
Transport	4,853
Premises	28,952
Depreciation	22,531
Amortisation	2,369
Fixed asset impairments and reversals (Property, plant and equipment)	264
Fixed asset impairments and reversals (Intangible assets)	0
Impairments & reversals of financial assets (by class)	0
Audit fees	422
Other auditors' remuneration	0
Losses, special payments and irrecoverable debts	1,889
Other operating expenses	123,020
Total	799,360

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

	2007-08
	£000
Increase/(decrease) in provision for future payments:	9,836
Clinical negligence	8,215
Personal injury	1,116
All other losses and special payments	62
Defence legal fees and other administrative costs	443
Gross increase/(decrease) in provision for future payments	9,836
Contribution to Welsh Risk Pool	0
Premium for other insurance arrangements	0
Irrecoverable debts	149
Less: income received/ due from Welsh Risk Pool	(8,096)
Total charge	1,889

Personal injury includes £285k (2007-08 £225k) in respect of permanent injury benefits

5.3 Operating Leases**5.3.1 Commitments under non-cancellable operating leases**

	Land and buildings		Other leases	
	£000	2007-08 £000	£000	2007-08 £000
Operating leases which expire:				
Within 1 year	7	0	2,066	282
Between 1 and 5 years	283	0	1,018	825
After 5 years	781	0	284	286
Total	1,071	0	3,368	1,393

5.3.2 Operating expenses include:

	£000	2007-08 £000
Other operating lease rentals	1,826	1,238
Hire of plant and machinery	1,542	0
Total	3,368	1,238

5.4 Directors' remuneration

	Remuneration as Director £000	Other remuneration £000	Total £000	2007-08 £000
Non-executive directors' remuneration	128	0	128	220
Executive directors' remuneration:				
basic salaries	824	0	824	1,452
benefits	3	0	3	12
performance related bonuses	0	0	0	0
pension contributions paid	125	0	125	200
Sub-total	1,080	0	1,080	1,884
Compensation for loss of office	0	0	0	0
Pensions for directors and former directors (other than from the NHS pension scheme)	0	0	0	0
Total	1,080	0	1,080	1,884

No performance related bonuses were paid to any Director of the Trust during the period to 31 March 2009.

£nil was waived by directors and £nil allowances were paid in lieu.

During the Year One Executive Director Post was shared by two individuals. The costs of both individuals have been included in full in the Directors Remuneration costs for the period that the post was shared.

5.5 Directors' remuneration (continued):

The remuneration of the Chairman, Chief Executive and (where the Chief Executive is not the highest paid director) the highest paid director is as follows:

	Remuneration as director £000	Other remuneration £000	Total £000	2007-08 £000
Chairman				
Basic remuneration	46	0	46	93
Benefits	0	0	0	0
	<u>46</u>	<u>0</u>	<u>46</u>	<u>93</u>
Chief Executive				
Basic salaries	182	0	182	289
Benefits	0	0	0	0
Performance related bonuses	0	0	0	0
	<u>182</u>	<u>0</u>	<u>182</u>	<u>289</u>
Pension contributions	28	0	28	42
	<u>210</u>	<u>0</u>	<u>210</u>	<u>331</u>
Highest paid director*				
Basic salaries	0	0	0	0
Benefits	0	0	0	0
Performance related bonuses	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Pension contributions	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

* the chief executive was the highest paid director during the period to 31 March 2009.

During 2008/09 the Chief Executive was seconded to WAG and an Acting Chief Executive took up post on 1st December 2008. The respective costs for the period are £123k for the period April to December 2008 and £59k for the period December 2008 to March 2009

6. Employee costs and numbers

6.1 Employee costs	Permanent Staff	Staff on inward secondment	Agency temporary and contract staff	Total	2007-08
	£000	£000	£000	£000	£000
Salaries and wages	423,612	0	4,453	428,065	407,579
Social security costs	31,560	0	0	31,560	31,049
Employer pension contributions to NHSBA	50,159	0	0	50,159	48,464
Other pension costs	0	0	0	0	0
Total	505,331	0	4,453	509,784	487,092

6.2 Average number of employees

	Permanent Staff	Staff on inward secondment	Agency temporary and contract staff	Total	2007-08
	Number	Number	Number	Number	Number
Medical and dental	1,203	0	25	1,228	1,232
Ambulance staff	0	0	0	0	0
Administrative and estates	2,468	0	18	2,486	2,671
Healthcare assistants and other support staff	3,644	0	9	3,653	2,456
Nursing, midwifery and health visiting staff	4,418	0	24	4,442	5,342
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and technical staff	1,515	0	5	1,520	1,691
Social care staff	0	0	0	0	0
Other	0	0	0	0	2
Total	13,247	0	82	13,329	13,394

In 2008/09 the Trust utilised the ESR Payroll System to identify employee numbers by staff group. This represented a change in methodology for the former Swansea NHS Trust staff. This has resulted in Healthcare Assistants previously classified as Unqualified Nursing Staff in the former Swansea NHS Trust being classified as Healthcare Assistants in ESR.

6.3 Employee benefits

The trust does not have an employee benefit scheme.

6.4 Trust management costs

	£000	Percentage of total income	2007-08	
			£000	Percentage of total income
Trust management costs	33,570	3.9%	31,390	3.9%
Income	850,115		811,414	

This cost information is collected using the definition for Trust management costs from WHC(2000)113.

6.5 Retirement costs due to ill-health

During 2008-09 (prior year 2007-08) there were 18 (35) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Business Services Authority - Pensions Division) will be £1,167,764 (£2,161,376).

7. Public Sector Payment Policy - Measure of Compliance**7.1 Prompt payment code - measure of compliance**

The Assembly requires that Trusts 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 Trust financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery or receipt of a valid invoice, whichever is the later.

	Number	£000	2007-08 £000
NHS			
Total bills paid	6,682	52,165	47,500
Total bills paid within target	5,715	42,296	39,991
Percentage of bills paid within target	85.5%	81.1%	84.2%
Non-NHS			
Total bills paid	201,667	303,170	296,771
Total bills paid within target	192,899	292,515	268,676
Percentage of bills paid within target	95.7%	96.5%	90.5%
Total			
Total bills paid	208,349	355,335	344,271
Total bills paid within target	198,614	334,811	308,667
Percentage of bills paid within target	95.3%	94.2%	89.7%

7.2 The Late Payment of Commercial Debts (Interest) Act 1998

	£	2007-08 £
Amounts included within Interest Payable (note 9) arising from claims made under this legislation and compensation paid to cover debt recovery costs.	0	0

8. Other Gains and Losses

	2007-08	
	£000	£000
Profit on disposal of land and buildings	0	18
Loss on disposal of land and buildings	0	(48)
Profit on disposal of plant and equipment	36	8
Loss on disposal of plant and equipment	(114)	(300)
Profit on disposal of intangible fixed assets	0	0
Loss on disposal of intangible fixed assets	0	0
Profit on disposal of fixed assets investments	0	0
Loss on disposal of fixed asset investments	0	0
Gain/(loss) on foreign exchange	0	0
Change in fair value of financial assets carried at FV through profit & loss	0	0
Change in fair value of financial liabilities carried at FV through profit & loss	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
	<u>(78)</u>	<u>(322)</u>

9. Finance Costs

	2007-08	
	£000	£000
Interest payable:		
Government borrowing	0	0
Bank loans and overdrafts	0	0
Late payment of commercial debt	0	0
Finance leases and PFI schemes	0	0
Other	0	0
Interest payable total	<u>0</u>	<u>0</u>
Interest revenue:		
Bank accounts	2,598	4,100
Impaired financial assets	0	0
Other financial assets	0	0
Interest revenue total	<u>2,598</u>	<u>4,100</u>

