

Public Health Wales NHS Trust

Foreword

These accounts for the year ended 31st March 2010 have been prepared by Public Health Wales 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.

In January 2009 the Minister for Health and Social Services issued a consultation on the Unification of Public Health Services in Wales. The consultation made proposals for the unification of public health services across Wales, together with details of the Unified Public Health Organisation. These included:

- (i) the legal status of the organisation
- (ii) the dissolution of the Wales Centre for Health
- (iii) the name
- (iv) the Board membership
- (v) the functions

Following the consultation the Minister for Health and Social Services confirmed her intention to proceed to establish a new unified public health organisation as an NHS Trust, to be known as Public Health Wales. The new Trust was in shadow form from 1 August 2009 and became fully operational from 1 October 2009.

It was confirmed that Public Health Wales NHS Trust would incorporate the functions and services provided by the National Public Health Service (NPHS), Wales Centre for Health (WCfH), Welsh Cancer Intelligence Surveillance Unit (WCISU), Congenital Anomaly Register and Information Service (CARIS) and Screening Services Wales. It was decided that the Welsh Blood Service, which was included in the consultation, would remain part of Velindre NHS Trust.

The Minister for Health and Social Services confirmed Public Health Wales NHS Trust would provide the national resource for the effective delivery of public health services at national, local and community level. It was also announced that seven Directors of Public Health would be employed by the new Local Health Board's, although they will be an integral part of the public health system in Wales.

Following the Public Health Wales National Health Service Trust (Establishment Order) 2009, Public Health Wales NHS Trust was established on 1 August 2009 and became operational from 1 October 2009

STATEMENT OF INCOME AND EXPENDITURE FOR THE PERIOD ENDED 31 March 2010

1 Oct 2009 to
31 March 2010

	Note	£000
Revenue from patient care activities	2	26,922
Other operating revenue	3	14,631
Operating expenses	4	<u>(41,417)</u>
Operating surplus/(deficit)		136
Investment revenue	5	3
Other gains and losses	6	0
Finance costs	7	<u>(1)</u>
Surplus/(deficit)		138
Dividends payable on Public Dividend Capital		<u>(120)</u>
Retained surplus/(deficit)	32.1	18

The notes on pages 5 to 58 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2010

		31 March 2010 £000	1 October 2009 £000
	Note		
Non-current assets			
Property, plant and equipment	12	8,576	8,057
Intangible assets	13	0	0
Trade and other receivables	20	0	0
Other financial assets	17	0	0
Other assets	18	0	0
Total non-current assets		8,576	8,057
Current assets			
Inventories	19	460	431
Trade and other receivables	20	5,416	6,055
Other financial assets	17	0	0
Other assets	18	0	0
Cash and cash equivalents	21	2,466	519
		8,342	7,005
Non-current assets held for sale	12	0	0
Total current assets		8,342	7,005
Total assets		16,918	15,062
Current liabilities			
Trade and other payables	22	(7,298)	(6,398)
Borrowings	23	0	0
Other financial liabilities	24	0	0
Provisions	26	(544)	(165)
Other liabilities	25	0	0
Total current liabilities		(7,842)	(6,563)
Net current assets/(liabilities)		500	442
Total assets less current liabilities		9,076	8,499
Non-current liabilities			
Trade and other payables	22	0	0
Borrowings	23	0	0
Other financial liabilities	24	0	0
Provisions	26	(585)	(647)
Other liabilities	25	0	0
Total non-current liabilities		(585)	(647)
Total assets employed		8,491	7,852
Financed by:			
Taxpayers' equity			
Public dividend capital		8,141	7,489
Retained earnings		18	0
Revaluation reserve		0	0
Donated asset reserve		332	363
Government grant reserve		0	0
Other reserves		0	0
Total taxpayers' equity		8,491	7,852

The financial statements on pages 1 to 58 were approved by the Audit Committee on behalf of the Board on 28th June 2010 and signed on behalf of the Board by:

Chief Executive Bob Hudson

Date..... 29-Jun-10

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Government Grant Reserve £000	Other reserves £000	Total £000
Balance at 1 October 2009	7,489	0	0	363	0	0	7,852
Changes in taxpayers' equity							
Net gain/(loss) on revaluation of property, plant and equipment		0	0	0	0	0	0
Net gain/(loss) on revaluation of intangible assets		0	0	0	0	0	0
Net gain/(loss) on revaluation of available for sale financial assets		0	0	0	0	0	0
Receipt/(disposal) of donated/government granted assets		0	0	0	0	0	0
Release of reserves to the income statement		0	0	(31)	0	0	(31)
Movements on other reserves (specify)		0	0	0	0	0	0
Transfers between reserves		0	0	0	0	0	0
Retained surplus/(deficit) for the year		18	0	0	0	0	18
Reserves eliminated on dissolution		0	0	0	0	0	0
New Public Dividend Capital received	652						652
Public Dividend Capital repaid in year	0						0
Public Dividend Capital extinguished/written off	0						0
Other movements in PDC in year	0						0
Balance at 31 March 2010	8,141	18	0	332	0	0	8,491

The notes on pages 5 to 58 form part of these accounts.

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2010

	Note	1 Oct 2009 to 31 March 2010 £000
Cash flows from operating activities		
Operating surplus/(deficit)	1	136
Depreciation and amortisation		619
Impairments and reversals		0
Release of PFI deferred credits		0
Transfer from donated asset reserve		(31)
Transfer from government grant reserve		0
Interest paid		0
Dividend paid		0
(Increase)/decrease in inventories		(29)
(Increase)/decrease in trade and other receivables		639
(Increase)/decrease in other current assets		0
Increase/(decrease) in trade and other payables		785
Increase/(decrease) in other current liabilities		0
Increase/(decrease) in provisions		317
Net cash inflow/(outflow) from operating activities		2,436
Cash flows from investing activities		
Interest received		3
(Payments) for property, plant and equipment		(1,144)
Proceeds from disposal of property, plant and equipment		0
(Payments) for intangible assets		0
Proceeds from disposal of intangible assets		0
(Payments) for investments with WAG		0
(Payments) for financial assets.		0
Proceeds from disposal of investments with WAG		0
Proceeds from disposal of financial assets.		0
Rental proceeds		0
Net cash inflow/(outflow) from investing activities		(1,141)
Net cash inflow/(outflow) before financing		1,295
Cash flows from financing activities		
Public Dividend Capital received		652
Public Dividend Capital repaid		0
Loans received from WAG		0
Other loans received		0
Loans repaid to WAG		0
Other loans repaid		0
Other capital receipts		0
Capital elements of finance leases and on-balance sheet PFI		0
Cash transferred (to)/from other NHS Wales bodies		0
Net cash inflow/(outflow) from financing activities		652
Net increase/(decrease) in cash and cash equivalents		1,947
Cash [and] cash equivalents [and bank overdrafts] at the beginning of the financial year	21	519
Cash [and] cash equivalents [and bank overdrafts] at the end of the financial year	21	2,466

The notes on pages 5 to 58 form part of these accounts.