10. Intangible fixed assets

	Software licences £000	Licenses and trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross cost at 1 April 2008	12,214	0	0	0	12,214
Impairments	0	0	0	0	0
Reclassifications	402	0	0	0	402
Other revaluations	0	0	0	0	0
Additions purchased	6,241	0	0	0	6,241
Additions donated	0	0	0	0	0
Additions government granted	0	0	0	0	0
Disposals	0	0	0	0	0
Gross cost at 31 March 2009	18,857	0	0	0	18,857
Accumulated amortisation at 1 April 2008	5,322	0	0	0	5,322
Impairments	0	0	0	0	0
Reversal of impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Other revaluations	0	0	0	0	0
Provided during the year	2,856	0	0	0	2,856
Disposals	0	0	0	0	0
Accumulated amortisation at 31 March 2009	8,178	0	0	0	8,178
Net book values at 1 April 2008:					
Purchased	6,892	0	0	0	6892
Donated	0	0	0	0	0
Government granted	0	0	0	0	0
Total	6892	0	0	0	6892
Net book values at 31 March 2009:					
Purchased	10678	0	0	0	10678
Donated	0	0	0	0	0
Government granted	0	0	0	0	0
Total	10678	0	0	0	10678

11. Tangible fixed assets

11.1 Tangible assets at the balance sheet date:

Cost or valuation	Buildings, excluding		Assets under construction and payments on account		Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	Land	dwellings	Dwellings	on account					
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2008	79,836	341,479	16,422	23,027	70,898	1,031	4,816	162	537,671
Indexation	(11,975)	10,244	493	691	2,127	31	0	5	1,616
Additions									
- purchased	184	6,912	293	26,904	9,578	124	2,473	681	47,149
- donated	0	13	0	0	100	0	0	0	113
- government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	24,362	0	(30,130)	4,752	0	566	48	(402)
Impairments	0	(15,996)	0	0	0	0	0	0	(15,996)
Other in-year revaluations	0	81	0	0	0	0	0	0	81
Disposals	0	0	0	0	(5,940)	(192)	(9)	0	(6,141)
At 31 March 2009	68,045	367,095	17,208	20,492	81,515	994	7,846	896	564,091
Depreciation									
At 1 April 2008		12,931	350	0	45,634	705	3,487	155	63,262
Indexation		388	11	0	1,369	21	0	4	1,793
Reclassifications		(6)	0	0	2	0	4	0	0
Impairments		(718)	0	0	0	0	0	0	(718)
Reversal of impairments		0	0	0	0	0	0	0	0
Other in-year revaluations		(364)	0	0	0	0	0	0	(364)
Disposals		0	0	0	(5,823)	(181)	(9)	0	(6,013)
Provided during the year		14,243	530	0	10,143	79	501	18	25,514
At 31 March 2009		26,474	891	0	51,325	624	3,983	177	83,474
Net book value at 1 April 2008	79,836	328,548	16,072	23,027	25,264	326	1,329	7	474,409
Net book value at 31 March 2009	68,045	340,621	16,317	20,492	30,190	370	3,863	719	480,617
Net book value of assets held under finance leases and hire purchase contracts									
Total	0	0	0	0	0	0	0	0	0
The total amount of depreciation charged in the Income and Expenditure account in respect of assets held under finance leases and hire purchase contracts:									
Total	0	0	0	0	0	0	0	0	0

Of the totals at 31 March 2009, £3.078m related to land valued at open market value and £0.204m related to buildings, installations and fittings valued at open market value.

Figures for freehold land and buildings are given gross with separate accumulated depreciation.

11.2 Fixed asset investments as a result of PFI contracts at the balance sheet included in Note 11.1 comprise:

	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2008	870	13,549	0	0	0	0	0	0	14,419
Indexation	(131)	406	0	0	0	0	0	0	275
Revaluation	0	0	0	0	0	0	0	0	0
Additions	31	482	0	0	0	0	0	0	513
Disposals	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0
At 31 March 2009	770	14,437	0	0	0	0	0	0	15,207

11.3 The net book value of land and buildings at the balance sheet date comprise:

	£000	31 March 2008 £000
Freehold	407,850	408,862
Long leasehold	17,134	15,596
Short leasehold	0	0
Total	424,984	424,458

11.4 Fixed asset investments at the balance sheet date excluded from Note 11.1 comprise:

The Trust holds fixed asset investments in Zoobiotic at zero value.

	£000	31 March 2008 £000
Opening investment	0	379
Additions	0	0
Disposals	0	0
Revaluation	0	(379)
Total	0	0

12. Stocks and work-in-progress

	£000	31 March 2008 £000
Raw materials and consumables	10,519	9,075
Work-in-progress	0	0
Finished processed goods	21	28
Total	10,540	9,103

13. Debtors31 March
2008

Amounts falling due within one year:	£000	£000
Welsh Risk Pool	39,339	35,829
NHS debtors	17,948	14,960
Non-NHS trade debtors	6,367	0
PDC dividend debtors	0	876
Other debtors	1,649	11,239
Provision for irrecoverable debts	(600)	(1,211)
Other prepayments and accrued income	4,901	5,298
Sub-total	69,604	66,991
Amounts falling due after more than one year:		
Welsh Risk Pool	19,093	15,716
NHS debtors	0	0
Non-NHS trade debtors	0	0
Other prepayments and accrued income	2,429	2,550
Other debtors	0	0
Sub-total	21,522	18,266
Total	91,126	85,257

Provision for irrecoverable debts (impairment of receivables):

Balance at 1 April	-1211	-973
Provided in year	578	-411
Written-off in year	33	173
Recovered during year	0	0
Balance at 31 March	-600	-1211

Debtors past due date but not impaired:

Up to 3 months	1009	1046
3 to 6 months	220	33
More than 6 months	231	0
Total	1460	1079

Non NHS Trade Debtors have been separately analysed in the Trust Accounts for 2008-09. The prior year figure for 2007-08 amounted to £8,022k and was included in 'other debtors'.

14. Current Asset Investments

		31 March 2008
	£000	£000
Government securities	23,500	21,100
Local authorities	0	0
EU Emission Trading Scheme	0	1
Other	0	0
Total	23,500	21,101

Other financial asset investments**Current**

	£000	£000
Financial assets carried at fair value through profit and loss	0	0
Held to maturity investments at amortised cost	0	0
Available for sale financial assets carried at fair value	0	0
Loans carried at amortised costs	0	0
Total	0	0

Non current

	£000	£000
Financial assets carried at fair value through profit and loss	0	0
Held to maturity investments at amortised cost	0	0
Available for sale financial assets carried at fair value	0	0
Loans carried at amortised costs	0	0
Total	0	0

15. Creditors**15.1 Creditors at the balance sheet date are made up of:**31 March
2008

Amounts falling due within one year:	£000	£000
Bank overdrafts	0	0
Interest payable	0	0
Loan advance/brokerage	0	0
Payments received on account	298	123
NHS creditors	8,465	6,191
Non-NHS trade creditors - revenue	9,488	15,402
Non-NHS trade creditors - capital	7,123	1,297
Non-NHS trade creditors - losses and special payments	0	0
Tax and social security costs	1,206	430
VAT	368	0
PDC dividend payable	428	198
Obligations under finance leases and hire purchase contracts	0	0
Obligations under PFI schemes	174	174
Other creditors - superannuation	535	3,315
Other creditors - all other creditors	249	669
Accruals	13,226	11,502
Deferred income	0	0
Sub-total	41,560	39,301
Amounts falling due after more than one year:		
Loan advance/brokerage	0	0
Obligations under finance leases and hire purchase contracts	0	0
Obligations under PFI schemes	3,137	3,312
NHS creditors	0	0
Non-NHS trade creditors - losses and special payments	0	0
Deferred income	0	0
Other	970	0
Sub-total	4,107	3,312
Total	45,667	42,613

Other creditors include:

£nil for payments due in future years under arrangements to buy out the liability for early retirements over 5 instalments; and £nil outstanding pensions contributions at 31 March 2009 (£nil at 31 March 2008).