Notes to the Accounts

Accounting policies

1. The Welsh Minister for Health and Social Services has directed that the financial statements of NHS Trusts in Wales shall meet the accounting requirements of the NHS Trust Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2009/10 NHS Trusts Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Pooled budgets

The trust has not entered into any pooled budget arrangements with Local Authorities.

1.4 Revenue

The main source of revenue for the trust is from the Welsh Assembly Government and the Health Boards. Revenue is recognised in the period in which services are provided.

Where income is received from Non NHS bodies for a specific activity that is to be delivered in the following year, that income is deferred.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and interest rate applicable.

1.5 Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. Where material the cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs

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

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

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

1.6 Other expenses

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

1.7 Property, plant and equipment

Property, plant and equipment is capitalised if:

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

- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are depreciated over their own useful economic lives, where they are significant in relation to the whole.

Valuation

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

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

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

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

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

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

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

Subsequent expenditure

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

1.8 Intangible assets

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

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

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

Measurement

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

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

1.9 Depreciation, amortisation and impairments

Freehold land and properties under construction are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself.

Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives

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

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

1.10 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.11 Donated assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to the donated asset reserve. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to offset the expenditure. On sale of donated assets, the net book value is transferred from the donated asset reserve to retained earnings.

1.12 Government grants

Government grants are grants from government bodies other than revenue from NHS bodies for the provision of services. Revenue grants are treated as deferred income initially and credited to income to match the expenditure to which they relate. Capital grants are credited to the government grant reserve and released to operating revenue over the life of the asset in a manner consistent with the depreciation and impairment charges for that asset. Assets purchased from government grants are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the government grant reserve and, each year, an amount equal to the depreciation charge on the asset is released from the government grant reserve to the offset the expenditure.

1.13 Non-current assets held for sale

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

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Income Statement. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings. For donated and government-granted assets, a transfer is made to or from the relevant reserve to the profit/loss on disposal account so that no profit or loss is recognised in income or expenses. The remaining surplus or deficit in the donated asset or government grant reserve is then transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.14 Leases

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

The trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the trust's surplus/deficit.

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

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated. Leased land is treated as an operating lease. Leased buildings are assessed as to whether they are operating or finance leases.

The trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

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

1.15 Private Finance Initiative (PFI) transactions

The Trust has no PFI arrangements.

1.16 Inventories

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

1.17 Cash and cash equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management.

1.18 Provisions

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

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

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

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

1.19 Clinical Negligence Costs

The Welsh Risk Pool operates a risk pooling scheme which is currently funded by the Welsh Assembly Government. The WRP is hosted by Betsi Cadwaladr University LHB.

1.20 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are 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 asset, provision and government grant reserve are valued at fair value at the end of the reporting period.

1.21 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.22 Financial assets

Financial assets are recognised 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 calculating the trust's surplus or deficit for the accounting period. The net gain or loss incorporates any interest earned on the financial asset.

The Trust has no embedded derivatives.

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. The Trust does not have any available for sale financial assets.

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.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, 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.

1.23 Financial liabilities

Financial liabilities are recognised on the statement of financial position 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.

Loans from the Welsh Assembly Government are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

The Trust does not have any financial guarantee contract liabilities nor any financial derivatives requiring to be stated at fair value through profit and loss.

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

1.24 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.

1.25 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March 2010. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the period in which they arise.

1.26 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.

1.27 Public Dividend Capital (PDC) and PDC dividend

Public Dividend Capital represents taxpayers equity in the NHS Trust. At any time the Welsh Minister for Health and Social Services with the approval of HM Treasury can issue new PDC to, and require repayments of, PDC from the NHS Trust. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

A charge, reflecting the 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 average carrying amount of all assets less liabilities, except for donated assets and cash with the Office of the Paymaster General and the National Loans Fund. The average carrying amount of assets is calculated as a simple average of opening and closing relevant net assets.

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

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.

1.29 Critical Accounting Judgements and key sources of estimation uncertainty

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

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

1.30 Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Public Health Wales NHS Trust Accounts for 1 October 2009 - 31 March 2010

2. Revenue from patient care activities	1 Oct 2009 to 31 March 2010 £000
Local health boards	7,363
Health Commission Wales	15,583
NHS trusts	43
Strategic health authorities and primary care trusts	47
Foundation Trusts	0
Local authorities	0
Welsh Assembly Government	3,886
Non NHS:	
Private patient income	0
Overseas patients (non-reciprocal)	0
Injury Costs Recovery (ICR) Scheme	0
Other revenue from activities	0
Total	<u>26,922</u>

ICR income is subject to a provision for impairment of 7.8% to reflect expected rates of collection

3. Other operating revenue

	1 Oct 2009 to 31 March 2010 £000
Patient transport services	0
Education, training and research	460
Charitable and other contributions to expenditure	0
Transfer from the donated asset reserve	31
Transfer from the government grant reserve	0
Non-patient care services to other bodies	0
Income generation	55
Rental revenue	0
Other revenue:	
Provision of laundry, pathology, payroll services	0
Accommodation and catering charges	0
Mortuary fees	0
Staff payments for use of cars	31
Business Unit (Please Specify)	0
Other	14,054
Total	<u>14,631</u>

Other revenue of £14,054,000 comprises

Wales Centre for Health	1,298
Welsh Cancer Intelligence Surveillance Unit	569
National Public Health Service	11,636
Other	551
Total	<u>14,054</u>

4. Operating expenses 1 Oct 2009 to
31 March 2010
4.1 Operating expenses £000

Goods and services from other NHS Wales bodies	7,795
Goods and services from other NHS bodies	0
Purchase of healthcare from non-NHS bodies	0
Directors' costs	137
Staff costs	23,992
Supplies and services - clinical	3,266
Supplies and services - general	57
Consultancy Services	300
External Contractors	0
Establishment	2,249
Transport	151
Premises	1,730
Depreciation	619
Amortisation	0
Impairments and reversals of property, plant and equipment	0
Impairments and reversals of intangible assets	0
Impairments and reversals of financial assets	0
Audit fees	152
Other auditors' remuneration	0
Losses, special payments and irrecoverable debts	15
Research and development	0
Other operating expenses	954
Total	<u><u>41,417</u></u>

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

1 Oct 2009 to
31 March 2010
£000

Increase/(decrease) in provision for future payments:

Clinical negligence	200
Personal injury	20
All other losses and special payments	0
Defence legal fees and other administrative costs	0
Gross increase/(decrease) in provision for future payments	<u>220</u>

Premium for other insurance arrangements	0
Irrecoverable debts	0
Less: income received/ due from Welsh Risk Pool	<u>(205)</u>
Total charge	<u><u>15</u></u>

Personal injury includes £0 in respect of permanent injury benefits.