The VAT creditor is separately analysed in 2008-09. In 2007-08 this figure was offset against the VAT debtor shown in Note 13. The prior year figure for 2007-08 amounted to £347k

Included within Accruals is £7,438k relating to the West Division of the Trust. In 2007/08 these accruals were included within Non NHS trade creditors - revenue, amounting in 2007/08 to £6,574k

15.2 Loan advance(strategic assistance funding)

31 March

2008

Amounts falling due:**£000****£000**

In one year or less	0	0
Between one and two years	0	0
Between two and five years	0	0
In five years or more	0	0
Sub-total	<u>0</u>	<u>0</u>
Wholly repayable within five years	0	0
Wholly repayable after five years, not by instalments	0	0
Wholly or partially repayable after five years by instalments	0	0
Sub-total	<u>0</u>	<u>0</u>
Total repayable after five years by instalments	0	0

Other financial liabilities**Current****£000****£000**

Financial liabilities carried at fair value through profit and loss 0 0

Non Current

Financial liabilities carried at fair value through profit and loss 0 0

15.3 Finance lease obligations

	Total	31 March
Payable:	£000	2008
		£000
In one year or on demand	0	0
In more than 1 year but no longer than 2	0	0
In more than 2 years but no longer than 5	0	0
After five years	0	0
Sub-total	0	0
Less finance charges allocated to future periods	0	0
Total Net Obligations	0	0

15.4 Finance lease commitments

ABMU NHS Trust has not entered into any new contracts to lease (building assets) under finance leases during the period 1 April 2008 to 31 March 2009.

16. Provisions for liabilities and charges

	At 1 April 2008 £000	Structured settlement cases trans- ferred to Risk Pool £000	Transfer of prov- isions to creditors £000	Arising during the year £000	Reversed unused £000	Utilised during the year £000	Unwinding of discount £000	At 30 March 2009 £000
Clinical negligence	50,414	0	0	20,540	(9,635)	(5,689)	0	55,630
Personal injury	6,828	0	0	1,872	(550)	(1,288)	112	6,974
All other losses and special payments	0	0	0	231	0	(231)	0	0
Defence legal fees and other administration	1,997	0	0	2,880	(884)	(492)		3,501
Sub-total	59,239	0	0	25,523	(11,069)	(7,700)	112	66,105
Pensions relating to:								
former directors	90			4	0	(8)	2	88
other staff	1,663			96	(2)	(151)	21	1,627
Restructurings	0			0	0	0		0
Other	2,708			2,857	0	(1,244)		4,321
Total	63,700	0	0	28,480	(11,071)	(9,103)	135	72,141

Expected timing of cash flows:

	Between			Totals £000
	Within 1 year £000	2 and 5 years £000	After 5 years £000	
Clinical negligence	36,495	19,135	0	55,630
Personal injury	1,430	4,039	1,505	6,974
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	3,023	478	0	3,501
Pensions - former directors	7	27	54	88
Pensions - other staff	141	541	945	1,627
Restructuring	0	0	0	0
Other	4,321	0	0	4,321
Total	45,417	24,220	2,504	72,141

The expected timing of cashflows are based on best available information; but they could change on the basis of individual case changes.

Other provisions include £2,299,311 for Agenda for Change and £967,000 for the impact of the SAS Junior Doctors Contract.

17. Movements on reserves

Movements on reserves in the year comprised the following:

	Revaluation reserve £000	Donated asset reserve £000	Govern- ment grant reserve £000	Other reserves £000	Income & expenditure reserve £000	Total £000
At 1 April 2008 as previously stated	145,723	5,688	613	0	6,049	158,073
Prior period adjustment	0				0	0
At 1 April 2008 as restated	145,723	5,688	613	0	6,049	158,073
Transfer from income and expenditure account					217	217
Impairments	0	0	0			0
Surplus (deficit) on revaluation / indexation of fixed assets	97	171	0			268
Transfer of realised profits/ (losses)	0	0	0		0	0
Receipt of donated/government granted assets		113	0			113
Depreciation, impairment and disposal of donated/government granted assets		(800)	(613)			(1,413)
Reserves eliminated on dissolution	(145,723)			0	(6,049)	(151,772)
Other transfers between reserves	(965)	0	0	0	965	0
Other reserve movements				0		0
At 31 March 2009	(868)	5,172	0	0	1,182	5,486

Revaluation reserve for intangible assets (included above):

At 1 April	0
Detailed changes	0
Detailed changes	0
Detailed changes	0
At 31 March	0

18. Notes to the cash flow statement

18.1 Reconciliation of operating surplus to net cash inflow from operating activities:	£000	2007-08 £000
Total operating surplus/(deficit)	14,125	12,054
Depreciation and amortisation charge	28,370	24,900
Fixed asset impairment and reversals	15,277	264
Transfer from the donated asset reserve	(800)	(821)
Transfer from the government grant reserve	(613)	(6)
(Increase)/decrease in stocks	(1,437)	(693)
(Increase)/decrease in debtors	(7,004)	(2,301)
Increase/(decrease) in creditors	185	(6,334)
Increase/(decrease) in provisions	8,441	(5,308)
Net cash inflow from operating activities before restructuring costs	56,544	21,755
Payments in respect of fundamental reorganisation/restructuring	0	0
Net cash inflow from operating activities	56,544	21,755

18.2 Reconciliation of net cash flow to movement in net debt	£000	2007-08 £000
Increase/(decrease) in cash in the period	0	0
Cash inflow from new debt	0	0
Cash inflow from loan advance/brokerage	0	0
Cash outflow from debt repaid and finance lease capital payments	0	0
Cash (inflow)/outflow from (decrease)/increase in liquid resources	2,400	6,200
Change in net debt resulting from cash flows	2,400	6,200
Non-cash changes in debt	0	0
Net debt at 1 April	21,759	15,559
Net debt at 31 March	24,159	21,759

18.3 Analysis of changes in net debt

	At 1 April 2008 £000	Cash flows £000	Non-cash changes £000	At 31 March 2009 £000
Cash at OPG	2,634	(1,156)	□	1,478
Cash at commercial bank and in hand	(1,975)	1,156	□	(819)
Bank overdrafts	0	0	□	0
Debt due within one year	0	0	0	0
Debt due after one year	0	0	0	0
Debt due from loan advance/brokerage	0	0	0	0
Finance leases	0	0	0	0
Current asset investments	21,100	2,400	0	23,500
	21,759	2,400	0	24,159

19. Capital commitments

Commitments under capital expenditure contracts at the balance sheet date were £13,784,554 (and in 2007-08 were £5,983,438).

20. Post balance sheet events

The Trust had no post balance sheet events having a material effect on the accounts.

21. Contingencies**Contingent Liabilities**

Provision has not been made in the 2008-09 accounts for the following amounts:	£000	31 March 2008 £000
Legal claims for alleged medical or employer negligence	49,271	51,488
Doubtful debts	0	0
Other	0	600
Total value of disputed claims	49,271	52,088
Amount recovered under insurance arrangements in the event of these claims being successful	(45,080)	(47,457)
Net contingent liability	4,191	4,631

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims cannot be determined and no provision has been made for them.

Contingent assets

The Trust has no contingent assets.

22. Losses and special payments

Losses and special payments are charged to the income and expenditure account in accordance with UK GAAP but are recorded in the losses and special payments register when payment is made. Therefore this note is compiled on a cash basis.