Public Health Wales NHS Trust Accounts for 1 October 2009 - 31 March 2010

	1 Oct 2009 to 31 March 2010 £000
5. Investment revenue	
Rental revenue :	
PFI finance lease revenue:	
Planned	0
Contingent	0
Other finance lease revenue	0
Interest revenue:	
Bank accounts	3
Other loans and receivables	0
Impaired financial assets	0
Other financial assets	0
Total	<u>3</u>

	1 Oct 2009 to 31 March 2010 £000
6. Other gains and losses	
Gain/(loss) on disposal of property, plant and equipment	0
Gain/(loss) on disposal of intangible assets	0
Gain/(loss) on disposal of financial assets	0
Gains/(loss) on foreign exchange	0
Change in fair value of financial assets at fair value through profit and loss	0
Change in fair value of financial liabilities at fair value through profit and loss	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0
Total	<u>0</u>

	1 Oct 2009 to 31 March 2010 £000
7. Finance costs	
Interest on loans	0
Interest on obligations under finance leases	1
Interest on obligations under PFI contracts:	
Main finance cost	0
Contingent finance cost	0
Interest on late payment of commercial debt	0
Other interest expense	0
Total interest expense	<u>1</u>
Other finance costs	0
Total	<u>1</u>

All finance leases expired during the period.

8. Operating leases

As lessee

There are no significant leasing arrangements where the Trust is the lessee.

	1 Oct 2009 to 31 March 2010
	£000
Payments recognised as an expense	
Minimum lease payments	172
Contingent rents	0
Sub-lease payments	0
Total	<u>172</u>

	1 Oct 2009 to 31 March 2010
	£000
Total future minimum lease payments	
Payable:	
Not later than six months	6
Between six months and five years	58
After five years	108
Total	<u>172</u>
Total future sublease payments expected to be received	0

As lessor

There are no significant leasing arrangements where the Trust is the lessor.

	1 Oct 2009 to 31 March 2010
	£000
Rental revenue	
Contingent rent	0
Other	0
Total rental revenue	<u>0</u>

	1 Oct 2009 to 31 March 2010
Total future minimum lease payments	
Receivable:	
Not later than one year	0
Between one and five years	0
After 5 years	0
Total	<u>0</u>

9. Employee costs and numbers

9.1 Employee costs	Permanently Employed	Agency Staff	1 Oct 2009 to 31 March 2010	
			Staff on Inward Secondment	£000
	£000	£000	£000	£000
Salaries and wages	18,872	138	943	19,953
Social security costs	1,516	12	78	1,606
Employer contributions to Pensions Schemes	2,392	18	120	2,530
Other pension costs	0	0	0	0
Other post-employment benefits	0	0	0	0
Termination benefits	0	0	0	0
Total	22,780	168	1,141	24,089
Of the total above:				
Charged to capital				0
Charged to revenue				24,089
				24,089

9.2 Average number of employees

	Permanently Employed	Agency Staff	Staff on Inward Secondment	Total
				Number
Medical and dental	85	0	8	93
Ambulance staff	0	0	0	0
Administrative and estates	551	11	2	564
Healthcare assistants and other support staff	0	0	0	0
Nursing, midwifery and health visiting staff	0	2	2	4
Nursing, midwifery and health visiting learners	43	0	0	43
Scientific, therapeutic and technical staff	341	0	0	341
Social care staff	0	0	0	0
Other	0	0	5	5
Total	1,020	13	17	1,050

9.3 Employee benefits

The Trust does not have an employee benefit scheme.

10. Pension and Retirement Costs Due to Ill Health

10.1 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, every five years) and an 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) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period 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 2008, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 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.

c) Scheme provisions

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.

10. 1 Pension Costs (continued)

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 statement of comprehensive income 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.

10.2 Retirement costs due to ill-health

During 2009-10 there were 2 early retirements from Public Health Wales NHS Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements will be £81,227.93. The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

11. Public Sector Payment Policy - Measure of Compliance

11.1 Prompt payment code - measure of compliance

The Welsh Assembly Government requires that Trusts pay all their trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The Welsh Assembly Government 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
NHS		
Total bills paid 1 October 2009 to 31 March 2010	1,755	15,397
Total bills paid within target	899	8,282
Percentage of bills paid within target	51.2%	53.8%
Non-NHS		
Total bills paid 1 October 2009 to 31 March 2010	21,581	28,225
Total bills paid within target	20,837	27,567
Percentage of bills paid within target	96.6%	97.7%
Total		
Total bills paid 1 October 2009 to 31 March 2010	23,336	43,622
Total bills paid within target	21,736	35,849
Percentage of bills paid within target	93.1%	82.2%

From 1 October 2009 Public Health Wales NHS Trust has been operating in conjunction with Velindre NHS Trust through a single ledger system and the figures above represent performance for the six months of the combined organisation, as agreed by Welsh Assembly Government.

11.2 The Late Payment of Commercial Debts (Interest) Act 1998	1 Oct 2009 to 31 March 2010
	£
Amounts included within finance costs from claims made under legislation	0
Compensation paid to cover debt recovery costs under legislation	0
Total	<u>0</u>

12. Property, plant and equipment :

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 October 2009	1,060	3,656	0	0	6,204	40	1,643	465	13,068
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	456	0	236	289	0	147	10	1,138
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfers from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2010	1,060	4,112	0	236	6,493	40	1,790	475	14,206
Depreciation									
At 1 October 2009	0	357	0	0	3,911	30	555	158	5,011
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Transfers from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	125	0	0	282	2	150	60	619
At 31 March 2010	0	482	0	0	4,193	32	705	218	5,630
Net book value									
At 1 October 2009	1,060	3,299	0	0	2,293	10	1,088	307	8,057
Net book value at 31 March 2010	1,060	3,630	0	236	2,300	8	1,085	257	8,576
Net book value at 31 March 2010 comprises :									
Purchased	1,060	3,414	0	0	2,045	8	1,461	257	8,245
Donated	0	215	0	0	116	0	0	0	331
Government Granted	0	0	0	0	0	0	0	0	0
Total 31 March 2010	1,060	3,629	0	0	2,161	8	1,461	257	8,576
Asset Financing:									
Owned	1,060	3,629	0	0	2,161	8	1,461	257	8,576
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
Total 31 March 2010	1,060	3,629	0	0	2,161	8	1,461	257	8,576

The net book value of land, buildings and dwellings at 31 March 2010 comprises :

	£'000
Freehold	3,664
Long Leasehold	0
Short Leasehold	1,025
	4,689

The Short Leasehold represents building work that we have capitalised on assets leased by other NHS bodies.

Disclosures:

Donated Assets

Public Health Wales NHS Trust did not receive any donated assets during the year.

Valuations

The Trusts Land and Buildings were revalued by the District Valuation Service with an effective date of 1st April 2009.

The valuation has been prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th edition.

The Trust is required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction.

This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

Transfer of Assets

The Public Health Wales NHS Trust was established on 1st October 2009 and incorporates several divisions which were previously incorporated within Velindre NHS Trust and the Wales Centre for Health.

As part of this transfer the operating assets for the relevant divisions were transferred to Public Health Wales NHS Trust. There were no assets transferred from the Congenital Anomaly Register and Information Service (CARIS).

	Velindre NHS Trust			Wales Centre for Health	
	Non Donated £'000	Donated £'000	Total £'000	Non Donated £'000	Total £'000
Non Current Assets					
Property, plant and equipment					
Land	1060	0	1060	0	1060
Buildings excluding dwellings	3069	229	3298	0	3298
Assets under construction and pay	-14	0	-14	0	-14
Plant and Machinery	2162	134	2296	0	2296
Transport Equipment	10	0	10	0	10
Information Technology	1085	0	1085	2	1087
Furniture and Fittings	296	0	296	11	307
Total Value	7667	363	8030	13	8043

12.2 Non-current assets held for sale

	Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance 1 October 2009	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0
Balance 31 March 2010	0	0	0	0	0	0

13. Intangible assets

	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	EU Emissions trading scheme allowances	Total
Cost or valuation	£000	£000	£000	£000	£000		£000
At 1 October 2009	0	0	0	0	0	0	0
Revaluation					0	0	0
Additions							
- purchased	0	0	0	0	0	0	0
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Gross cost at 31 March 2010	0	0	0	0	0	0	0
Amortisation							
Accumulated amortisation at 1 October 2009	0	0	0	0	0	0	0
Revaluation					0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	0
Accumulated amortisation at 31 March 2010	0	0	0	0	0	0	0
Net book value at 1 October 2009	0	0	0	0	0	0	0
Net book value at 31 March 2010	0	0	0	0	0	0	0
Net book value							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
Total at 31 March 2010	0	0	0	0	0	0	0

13. Intangible assets

Public Health Wales NHS Trust has no intangible assets.

14. Revaluation reserve balance for intangible assets

	£000	£000
At 1 October 2009	0	0
Changes (itemised)	0	0
At 31 March 2010	<u>0</u>	<u>0</u>

15. Impairments

Impairments in the period arose from:	1 October 2009 to 31 March 2010	
	Property, plant & equipment	Intangible assets
	£000	£000
Loss or damage from normal operations	0	0
Loss as a result of a catastrophe	0	0
Abandonment of assets in the course of construction	0	0
Unforeseen obsolescence	0	0
Over specification of assets (Gold Plating)	0	0
Changes in market price	0	0
Other (specify)	0	0
Total	0	0

Impairments charged in the year to the revaluation reserve

Charged to revaluation reserve	0	0
--------------------------------	---	---

16. Capital commitments

Commitments under capital expenditure contracts at the statement of financial position sheet date were:

	31 March	1 October
	2010	2009
	£000	£000
Property, plant and equipment	49	0
Intangible assets	0	0
Total	49	0

17. Other financial assets

	31 March	1 October
	2010	2009
	£000	£000
Non-current		
Finance lease receivables	0	0
Financial assets carried at fair value through income statement	0	0
Held to maturity investments carried at amortised cost	0	0
Available for sale financial assets carried at fair value	0	0
Loans carried at amortised cost	0	0
Total	<u>0</u>	<u>0</u>
Current		
Finance lease receivables	0	0
Financial assets carried at fair value through income statement	0	0
Held to maturity investments carried at amortised cost	0	0
Available for sale financial assets carried at fair value	0	0
Loans carried at amortised cost	0	0
Total	<u>0</u>	<u>0</u>

All leases expired during the period.

18. Other assets

	31 March	1 October
	2010	2009
	£000	£000
Non-current		
EU Emissions trading scheme allowances	0	0
Prepayments	0	0
Other assets	0	0
Total	<u>0</u>	<u>0</u>
Current		
EU Emissions trading scheme allowances	0	0
Prepayments	0	0
Other assets	0	0
Total	<u>0</u>	<u>0</u>

19. Inventories

19.1 Inventories

	31 March 2010 £000	1 October 2009 £000
Drugs	0	0
Consumables	460	431
Energy	0	0
Work in progress	0	0
Other	0	0
Total	<u>460</u>	<u>431</u>
Of which held at net realisable value:	<u>0</u>	<u>0</u>

19.2 Inventories recognised in expenses

	31 March 2010 £000	1 October 2009 £000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	<u>0</u>	<u>0</u>

20. Trade and other receivables

20.1 Trade and other receivables

	31 March 2010 £000	1 October 2009 £000
Current		
Welsh Assembly Government	590	258
Welsh Health Boards	3,407	3,424
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	569
Other NHS	20	0
Welsh Risk Pool	252	0
Capital debtors	0	0
Other debtors	927	657
Provision for irrecoverable debts	(53)	(49)
PDC dividend	0	0
Pension Prepayments	0	0
Other prepayments and accrued income	273	1,196
Sub-total	<u>5,416</u>	<u>6,055</u>
Non-current		
Welsh Assembly Government	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	0	0
Capital debtors	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Other prepayments and accrued income	0	0
Sub-total	<u>0</u>	<u>0</u>
Total trade and other receivables	<u>5,416</u>	<u>6,055</u>

Other trade receivables include £0 prepaid pension contributions at 31 March 2010

No interest is charged on trade receivables.

20.2 Receivables past their due date but not impaired

	31 March	1 October
	2010	2009
	£000	£000
By up to 3 months	99	0
By 3 to 6 months	36	0
By more than 6 months	96	0
Balance at end of financial year/period	231	0

Figures relating to receivables past their due date but not impaired at 1 October 2009 are not available.

20.3 Provision for the impairment of receivables

	31 March	1 October
	2010	2009
	£000	£000
Balance at beginning of the period	(49)	(49)
Amount written off during the period	0	0
Amount recovered during the period	0	0
(Increase)/decrease in receivables impaired	(4)	0
Balance at 31 March	(53)	(49)

In determining whether a debt is impaired consideration is given to the age of the debt and the results of actions taken to recover the debt, including reference to credit agencies.