Gross loss to the Exchequer

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

	Amounts paid out in year		Approved to write-off in year	
	Number	£	Number	£
Clinical negligence	200	5,896,519	177	2,140,500
Personal injury	203	1,327,286	126	584,936
All other losses and special payments	124	185,528	122	183,020
Total	527	7,409,333	425	2,908,456

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

		Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Cases exceeding £250,000				
Clinical Negligence	01RKRMN0002	530,000	530,000	0
Clinical Negligence	01RVCMN0042	0	5,171,262	0
Clinical Negligence	02RVCMN0092	473,327	473,277	0
Clinical Negligence	03RVCMN0002	44,620	274,050	0
Clinical Negligence	03RVCMN0034	845,000	845,000	0
Clinical Negligence	04RVCMN0047	0	720,000	0
Clinical Negligence	04RVCMN0075	0	335,721	0
Clinical Negligence	96RVCMN0003	0	2,875,000	0
Clinical Negligence	97RVCMN0005	75,000	310,000	0
Clinical Negligence	CBD101	0	1,009,244	0
Clinical Negligence	CBM190	0	4,031,679	0
Clinical Negligence	CBM207	0	529,239	0
Clinical Negligence	CBM237	0	436,294	0
Clinical Negligence	CBM257	0	331,665	0
Clinical Negligence	CBM270	0	3,669,692	0
Clinical Negligence	CBM332	0	549,877	0
Clinical Negligence	CBM368	49,278	278,109	196,491
Clinical Negligence	CBM399	0	285,688	0
Clinical Negligence	CBM428	160,455	250,630	181,717
Clinical Negligence	CBM500	0	279,845	2,000
Clinical Negligence	CGM036	0	603,088	0
Clinical Negligence	CN677	631,509	640,603	631,509
Clinical Negligence	CN745	8,970	538,840	22,970
Clinical Negligence	CN748	0	313,634	0
Clinical Negligence	CN771	319,564	337,503	320,489
Clinical Negligence	CN776	0	436,269	0
Clinical Negligence	CN1084	320,593	320,593	52,443
Clinical Negligence		0	0	0
Sub-total		3,458,316	26,376,802	1,407,619
All other cases		3,951,017	18,722,226	1,500,837
Total cases		7,409,333	45,099,028	2,908,456

23.1 Movements in Government funds

2007-08

	£000	£000
Surplus/(deficit) for the financial year	16,510	15,707
Public dividend capital dividends	<u>(16,293)</u>	<u>(15,577)</u>
Subtotal	217	130
Gains/(losses) from revaluation/indexation of purchased fixed assets	97	1,967
Impairment of fixed assets	0	(9)
New public dividend capital	27,362	42,453
Public dividend capital repaid	(18,342)	(2,267)
Public dividend capital repayable	0	(529)
Public dividend capital extinguished	0	0
New loans from Government	0	0
Government loans repaid	0	0
Government loans extinguished	0	0
Transfers from the donated asset reserve	0	0
Additions to/ transfers from the government grant reserve	(613)	162
Addition/(reduction) in other reserves	<u>0</u>	<u>(379)</u>
Net addition/(reduction) to Government funds	8,721	41,528
Opening Government funds at 1 April	485,419	443,891
Before deducting prior period adjustment of	<u>0</u>	<u>0</u>
Closing Government funds	<u>494,140</u>	<u>485,419</u>

23.2 Movements in public dividend capital

2007-08

	£000	£000
At 1 April 2008	484,806	293,378
New PDC issued in year	27,362	42,453
PDC due but not issued	0	0
PDC repaid in year	(18,342)	(2,267)
PDC repayable	<u>0</u>	<u>(529)</u>
At 31 March 2009	<u>493,826</u>	<u>333,035</u>

The PDC balance at 31 March 2008 relates to the former Bro Morgannwg and Swansea NHS Trusts. These two organisations were dissolved and on 1 April 2008 Abertawe Bro Morgannwg University NHS Trust was formed. In accordance with HM Treasury approval the PDC was extinguished and re-established as follows:

	£000
Extinguished non repayable PDC bf @ 1 April 2008	(333,035)
Extinguished repayable PDC b/f 1 April 2008	<u>0</u>
Total Extinguished PDC	<u>(333,035)</u>
Re-established non repayable PDC at 1 April 2008	484,806
Re-established Repayable PDC at 1 April 2008	<u>0</u>
Total re-established PDC	<u>484,806</u>

24. Financial performance targets

The Trust has met 3 out of its 3 of its financial targets. Details are given below:

24.1 Breakeven	£'000
Target retained surplus	0
Actual retained surplus	217
Variance	<u>(217)</u>

The Trust has met the breakeven duty in full.

The Trust has broken even in 2008-09.

24.2 External financing	31 March		
The Trust is given an external financing limit which it is permitted to undershoot	2008		
	£000	£000	£000
External financing limit set by the Assembly		9,020	40,524
Cash flow financing	9,020		40,524
Finance leases taken out in the year	0		0
Other capital receipts	0		0
External financing requirement	<u>9,020</u>		<u>40,524</u>
Undershoot (overshoot)		<u>0</u>	<u>0</u>

The Trust has achieved its external financing limit.

24.3 Creditor payment

The Trust is required to pay 95% of the number of non-NHS bills within 30 days of receipt of goods or a valid invoice (whichever is the later). The Trust has achieved the following results:

Total number of non-NHS bills paid	2008-09 201,667
Total number of non-NHS bills paid within target	192,899
Percentage of non-NHS bills paid within target	95.7%

The Trust has met the target.

25. Related Party transactions

The Trust is a body corporate established by order of the Secretary of State.

During the year bodies with which board members or members of the key management staff or parties related to them has undertaken material transactions with the Trust are listed below

	Payments To Related party £	Receipts From Related Parties £	Amounts Owed To Related Party £	Amounts Due From Related Party £
Mr R Francis - Davies	3,858,151	1,711,924	0	450,752
Mr E Williams	20,577,194	395,255	0	194,171
Mr P Williams	3,570	538	0	0

Mr R Francis - Davies, Non Executive Director is a member of the City & County of Swansea Council

Mr E Williams, Director of Finance is a member of the Finance Committee of the University of Swansea

Mr P Williams - Chief Executive (1st April 2008 - 30th November 2008) is a Director and Trustee of the Patient Transport Service Board of St.John's Wales

The Assembly is regarded as a related party. During the year the Trust has had a significant number of material transactions with the Assembly and with other entities for which the Assembly is responsible namely,

	INCOME RECEIVED/DUE £000 2008-09	INCOME RECEIVED/DUE £000 2007-08
Welsh Assembly Government	157,253	131,996
Health Commission Wales	98,060	90,861
University of Wales College of Medicine	78	228
LHB's/BSC		
Powys LHB	6,336	7,099
Bridgend LHB	119,375	115,277
Neath Port Talbot LHB	131,758	127,493
Swansea LHB	193,225	190,277
Carmarthenshire LHB	16,772	15,939
Ceredigion LHB	1,507	1,412
Pembrokeshire LHB	4,337	4,336
Vale of Glamorgan LHB	35,575	34,421
Rhondda Cynon Taff LHB	4,452	4,517
Cardiff LHB	1,174	1,201
Caerphilly LHB	551	519
Newport LHB	313	271
Blaenau Gwent LHB	195	172
Conwy LHB	2	4
Denbighshire LHB	38	6
Flintshire LHB	2	10
Gwynedd LHB	86	63
Merthyr Tydfil LHB	437	414
Monmouthshire LHB	114	149
Torfaen LHB	191	252
Wrexham LHB	0	2
TOTAL	771,831	726,919

26. Other/ Private finance transactions

26.1 The Trust has 1 PFI operational schemes deemed to be off-balance sheet

	£000
Amounts included within operating expenses in respect of PFI transactions deemed to be <u>off-balance sheet</u> - gross	12,742
Amortisation of PFI deferred asset	(121)
Net charge to operating expenses	<u>12,621</u>

The Trust is committed to make the following payments during the next year.