21. Cash and cash equivalents

	31 March 2010 £000	1 October 2009 £000
Opening Balance	519	519
Net change in period	1,947	0
Closing Balance	<u>2,466</u>	<u>519</u>
Made up of:		
Cash with OPG	2,090	468
Commercial banks	362	51
Cash in hand	14	0
Current investments	0	0
Cash and cash equivalents as in SoFP	<u>2,466</u>	<u>519</u>
Bank overdraft - OPG	0	0
Bank overdraft - Commercial	0	0
Cash & cash equivalents as in Statement of Cash Flows	<u>2,466</u>	<u>519</u>

22. Trade and other payables

22.1 Trade and other payables at the

Statement of Financial Position date consist of:

	31 March 2010 £000	1 October 2009 £000
Current		
Welsh Assembly Government	136	0
Welsh Health Boards	2,637	2,120
Welsh NHS Trusts	11	0
Other NHS	94	0
Income tax and social security	966	942
Non-NHS trade payables - revenue	1,539	205
Non-NHS trade payables - capital	5	15
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases HP and PFI contracts	0	0
Pensions: staff	610	596
Accruals	1,128	1,254
Interest payable	0	0
Public Dividend Capital dividend payable	121	0
Deferred Income	51	1,266
Other liabilities - all other payables	0	0
Sub-total	7,298	6,398
Non-current		
Welsh Assembly Government	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Income tax and social security	0	0
Non-NHS trade payables - revenue	0	0
Non-NHS trade payables - capital	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases HP and PFI contracts	0	0
Pensions: staff	0	0
Accruals	0	0
Interest payable	0	0
Public Dividend Capital dividend payable	0	0
Deferred Income	0	0
Other liabilities - all other payables	0	0
Sub-total	0	0
Total	7,298	6,398

It is intended to pay all invoices within the 30 day period directed by the Welsh Assembly Government.

Public Health Wales NHS Trust Accounts for 1 October 2009 - 31 March 2010

23. Borrowings

Current	31 March	1 October
	2010	2009
	£000	£000
Bank overdraft - OPG	0	0
Bank overdraft - Commercial bank	0	0
Loans from:		
Welsh Assembly Government	0	0
Other entities	0	0
PFI liabilities:		
Main liability	0	0
Lifecycle replacement received in advance	0	0
Finance lease liabilities	0	0
Other	0	0
Total	0	0
Non-current		
Bank overdraft - OPG	0	0
Bank overdraft - Commercial bank	0	0
Loans from:		
Welsh Assembly Government	0	0
Other entities	0	0
PFI liabilities:		
Main liability	0	0
Lifecycle replacement received in advance	0	0
Finance lease liabilities	0	0
Other	0	0
Total	0	0

23.2 Loan advance/strategic assistance funding

Amounts falling due:	31 March	1 October
	2010	2009
	£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	0	0
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	0	0
Total repayable after five years by instalments	0	0

24. Other financial liabilities

Current	31 March 2010 £000	1 October 2009 £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
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25. Other liabilities

Current

	31 March 2010 £000	1 October 2009 £000
Lease incentives	0	0
PFI asset - deferred credit	0	0
Other	0	0
	<u>0</u>	<u>0</u>

Non-current

Lease incentives	0	0
PFI asset - deferred credit	0	0
Other	0	0
	<u>0</u>	<u>0</u>

26. Provisions

	At 1 October 2009	Structured settlement cases transferr-ed to Risk Pool	Transfer of provisions to creditors and/or current to non current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2010
	£000	£000	£000	£000	£000	£000	£000	£000
Current								
Clinical negligence	70	0	0	200	0	0	0	270
Personal injury	29	0	0	20	(26)	0	0	23
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	16	0	0	0	(2)	0		14
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Restructurings	0			0	0	0		0
Other	50			187	0	0		237
Total	165	0	0	407	(28)	0	0	544
Non Current								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Restructurings	0			0	0	0		0
Other	647			31	0	(93)		585
Total	647	0	0	31	0	(93)	0	585
TOTAL								
Clinical negligence	70	0	0	200	0	0	0	270
Personal injury	29	0	0	20	(26)	0	0	23
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	16	0	0	0	(2)	0		14
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Restructurings	0			0	0	0		0
Other	697			218	0	(93)		822
Total	812	0	0	438	(28)	(93)	0	1,129

Expected timing of cash flows:

	Within 1 year	2 and 5 years	6 and 10 years	After 10 years	After 50 years	After 75 years	Totals
	£000	£000	£000	£000	£000	£000	£000
Clinical negligence	270	0	0	0	0	0	270
Personal injury	23	0	0	0	0	0	23
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	14	0	0	0	0	0	14
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	0	0	0	0	0	0	0
Restructuring	0	0	0	0	0	0	0
Other	58	139	196	429	0	0	822
Total	365	139	196	429	0	0	1,129

27. Finance leases

27.1 Finance leases obligations (as lessee)

There are no significant leasing arrangement where the Trust is the lessee.

Amounts payable under finance leases:

LAND	31 March 2010 £000	1 October 2009 £000
Minimum lease payments		
Within 6 months	0	0
Between 6 months and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within 6 months	0	0
Between 6 months and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Public Health Wales NHS Trust Accounts for 1 October 2009 - 31 March 2010

27.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

BUILDINGS	31 March 2010 £000	1 October 2009 £000
Minimum lease payments		
Within 6 months	0	0
Between 6 months and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within 6 months	0	0
Between 6 months and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
OTHER	31 March 2010 £000	1 October 2009 £000
Minimum lease payments		
Within 6 months	0	1
Between 6 months and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>1</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within 6 months	0	1
Between 6 months and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>1</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

All leases expired during the period.

27.2 Finance lease receivables (as lessor)

There are no finance lease receivables.

Amounts receivable under finance leases:

	31 March 2010 £000	1 October 2009 £000
Gross investment in leases		
Within 6 months	0	0
Between 6 months and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Gross lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	0	0
Present value of minimum lease payments		
Within 6 months	0	0
Between 6 months and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	0	0

Public Health Wales NHS Trust Accounts for 1 October 2009 - 31 March 2010

	31 March	1 October
27.3 Rental Revenue	2010	2009
	£000	£000
Contingent rent	0	0
Other	0	0
Total rental revenue	0	0

28. Finance lease commitments

Public Health Wales NHS Trust has not entered into any new contracts to lease (building assets) under finance leases during the period 1 October 2009 to 31 March 2010.

29. Private finance transactions**Private Finance Initiatives (PFI) / Public Private Partnerships (PPP)**

The Trust has no PFI or PPP schemes deemed to be "on or off balance sheet."

30. Financial risk

IFRS 7, Derivatives and Other Financial Instruments, 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 IFRS 7 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 NHS Trust's treasury management operations are carried out by the finance department within parameters defined formally within the NHS Trust's standing financial instructions and policies agreed by the board of directors. NHS Trust treasury activity is subject to review by the NHS Trust's internal auditors.

Liquidity risk

NHS Trust's 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 Trust's 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.

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 are in receivables from customers as disclosed in the Trade and other receivables note.

General

The powers of the NHS Trust to invest and borrow are limited. The Board has determined that in order to maximise income from cash balances held, any balance of cash which is not required will be invested. The Trust does not borrow from the private sector. All other financial instruments are held for the sole purpose of managing the cash flow of the Trust on a day to day basis or arise from the operating activities of the Trust. The management of risks around these financial instruments therefore relates primarily to the Trust's overall arrangements for managing risks to their financial position, rather than the Trust's treasury management procedures.

31. Financial Instruments

Financial assets	At "fair value" through I&E £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS receivables	4,269	0	0	4,269
Cash at bank and in hand	2,466	0	0	2,466
Other financial assets	0	0	0	0
Total at 31 March 2010	6,735	0	0	6,735
Financial liabilities	At "fair value" through I&E £000	Other £000	Total £000	
Embedded derivatives	0	0	0	
PFI and finance lease obligations	0	0	0	
Other financial liabilities	5,057	0	5,057	
Total at 31 March 2010	5,057	0	5,057	

Financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies. The NHS Trust has 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 the NHS Trust in undertaking its activities.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

32. Financial performance targets

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

32.1 Breakeven	£000
Target retained surplus	0
Actual retained surplus	(18)
Variance	<u>18</u>

The Trust has met the breakeven duty in full.

The Trust has broken even in the 6 month period.

32.2 External financing

The Trust is given an external financing limit which it is permitted to undershoot

	£000	£000
External financing limit set by the Assembly		(1,295)
Cash flow financing	(1,295)	
Finance leases taken out in period	0	
Other capital receipts	<u>0</u>	
External financing requirement		<u>(1,295)</u>
Undershoot		<u>0</u>

The Trust has achieved its external financing limit.

32.3 Creditor payment

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

	Oct 2009 to 31 March 2010
Total number of non-NHS bills paid 1 October 2009 to 31 March 2010	21,581
Total number of non-NHS bills paid within target	20,837
Percentage of non-NHS bills paid within target	96.6%

The Trust has met the target.

33. Contingencies

33.1 Contingent liabilities

Provision has not been made in these accounts for the following amounts:

	At 31 March 2010
	£000
Legal claims for alleged medical or employer negligence	61
Doubtful debts	0
Equal pay cases	0
Defence costs	0
Other see below	1,000
Total value of disputed claims	<u>1,061</u>
Amount recovered under insurance arrangements in the event of these claims being successful	<u>0</u>
Net contingent liability	<u>1,061</u>

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.

Public Health Wales NHS Trust has been in communication with the Chartered Institute of Environmental Health regarding a possible outstanding pension liability for a former secondee to the Wales Centre for Health. The amount of the liability is estimated to be between £500,000 and £1 million.

33.2 Contingent assets

The Trust has no contingent assets.

34. Third party assets

The Trust has no Third Party Assets.

35. Events after reporting period

There are no events after the reporting period.

36. Related Party transactions

'The Trust is a body corporate established by order of the Welsh Minister for Health and Social Services.

'During the year none of the board members or members of the key management staff or parties 'related to them has undertaken any material transactions with the Trust

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

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Assembly Government	61	21,261	136	590
Health Commission Wales	0	61,808	0	0
AMBU LHB	4,599	26,082	703	299
Aneurin Bevan	4,908	17,049	294	739
Betsi Cadwaladwr	3,261	6,742	580	335
Cardiff & Vale	4,019	19,846	461	1,545
Cwm Taff	2,186	8,145	261	71
Hwyel Dda	2,097	5,550	181	348
Powys	667	1,831	157	70
Velindre NHS Trust	944	10		
Welsh Ambulance	501	15	11	0
University of Wales College of Medicine	2,492	3,851	0	0
TOTAL	25,735	172,190	2,784	3,997

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies.

On 1st October 2009 Public Health Wales NHS Trust was formed which incorporated several divisions which were previously part of Velindre NHS Trust. The financial reporting of the new Trust continued to be held within Velindre Trust's accounting system until 31st March 2010 when a separate ledger system was implemented. As a consequence it has not been possible to separate the payments to and receipts from figures for each organisation and therefore, the above expenditure relates to the combination of both Trusts. All of the remaining figures are for Public Health Wales NHS Trust only

37. Intra Government balances

	Receivables:	Receivables:	Payables:	Payables:
	Current	Non-current	Current	Non-current
	£000	£000	£000	£000
1 October 2009 to 31 March 2010				
Welsh Assembly Government	590	0	136	0
Welsh Local Health Boards	3,407	0	2,637	0
Welsh NHS Trusts	0	0	11	0
Health Commission Wales	0	0	0	0
All English Health Bodies	5	0	94	0
All N. Ireland Health Bodies	7	0	0	0
All Scottish Health Bodies	8	0	0	0
Miscellaneous	252	0	0	0
Credit note provision	0	0	0	0
Sub total	4,269	0	2,878	0
Other Central Government Bodies				
Other Government Departments	886	0	610	0
Revenue & Customs	0	0	966	0
Local Authorities	0	0	0	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	261	0	2,844	0
TOTAL	5,416	0	7,298	0

38. Losses and special payments

Losses and special payments are charged to the Income statement in accordance with IFRS but are recorded in the losses and special payments register when payment is made. Therefore this note is prepared 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 during 1 Oct 2009 to 31 March 2010		Approved to write-off 1 Oct 2009 to 31 March 2010	
	Number	£	Number	£
Clinical negligence	0	0	0	0
Personal injury	2	27,368	0	0
All other losses and special payments	0	0	0	0
Total	2	27,368	0	0

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

		Amounts paid out in period £	Cumulative amount £	Approved to write-off in period £
Cases exceeding £250,000				
Case reference	Case type			
Sub-total		0	0	0
All other cases		27,368	27,993	0
Total cases		27,368	27,993	0

39. Pooled budgets

Public Health Wales NHS Trust has no pooled budgets.

40. Operating segments

None of the elements of the organisation are hosted. However, this is the breakdown of the expenditure for each Division.