PFI scheme which expires:	£000
Within one year	
Years 2-5 (inclusive)	}
Years 6-10 (inclusive)	
Years 11-15 (inclusive)	
Years 16-20 (inclusive)	
Years 21-25 (inclusive)	
Years 26-30 (inclusive)	
etc.	
	13,701

The estimated annual payments in future years are not expected to be materially different from those which the trust is committed to make during the next year.

	£000
Estimated capital value of the PFI scheme	66,000
Contract start date:	12 May 2000
Contract end date:	12 May 2030

Description of the Contract

On 12th May 2000, a 30 year Private Finance Initiative(PFI) contract was signed between the Trust and Baglan Moors Healthcare PLC for the provision of a 270 bed local general hospital at Baglan Moors to serve the population of Neath and Port Talbot.

The services to be provided in the new hospital, which was completed in Autumn 2000, resulted in the transfer of services from, and subsequent closure of, Neath and Port Talbot general hospitals. The Trust made its first payment on the contract in November 2002. The annual payments to the contractor (at 2008/09 prices) will be approximately £13,701 million, inclusive of the costs of support services that will be provided by the contractor.

The contract involves 3 significant elements:

Lease of the Trust's main site

The contract involves the lease of the trust's main site to the operator for nil consideration. The substance of the transaction is that it results in lower annual payments over the life of the contract. The land has been written out of fixed assets and reclassified as a prepayment in note 13 (NBV of land disposed £1,111,668). This prepayment will be amortised to the Income and Expenditure Account over the operational life of the scheme.

Residual interest in the assets

Where the property passes to the NHS at the end of the contract for nil consideration, an asset must be built up over the life of the contract in order to ensure that there is an appropriate allocation of the unitary charge between the cost of the service provided under the contract and the acquisition of the residual interest. The aim of building up the residual interest is to ensure that at the end of the contract the accumulated balance should exactly match the estimated fair value of the asset(s) received. In valuing the residual value of the building at the end of the contract, the Trust has used the District Valuer's indexed valuation figure at 1st April 2007 of £33.1 million. The asset will be subject to normal NHS valuation rules. The present value of the building over 30 years is £14,437,000. The present value of the land over 30 years is £770,000. These amounts have been recognised as a fixed asset investment in note 11.2. The value of the residual interest will be regularly revalued in accordance with NHS valuation guidelines. The provision created by the recognition of the residual interest will be amortised over the life of the contract on an annual basis. The provision has been recorded in note 15 as £3,311,767 for land and buildings.

26. Other/ Private finance transactions continued

26.2 The Trust has no PFI operational schemes deemed to be on-balance sheet

26. Other/ Private finance transactions continued

26.3 The Trust has no Public Private Partnerships

27. Third party assets

The Trust held £322,899.34 cash at bank and in hand at 31 March 2009 (31 March 2008: £326,373.12) which relates to monies held by the Trust on behalf of patients. Cash held in Patient's Investment accounts amounted to £857,444.98 as at 31 March 2009 (31 March 2008: £705,288.05).

These have been excluded from cash at bank and in hand figure reported in the accounts.

28. Financial instruments

28.1 Financial Risk Management

FRS 29, Financial Instruments: disclosures, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationships that the NHS Trust has previously had with Health Authorities and now with Health Commission Wales and Local Health Boards, and the way those Health bodies are financed, NHS Trusts are 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 the listed companies to which this standard mainly applies. NHS Trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing NHS Trusts in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March are in receivables from customers, as disclosed in the Debtors note.

Liquidity Risk

NHS trusts' net operating costs are incurred under annual service agreements with various Health bodies, which are financed from resources voted annually by parliament. NHS Trusts also largely finance their capital expenditure from funds made available from Government under agreed borrowing limits. NHS Trusts are not, therefore, exposed to significant liquidity risks.

Interest-rate risks

The great majority of NHS Trusts' financial assets and financial liabilities carry nil or fixed rates of interest. NHS Trusts are not, therefore, exposed to significant interest-rate risk.

Foreign currency risk

NHS Trusts have no or negligible foreign currency income or expenditure and therefore are not exposed to significant foreign currency risk.

28.2 Financial Assets

	At fair value through Profit & Loss £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS receivables	0	0	0	0
Cash at bank and in hand	0	0	0	0
Other financial assets	0	0	0	0
At 31 March 2009	0	0	0	0
Embedded derivatives	0	0	0	0
NHS receivables	0	0	0	0
Cash at bank and in hand	0	0	0	0
Other financial assets	0	0	0	0
At 31 March 2008 (Prior year)	0	0	0	0

28.3 Financial liabilities

	At fair value through Profit & Loss £000	Other £000	Total £000
Embedded derivatives	0	0	0
Borrowings	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	0	0	0
At 31 March 2009	0	0	0
Embedded derivatives	0	0	0
Borrowings	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	0	0	0
At 31 March 2008 (Prior year)	0	0	0

[If fair value of financial assets or financial liabilities differs from carrying amount:

- give the fair values by class of financial asset and financial liability (classes chosen according to type of information/characteristics of the financial instruments) in a way that allows comparison with carrying amount
- state how the fair values have been obtained
- state the assumptions used in applying any valuation technique]

29. Intra Government balances

	Debtors:	Debtors:	Creditors:	Creditors:
	Amounts	Amounts	Amounts	Amounts
	falling due	falling	falling due	falling due
	within one	due after	within one	after more
	year	more	year	than one
	£000	than one	£000	year
	£000	year	£000	£000
2008-09				
Welsh Assembly Government	7,929	0	1,305	0
Welsh Local Health Boards	4,212	0	847	0
Welsh NHS Trusts	42,961	19,093	2,888	0
Health Commission Wales	1,345	0	0	0
All English Health Bodies	1,258	0	3,426	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	21	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	(439)	0	(3)	0
Sub total	57,287	19,093	8,463	0
Other Central Government Bodies				
Other Government Departments*	188	0	2	0
Revenue & Customs	1,552	0	2,109	0
Local Authorities	1,744	0	80	0
Balances with Public Corporations and trading fund	0	0	0	0
Balances with bodies external to Government	8,833	2,429	30,906	4,107
TOTAL	69,604	21,522	41,560	4,107
2007-08				
Welsh Assembly Government	9,373	0	1,640	0
Welsh Local Health Boards	2,670	0	1,224	0
Welsh NHS Trusts	14,029	15,636	3,195	0
Health Commission Wales	220	0	0	0
All English Health Bodies	655	0	175	0
All N. Ireland Health Bodies	3	0	0	0
All Scottish Health Bodies	12	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	(130)	0	(42)	0
Sub total	26,832	15,636	6,192	0
Other Central Government Bodies				
Other Government Departments*	428	0	3,705	0
Revenue & Customs	1,520	0	603	0
Local Authorities	976	0	24	0
Balances with Public Corporations and trading fund	0	0	0	0
Balances with bodies external to Government	37,235	2,630	28,777	3,312
TOTAL	66,991	18,266	39,301	3,312

30. Pooled budgets

The Trust has entered into a pooled budget with Bridgend County Borough Council. Under the arrangement funds are pooled under section 75 of the NHS Act 2006 for the provision of an Assisted Recovery in the Community Service which is a Day Opportunity Service for individuals with a mental illness. A memorandum note to the accounts provides details of the joint income and expenditure.

The pool is hosted by Bridgend County Borough Council. The financial operation of the pool is governed by a pooled budget agreement between Bridgend County Borough Council and the Trust. Payments for services provided by the Trust are accounted for as income from Local Authorities and amount to £146,646 for the 2008/09 financial year. Contributions to the pool from the Trust amounted to £288,193 for the 2008/09 financial year. The Trust accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

31. Additional Information

In December 2007, the Health and Social Services Minister in the Welsh Assembly Government gave approval for a series of mergers to reduce the number of NHS trusts in Wales to take effect from 1st April 2008. Bro Morgannwg NHS Trust and Swansea NHS Trust merged to form Abertawe Bro Morgannwg University NHS Trust from 1st April 2008. All the assets and liabilities of the former Trusts transferred to the new Trust and all operations are continuing.