	Operating Expenses £000
Screening Services	15,994
National Public Health Service General	11,558
National Public Health Service Health Protection Service	11,991
Welsh Cancer Intelligence Surveillance Unit	578
Wales Centre for Health	1,235
Congenital Anomaly Register and Information Service	60
Total	<u>41,417</u>

**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 Welsh Assembly Government.

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: 29-Jun-10 Bob Hudson..... 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, direct 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: 30/06/2010

Chairman: . Mansel Aylward

Date: 29/06/2010

Chief Executive: Bob Hudson

Date: 30/06/2010

Director of Finance: Huw George

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 2010 and subsequent financial years in respect of the NHS Wales Trusts¹ in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

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

(a) the accounting guidance of the Government Financial Reporting Manual (FRoM), which is in force for the financial year for which the accounts are being prepared, as detailed in the NHS Wales Trust Manual for Accounts;

(b) any other specific guidance or disclosures required by the Welsh Assembly Government.

FORM AND CONTENT

3. The account of the Trust for the year ended 31 March 2010 and subsequent years shall comprise a foreword, an income statement, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FRoM and applied to the NHS Wales Manual for Accounts, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2010 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, changes in taxpayers' equity and cash flows during the year.

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

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.

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated : 17.06.2010

¹ Please see regulation 3 of the 2009 No 1558(W.153); NATIONAL HEALTH SERVICE, WALES; The National Health Service Trusts (Transfer of Staff, Property Rights and Liabilities) (Wales) Order 2009

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

The Board is accountable for internal control. As Accountable Officer and Chief Executive, 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.

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 systems of internal control which have been in place in the organisation for the period 1 October to 31 March 2010, and up to the date of approval of the accounts at 31 March 2010, are the systems inherited by Public Health Wales from the constituent organisations. These accord with Welsh Assembly Government guidance.

3. Capacity to handle risk

The Public Health Wales Board is accountable for internal control which is currently based on an historical ongoing process designed to identify and prioritise the risks of the organisation, 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 Board Secretary leads on Risk Management and on developing and maintaining a sound system for risk management processes. Heads of Service manage risk within their respective areas and identified senior staff within each service area have a remit for risk management. Risk Management Groups for each of the service areas, chaired by a member of the Interim Senior Management Team (SMT), meet regularly and assess all aspects of risk within their particular areas. This includes the risk register, incidents, complaints and claims. The Chairs of the Groups are able to escalate risk to the Interim SMT for further discussion and inclusions on the corporate wide Risk Profile. The Groups also coordinate and implement their service area local Risk Management Procedures.

The Interim SMT has been in place since 1 October 2009 and will continue to remain in place until Executive Director and other key management appointments have been made. A Board Secretary was appointed with effect from 6 April 2010, prior to this interim arrangements were in place.

As part of the transitional programme framework, a working group has been established to review the existing risk management arrangements to ensure a comprehensive corporate approach is being taken to risk management. Historical risk management process will be reviewed and revised and new processes developed as necessary. Risks identified in establishing Public Health Wales and transferring the constituent organisations to the new body were identified by the Delivery and Change Management Board. All legacy issues have been subsequently addressed through the transitional programme framework.

The reporting of risks is encouraged and Divisional Risk Management Groups have a key role in communicating emerging significant team / departmental risks. Risk management is a standard element within all Public Health Wales job descriptions and states that all staff have a responsibility to fulfil a proactive role towards the management of risk in all their actions. This entails the risk assessment of all situations and taking appropriate actions.

Cardiff and Vale NHS Trust, Internal Audit Services provide independent and objective opinion on the adequacy of the systems of risk management, control and governance by measuring and evaluation effectiveness.

Staff are made aware of how to escalate risks and report incidents through risk via statutory and mandatory training. As part of the implementation of the Datix Risk Management system, which Public Health Wales share with Velindre NHS Trust, key senior staff have received training. This education programme will continue to be rolled out as additional Datix modules are implemented.

4. The risk and control framework

The current systems of risk management are based on those inherited from the constituent organisations which now make up Public Health Wales. As previously mentioned, these arrangements are currently under review to ensure that Public Health Wales takes a comprehensive corporate approach to risk management.

Public Health Wales has developed an organisational Risk Profile which is colour coded to indicate the level of risk which. This is regularly reported to the Board and its Sub-Committees and is used to help inform decision making processes.

The Public Health Wales Quality and Safety Committee, which meets bi monthly, and the Audit Committee, which meets quarterly, are responsible for reviewing the Risk Profile in detail. It also provides an opportunity for the identification of any new/raised risks to be discussed. Action Plans are agreed accordingly to reduce the risks associated with each situation and be used to inform decisions regarding the allocation of funding to ensure risks are minimised. The Information Governance Committee also receives the risk profile for the management of Information Governance risks. Non Executive Directors Chair these Board Committees and report the work of the Committee directly to the Board.

The risk profile is also reported monthly to the Interim SMT to enable them to escalate risks within their service area and review revisions and scoring on a monthly basis. The risk profile is a live document and therefore subject to changes throughout the year.

Public Health Wales staff currently adhere to their former organisations risk management policies which outline the risk assessment process, includes the documentary requirements. A Risk Management Project Plan has been developed to take forward the implementation, integrating, aligning and embedding of a comprehensive risk management process at all levels of the organisation. This will be supported by appropriate strategies and frameworks that are designed to identify, analyse, evaluate, treat and monitor those risks that could prevent Public Health Wales from achieving its objectives.

The 2009/10 self assessment against the Healthcare Standards has been completed and submitted to Health Inspectorate Wales (HIW). The overall self assessment score for the each of the four Domains was '3 - Developing'. Internal Audit undertook a review of the core standards that underpin the management of risk and also assessed the organisation as 'developing'.

The Public Health Wales self assessment for 2009/10 has been completed against all the Healthcare Standards and submitted to HIW on the 7 May 2010 along with the signed letter of Public Declaration. The outcome of the HIW audit is awaited.

The Cardiff and Vale NHS Trust, Internal Audit Services undertook an assessment of Healthcare Standards 14, 16, 17, 20, 21, 22, 23, 27 and 28. The Board and Quality and Safety Committee have received regular reports and briefings on the Healthcare Standards. A Public Health Wales HCSIP for 2009/10 has been approved by the Board and submitted to the Welsh Assembly Government. This will be revisited when the self assessment report from HIW has been received.

The Quality and Safety Committee will be responsible for the monitoring of progress against the HCSIP.

In December 2009, HIW provided a development session on the revised Healthcare Standards to the Public Health Wales Board. Key staff from within Public Health Wales have also met with HIW to discuss the implementation and organisational self assessment.

Public Health Wales is represented at the Healthcare Standards Self Assessment Tool User Group.