The former Bro Morgannwg NHS Trust hosted a number of agencies and these transferred to the new Abertawe Bro Morgannwg University NHS Trust on 1st April 2008. Informing Healthcare (IHC) (Welsh Assembly Government NHS initiative) has been hosted since 1st April 2004. The National Leadership & Innovation Agency (NLIAH) transferred from the Welsh Assembly Government on the 1st November 2004 and has been hosted since that date. The Delivery Support Unit (DSU) is also hosted having been established by the Welsh Assembly Government on 1st November 2005. The Centre for Equality and Human Rights (CEHL) has been hosted since 1st April 2006. The Workforce Development Education and Contracting Unit (WEDCU) transferred from the Welsh Assembly Government in 2006/07, and with effect from 1st June 2007, budgets transferred and WEDCU now forms part of the hosted agency NLIAH.

Note 31 Cont'd

In hosting these agencies' it has been agreed by the Welsh Assembly Government through accountability agreements that the Trust will not bear the financial impact of any surplus/deficit arising from these trading agency services, and therefore a creditor has been raised with the Welsh Assembly Government as at 31st March 2009 (as indicated in Note 2 to the Accounts) which represents the net surplus of IHC, NLIAH, DSU and CEHR for the year ended 31st March 2009. This creditor balance is repayable by the Trust to the Welsh Assembly Government.

The Accountability Agreements that have been signed for the four Agencies set down the responsibilities of both the Trust and the Welsh Assembly Government for each of the Agencies. The Agreements require the Trust to operate a Governance Sub-Committee of the Trust Board to oversee the Trusts responsibilities for Governance in relation to the Agencies. The Trust Chief Executive also discharges his responsibilities as Accountable Officer for expenditure with each Agency through the IHC Programme Director, NLIAH Chief Executive for NLIAH and WEDCU, the Director of the CEHR and the Director of the DSU respectively discharging similar or personal obligations in relation to all of their Agencies activities.

Informing Healthcare (IHC)

IHC is a National Programme to develop new methods, tools and information technologies to transform health services for the people of Wales. The aim is to modernise health service delivery and promote new ways of working through better access to information and knowledge for shared decision making. IHC is one of the key enablers for "Designed for Life", the national ten year strategy to deliver world class health and social care for Wales.

IHC will achieve through a series of healthcare service improvement projects and investments information communication technologies to create Wales-wide information and infrastructure services. Many of these projects are delivered by local NHS organisations utilising funding, which is made available by IHC.

National Leadership & Innovation Agency for Healthcare (NLIAH) including Workforce Development and Education Contracting Unit (WEDCU)

NLIAH is a source of strategic support for NHS Wales to deliver the service improvement agenda as defined in the Welsh Assembly Government strategy document "Designed for Life". Through its work programme NLIAH supports individuals, teams, networks, organisations and the wider health and social care system. NLIAH has an identified role across a number of the 10 critical areas of change and reform set out in "Designed for Life", namely professional leadership, clinical networks, service reconfiguration; education, training and workforce redesign; planning, commissioning and strategy partnerships; and research and evaluation. The WEDCU Unit was established within NLIAH in 2006/07; however budgetary transfers took place in 2007/08.

Delivery and Support Unit (DSU)

Established by the Welsh Assembly Government in 2005, the DSU provides Trusts and Local Health Boards with enhanced support and performance tools to enable them to meet the national targets set by the Minister for Health and Social Services. There are key areas that the DSU focuses on including access targets, but the DSU can be invited by the Chief Executive of NHS Wales, Regional Offices or organisations themselves, to provide support in any area of business. In addition the DSU manages the Second Offer Scheme which gives opportunities for patients to be treated within the guaranteed waiting times, and it should be noted that resources for this scheme are accounted for by Rhondda Cynon Taff Local Health Board, not the Trust. The DSU is designing and delivering the Welsh Assembly Government's 2009 Access Project, which involves achieving a 26-week patient pathway from GP or dental referral to treatment (including diagnostics and therapy) by December 2009. The DSU also provides advice and guidance to the Welsh Assembly Government on policy development matters, to enable an overall improvement of services delivered by the NHS in Wales. The achievement of these targets is vital for the delivery of world class healthcare by 2015, an aspiration of the Welsh Assembly Government set out in its strategy Designed for Life.

Note 31 Cont'd

Centre for Equality and Human Rights (CEHR)

The CEHR is a strategic support for the NHS in Wales as the mainstreaming of equality and human rights across all aspects of service delivery and employer policy.

Welsh Health Supplies (WHS)

WHS has been a directly managed service of the Trust since 1st April 1999, and provides a wide range of contracting (procurement) services for NHS Wales, together with a Materials Management (Stores) service for the majority of organisations within NHS Wales and other organisations.

**STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES
AS ACCOUNTABLE OFFICER OF THE TRUST**

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer to the Trust. 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 (Wales) Act 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 Trust and of the income and expenditure of the Trust for that period. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting policies 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 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 Trust 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:

Date:2009

Chairman:

Date:2009

Chief Executive:

Date:2009

Director of Finance:

PROFORMA STATEMENT ON INTERNAL CONTROL

On 1st April 2008 the former organisations of Bro Morgannwg and Swansea NHS Trusts merged and formed Abertawe Bro Morgannwg University NHS Trust. At that time the reporting arrangements in place were through two Divisions; East and West. The Divisions were managed by the two Assistant Chief Executives, reporting directly to the Chief Executive, and both were Trust Board members

The Trust Board approved the Divisional arrangements and that all policies, procedures and strategies would remain extant until a review had been completed, ensuring best practice was adopted, and revised ABM policies, procedures and strategies were approved.

An initial review of risk management reporting arrangements was completed to ensure that the Divisional Risk Management Groups (Governance Board in the West and Operational Risk Management Group in the East) adopted a consistent approach to risk management and that lessons learned were shared between the two Divisions. The Terms of Reference of both Divisional Risk Groups were reviewed and revised to ensure consistency. These Groups reported on risk management to the two Assistant Chief Executives.

The Directorate structures were created in September 2009 following which a review of risk management arrangements was undertaken. This resulted in a review of structures and reporting arrangements and revised arrangements for risk management being considered. Implementation of changes to revised risk management and the development of directorate structures and risk registers have continued from December 2009.

The Trust Risk Management Group met for the first time in December 2008 and replaced the Risk Management Groups for the former West and East Divisions, reporting to the Healthcare Governance Committee following its establishment in October 2008.

There has been a system of Risk Management in place for the whole of the year. The reporting arrangements and structures for Risk Management have continued to evolve and develop throughout the year, to combine the systems and policies of the previous organisations and to ensure that best practice is adopted in the new Trust.

1. Scope of responsibility

The Board is accountable for internal control. As Accountable Officer and Acting Chief Executive for this Board, I have the responsibility for maintaining a sound system of internal control that supports achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and this organisation's assets for which I am personally responsible, in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales.

The arrangements for Risk Management were set out in the Divisional Risk Management Strategies and, following the revision of reporting arrangements, set out in the Trust's Risk Management Strategy which was approved by the Healthcare Governance Committee in February 2009. The legacy Risk Management Strategies were reviewed on an annual basis and were available in the Directorates/Divisions and on the intranet as is the new Trust Risk Management Strategy.

The Trust has appointed both Executive and Operational Lead for each of the Healthcare Standards to ensure these are taken forward in terms of development and maintenance. Each Executive lead is a member of the Trust Operational/Executive Board. In addition, each Directorate has a lead identified for Risk Management and for the development and reporting on their Risk Register.

Risk management is fully integrated into the Healthcare Governance process and is a key part of Patient Safety led jointly by the Medical Director and Nurse Director. To highlight the importance of patient safety a Director of Patient Safety, Associate Medical Director (Patient Safety) and Associate Nurse Director (Safeguarding & Governance) have been appointed.

The Trust has a Risk Assessment and Management rolling programme to train staff at all levels. The Trust encourages and promotes learning and awareness and training sessions have been held as part of the Directorates and Managers training programme and induction training to promote a learning culture.

Significant risks are discussed, as a minimum on a quarterly basis at the Regional Governance reviews.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is 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 has been in place in the organisation for the year ended 31 March 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 Risk Management Strategy clearly states that the organisation supports an open and honest culture, encourages staff to be open and honest and sets out the structure for management and ownership of risk, at various levels throughout the organisation, and provides advice upon business planning and how new activities will be assessed for risk and incorporated within the risk register.

The Risk Assessment process, following identification of risks analyses and evaluates the risks and agrees a programme of actions to manage and control the risks which form part of the Risk Register. The process takes into account value for money, quality of service delivery, quality and reliability of evidence to support the identified risk and the impact upon the organisation, stakeholders and partners and, as appropriate through the escalation process, feeds into the Corporate Risk Register. The Corporate Risk Register has continued to evolve during 2008/09.

An integrated Risk Management Database is used by the Trust which supports the management of incident reporting, complaints, claims and patient experience. The claims module of Datix is supported by LASPAR. The risk management database is used to identify trends and monitor the situation once controls have been put in place to ensure they are effective and assist with the population of the risk register.

The arrangements for identification and evaluation of risks are set out in the Trust Risk Management Strategy. The Trust uses a risk matrix, Risk Registers and the Trust Risk Management Group which receives details of significant risks from all Directorates and meets on a monthly basis. The significant risks are reviewed on a quarterly basis.

Within the Trust there are three levels of Risk Registers; Corporate, Directorate and Department/Specialty. Directorates and Department/Specialties are encouraged to manage risks within their area of authority and escalate risks for transfer to the Trust Risk Management Group for consideration. Divisional risk registers were in place in the first half of the year, and Directorate level risk registers continued to be developed in the period following the introduction of the Directorates structure in September 2009. The Trust Risk Management Group's role is to review, as a minimum, quarterly and quality check Directorates on the actions and solutions identified and risks requested for transfer. The Trust Risk Management Group will also identify significant risks facing the Trust to the Healthcare Governance Committee and via this Committee to the Trust Board.

As part of the escalation process the Trust Risk Management Group appoints an Executive Director to review the significant risks and explore the actions taken to reduce the risk. The Executive Director will then consider whether the Directorates can take further action to reduce the risk or whether the Healthcare Governance Committee should consider options to treat or accept the risk when considering all the facts which will include the likelihood/consequence, solutions, resource requirements and residual risk. A decision is then made as to whether the risk will be accepted, treated, avoided or transferred and reported, as appropriate, to key internal and external stake holders.

4. The risk and control framework

Risk Management is an integral element of the organisations business processes. Hazards are risk assessed, analysed, evaluated and prioritised and included on the Directorate Risk Registers which report into the Corporate Risk Register and the risks are then submitted to the Capital Planning Programme and business planning process.

Significant risks, as appropriate, are communicated to key internal and external stakeholders including Commissioners, Regional Office and Welsh Assembly Government. In addition, as part of the Transition to the new LHB the Transition Executive Team and Transition Board have established risk registers which are regularly reviewed through the Executive Work streams which have been established to support the Transition Board.

Healthcare Standards

The Healthcare Standards for Wales now form a key component of risk management and control processes in healthcare organisations within Wales supported by an annual self assessment and internal and external scrutiny of the assessment. The Trust Board have been involved in key stages of the process in terms of agreeing the timescale and process to be followed and monitoring the Healthcare Standard Improvement Plan and sign off of the self assessment submission through delegated Executive Directors and the Healthcare Governance Committee.

The Trust has reviewed and revised the Healthcare Standards assessment process and issued guidance to Executive and Operational leads to support the implementation and self assessment process against the Healthcare Standards. In addition a number of actions were taken which included:

- Clear roles and responsibilities identified for Operational/Directorate/Executive/ Domain Leads and Director of Corporate Affairs;
- Monitoring against the Improvement Plan through Divisional Risk Management Groups and from October 2008 through the Healthcare Governance Committee;
- Training sessions for Operational Leads on the self assessment tool;
- 1 to 1 meetings between the Operational/Executive Leads and the Domain Leads;

Roles & Responsibilities

Executive Leads were responsible for:

- completing the corporate response and reviewing on a quarterly basis, amending/updating as appropriate for the standards allocated to them;
- oversee the work of the Operational Leads assigned to their Standards, in uploading evidence for the standard and completing the operational and patient/ user experience sections of the standard on a quarterly basis
- approve actions for their standards and provide strategic direction.

Domain leads were responsible for:

- ensuring all Standards within their domain are completed,
- provide support to the operational and divisional leads;
- provide up to date information and support to the Operational/Directorate Leads;
- Undertake periodic audits on the Standards within their domain.

Operational leads were responsible for:

- completing and updating self assessments against the Standard using the electronic tool;
- allocating self assessment level of compliance
- producing, updating actions to take forward their specific criterion to increase compliance;
- Obtain evidence to support the self assessment;
- Ensure policies and procedures relevant to the Standards were regularly reviewed and up to date;
- providing information on the results of compliance against individual criterion and progress against
- action plans to the domain leads on a quarterly basis;
- meeting with the various internal and external assessors as and when required.

Monitoring and reporting

An action plan with key deadlines was developed and implemented which was monitored by the Governance Board and Healthcare Governance Committee. Reports were also submitted to the Trust Risk Management Group and Trust Boards reporting on progress against the Standards.

Scrutiny Panel

A Scrutiny Panel consisting of Non Executive Director (Chairman of the Healthcare Governance Committee) Director of Governance, Director of Nursing, Associate Director of Corporate Affairs (Risk Management) and Associate Nurse Director (Safeguarding & Governance) reviewed the final assessment for completeness, appropriateness of evidence, consistency and assessment of maturity.

Internal Audit completed their independent review of the process before 16th May 2009, which included: Detailed examination for the four core Standards.

- A review overall process for self assessment of the 32 Standards.
- A review of the Healthcare Standards Improvement Plan (HCSIP)
- Scrutiny of evidence in terms of adequate engagement and flow of information to the Board throughout the year as evidence of embedding process.

The review concluded that significant assurance was gained from the process used to assess the Healthcare Standards.

A self assessment has been completed against the Healthcare Standards for 2008/09 and the scores for the standards are detailed in Table 1 together with the scores for the former organisations of Bro Morgannwg and Swansea NHS Trusts.

Table 1: Healthcare Standards Scores for 2007/08 & 2008/09

STD	2007/08 Bro Morgannwg	2007/08 Swansea	2008/09 ABMU	STD	2007/08 Bro Morgannwg	2007/08 Swansea	2008/09 ABMU
1	3	4	4	17	3	3	3
2	4	4	4	18	4	4	4
3	4	4	3	19	3	4	3
4	3	3	3	20	4	3	3
5	3	4	3	21	3	3	3
6	3	4	4	22	3	3	3
7	3	4	3	23	3	3	3
8	3	4	3	24	3	3	3
9	3	3	3	25	5	3	3
10	3	4	3	26	4	3	3
11	3	4	3	27*	4	4	4
12	3	4	3	28*	4	4	4
13	3	4	4	29	4	3	4
14*	4	4	4	30	3	3	3
15	4	4	3	31	N/A	N/A	N/A
16*	4	4	4	32	4	4	3

* Core Standards

1 = Aware 2 = Responding 3 = Developing 4 = Practising 5 = Leading

The Healthcare Standards score have not been subject to external inspection and verification by Health Inspectorate Wales.

Overall Score

The Trust for 2008/09 has scored level 4 against all of the core standards, which are regarded as key indicators of organisations' clinical and corporate governance arrangements by Internal Audit and Healthcare Inspectorate Wales. Achievement of level 4 indicates that there are well developed plans being implemented throughout the organisation and that the strategic agenda is being progressed and monitored by the Board.

Overall the organisation is self assessed as Level 3, demonstrated in Table 1, which indicates that steps are being taken to address the key issues with the Board developing strategic plans. It is anticipated that as a result of the steps being taken, the 2009/10 self assessment will see an increase in level 4 scores being awarded to the standards. This work will be supported by the development of a robust Healthcare Standards Improvement Plan (HCSIP) for 2009/10 and regularly monitored.

1000 lives

The organisation has fully embraced the saving 1,000 lives campaign and has made significant gains in meeting the requirements of the campaign. Through its saving 1,000 lives work the Trust has undertaken a significant amount of work to ensure that quality and patient safety is given the same prominence across the organisation as finance and targets.

Welsh Risk Pool Assessment

The Welsh Risk Pool Assessment for 2008/09 was completed and the Trust scored 86% overall compliance. The score was made up on 41 out of 50 being achieved for interviews demonstrating implementation of the Risk Management Strategy and supporting policies to staff at Ward and Departmental level from all staff groups. A score of 45 out of 50 was achieved for compliance with documentation. Action plans are being developed and will be incorporated into the HCSIP.

5. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive officers within the organisation who have 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 Financial Audit Committee, Health Governance Committee and Trust Risk Management Group and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

The Board's assurance framework has been reviewed by the Financial Audit Committee as part of the proposed Governance Strategy, to ensure it is linked to the Trust's key risks and objectives to provide the necessary evidence of an effective system of internal control.

The Financial Audit Committee reports to the Board and provides oversight of many internal control mechanisms, including all internal and external audit reports to provide assurance on effectiveness. The Healthcare Governance Committee established in October 2008, receives quarterly reports on the systems in place to drive the healthcare governance agenda within the Trust and regularly reports to the Trust Board. The Performance Committee reports to the Trust Board and reviews performance of the Trust against key AOF targets.

The Trust links into the Welsh Assembly Government on any serious risks the Trust faces via the Regional Office review meetings.

The Divisional Risk Management Groups and, from December 2008, the Trust Risk Management Group also review progress against the Healthcare Standards, Welsh Risk Management Standards and the development of the Risk Register. In addition the external auditors produce an annual report on governance arrangements and an annual management letter. These are considered by the Financial Audit Committee which reports to the Trust Board.

The Board is accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives. This is based on an ongoing risk management process that is designed to identify the principal risks to the organisation's objectives, to evaluate the nature and extent of those risks and to manage them.

The 2008/09 Internal Audit plan was developed by the Head of Internal Audit in conjunction with the Director of Finance and Executive Team to provide management with independent assurance on the adequacy of the systems of internal control across a range of financial and business areas. The audits were conducted in accordance with the mandatory standards and good practice contained within the NHS Internal Audit Manual.

At the outset of the financial year, when the annual internal audit plan for 2008/9 was agreed, it was envisaged that Internal Audit would review the overall governance arrangements of each Directorate. However, this has not been possible, and therefore, as Accountable Officer I have sought assurance directly from Directorate Management and the Financial Recovery Team that newly implemented governance and risk management arrangements are now in place and that they continue to be developed and refined to improve their effectiveness as the individual Directorate structures evolve.

The Annual Internal Audit Report for 2008/09 was received by the Financial Audit Committee in May 2009. The Head of Internal Audit opinion on the effectiveness of the system of internal control at Abertawe Bro Morgannwg University NHS Trust for the year ended 31st March 2009 is detailed below:

“In our opinion – based on the findings of work undertaken during the year and acknowledging the context in which the Trust has operated during the year – the risk management, control and governance processes covered by our reviews were adequate, effective and sufficient to enable the Board and the Accountable Officer to rely on the internal control system”.

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

Date:.....

THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY WELSH MINISTERS IN ACCORDANCE WITH SCHEDULE 9 SECTION 178 PARA 3(1) OF THE NATIONAL HEALTH SERVICE (WALES) ACT 2006 (C.42) AND WITH THE APPROVAL OF TREASURY

NHS TRUSTS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2008 and subsequent financial years in respect of the NHS Wales Trusts. The basis of preparation and the form and content shall be as set out in the following paragraphs and Schedules.

BASIS OF PREPARATION

2. The account of the NHS Wales Trusts shall comply with:

- (a) generally accepted accounting practice in the United Kingdom (UK GAAP);
- (b) the accounting and disclosure requirements of the Companies Act;
- (c) all relevant accounting standards issued or adopted by the Accounting Standards Board, in so far as they are appropriate to the NHS and are in force for the financial year for which the accounts are to be prepared;
- (d) accounting guidance approved by the FRAB and contained in the Financial Reporting Manual (FRaM), as detailed in the NHS Wales Trust Manual for Accounts;
- (e) the historical cost convention modified by the inclusion of fixed assets at their value to the business by reference to current costs; and stocks at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

FORM AND CONTENT

3. The account of the Trust for the year ended 31 March 2008 and subsequent years shall comprise a foreword, an income and expenditure account, a balance sheet, a cash flow statement and a statement of recognised gains and losses as long as these statements are required by FRAB, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2006 and subsequent years, the account of the Trust shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, recognised gains and losses and cashflows during the year.

5. The account shall be signed and dated by the Chief Executive and Chairman of the Trust.

MISCELLANEOUS

6. The direction shall be reproduced as an appendix to the published accounts.
7. The notes to the accounts shall, inter alia, include details of the accounting policies adopted.
8. Notes providing further explanations of figures in the accounts shall be made where it is considered appropriate for a proper understanding of the accounts.

Signed by the authority of Welsh Ministers

Signed :

Dated :

Abertawe Bro Morgannwg University NHS Trust

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 Abertawe Bro Morgannwg University NHS Trust for the year ended 31st March 2009 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the remuneration report that is required to be audited.

Respective responsibilities of Directors, the Chief Executive and the Auditor

The Directors and the Chief Executive are responsible for preparing the annual report, the remuneration report and the financial statements in accordance with paragraph 3 of schedule 9 to the National Health Service (Wales) Act 2006 and Welsh Ministers' directions made thereunder 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 and the part of the remuneration report to be audited 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 whether the financial statements and the part of the remuneration report to be audited 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 thereunder. 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, Abertawe Bro Morgannwg University NHS Trust 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 Abertawe Bro Morgannwg University NHS Trust 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 Abertawe Bro Morgannwg University NHS Trust corporate governance procedures or its risk and control procedures.

I have been unable to read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements as it was not available at the time of my Audit. This other information comprises the Foreword, the unaudited part of the Remuneration Report, the Chairman's Statement and the remaining elements of the Operating and Financial Review. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

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 and that part of remuneration report to be audited. 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 Abertawe Bro Morgannwg University NHS Trust 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 and that part of remuneration report to be audited.

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 thereunder by Welsh Ministers of the state of the affairs of Abertawe Bro Morgannwg University NHS Trust as at 31 March 2009 and of its surplus, total recognised gains and losses and cash flows for the year then ended; and
- the financial statements and that part of the remuneration report to be audited have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

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 Abertawe Bro Morgannwg University NHS Trust arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009 will be reported separately in the published Annual Audit Letter.

Jeremy Colman
Auditor General for Wales
15 June 2009

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