Public Health Wales, as a new organisation, has an opportunity to embed the revised Healthcare Standards within its activities and structures as they develop. In addition the revised Healthcare Standards will be built into relevant Public Health Policies and Procedures as appropriate.

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 Audit and Quality and Safety Committees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Public Health Wales have a comprehensive package of policies and procedures in place which guide and instruct staff on a range of matters issues. These include the organisation's obligations under equality, diversity, human rights legislation and health and safety. As part of the transitional programme framework, procedures on how policies will be reviewed, revised and where necessary consolidated have been developed and approved by the Board.

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.

Compliance with Obligations Relating to Equality, Diversity, and Human Rights Legislation

Upon formation, Public Health Wales NHS Trust adopted Velindre NHS Trust's Equal Opportunities Policy which was revised, to include legislative changes, along with actions within the Single Equality Scheme for all as well as providing measurable targets for outcome focused actions.

In relation to Recruitment and selection the Trust has adopted the 2 Tick Symbol, in adopting the disability symbol there are five commitments regarding recruitment, training, retention, consultation and disability awareness.

Note 24 of the Accounts highlights the Trust's performance against the 3 key financial targets. The Creditor Payment target is defined as:

"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)."

As detailed below it has been agreed with Welsh Assembly Government that this will be reported on a combined basis. Velindre Trust, has improved performance in this area significantly in this financial year and has achieved a combined performance 95.6% compared to only 89% performance in the preceding year.

7. Internal Control Issues relating to Organisational Change

In the time available to establish the new Trust and as a result of the imminent migration of the Velindre Trust to the Oracle financial system and the changes to the government banking system it was not practical to establish a separate bank account and ledger system. As a consequence Public Health Wales operated within the Velindre ledger system and bank account for the period 1st October 2009 to 31st March 2010. Subsequent to this each organisation was established separately within Oracle and with separate bank accounts.

This inclusion of both organisations within a single bank account presented a distinct challenge to both organisations. However, given the continuity resulting from finance staff remaining in existing functions and services being provided through a corporate support service SLA there remained continuity of management throughout this period which limited the risks from this arrangement. In addition extra controls were introduced with respect to inter organisational trading which supported the segregation as far as was possible within the arrangements which were in place.

As a consequence of maintaining only one bank account and cashbook it has not been possible to ensure that there is no cross subsidisation between each month end, however, at the end of each month since 1st October 2009 both organisations had cash assets on their balance sheet.

8. Information Governance

Velindre Trust has well established arrangements for Information Governance to ensure that information is managed in line with the relevant Information Governance law, regulations and Information Commissioners Office guidance. This has been essential for the Trust given its multiple roles in the collation and use of all Wales patient identifiable data for both primary and secondary uses within Health Solutions Wales (HSW), Welsh Cancer Intelligence and Surveillance Unit (WCISU), National Public Health Service for Wales (NPHS), Screening Services and the Welsh Blood Service (WBS) Divisions. The arrangements include a Trust wide Information Governance Committee, Trust and Divisional Caldicott Guardians, a Caldicott Guardian for the National Databases and Divisional Information Governance leads.

These arrangements were in place up to 30th September 2009 and the establishment of the Public Health Wales Trust when responsibility for Welsh Cancer Intelligence and Surveillance Unit (WCISU), National Public Health Service for Wales (NPHS), and Screening Services was transferred to the new organisation. However, these functions were supported by Velindre Trust as part of the Corporate services SLA.

The Board

The Public Health Wales Board consists of up to 12 members, 7 Non-Executive Directors (including the Chair) and 5 Executive Directors (including the Chief Executive).

The Public Health Wales Board functions as a corporate decision making body, with Non Executive and Executive Directors being full and equal members and sharing corporate responsibility for the decisions that the Board makes.

In particular, the Board has responsibility for the strategic direction, governance framework, organisational culture and development, developing strong relationships with key stakeholders and partners and delivery of Public Health Wales' aims and objectives. In addition, Executive Directors will also have Board level responsibility for discharging Public Health Wales' corporate and public health functions.

Currently, the Trade Union Non-Executive Director position remains unfilled as does the Executive Directors for Public Health Services (appointment pending) and Public Health Development.. The Director of Finance and Director of Planning and Performance were appointed in April 2010.

The Audit Committee

The Audit Committee comprises of three Non-Executive Directors, including the Chair and meets on a quarterly basis.

The Audit Committee's Terms of Reference states that it is responsible for providing advice and assurance to the Board and the Accountable Officer on whether effective arrangements are in place through the design and operation of the Trust's assurance framework and to support the Board in its decision taking and in discharging its accountabilities for securing the achievement of the Trust's objectives, in accordance with the standards of good governance determined for the NHS in Wales.

The Audit Committee is authorised by the Board to investigate or have investigated any activity (clinical and non clinical) within its terms of reference. In doing so, the Committee has the right to inspect any books, records or documents of the Trust relevant to the Committee's remit, ensuring patient/client and staff confidentiality, as appropriate.

The Quality and Safety Committee

The Quality and Safety Committee comprises of four Non Executive Director, including it Chair and meets on a bi-monthly basis.

The Quality and Safety Committee Terms of Reference states the that in its assurance role to the Board, it seeks assurances that governance (including risk management) arrangements are appropriately designed and operating effectively to ensure the provision of high quality, safe healthcare, public health provision and services across the whole of the Trust's activities.

The Committee is authorised by the Board to investigate or have investigated any activity within its terms of reference. In doing so, the Committee has the right to inspect any books, records or documents of the Trust relevant to the Committee's remit, ensuring patient/client and staff confidentiality, as appropriate.

Internal Audit

Cardiff and Vale NHS Trust provide an Internal Audit service to Public Health Wales. The remit of Internal Audit is to:

- Provide an overview of the establishment of risk management and control and governance arrangements for the organisation
- review of the Healthcare Standards arrangements for Public Health Wales, particularly those that underpin the Statement of Internal Control
- review processes for monitoring and managing the financial systems and the financial information received from

The Internal Audit Assurance Statement and Annual Report for 2009/10 concludes that from the work undertaken during the year the Board can take adequate assurance of the effectiveness of the organisation's system of internal control. This means that generally, there is a sound system of internal control and broadly there is operational compliance with those controls. However, some weaknesses in the design of controls and/or inconsistent application of controls could put the achievement of particular system objectives at risk.

The Trust has not had any incidents in 2009/10 that required the notification to the Information Commissioners Office, and has fulfilled its obligations in respect of Information Governance audits completed by the Wales Audit Office. The Trust continues to work towards greater compliance through all the Audit requirements with the addition of the requirements to meet a high standard within the Health Care Standards framework.

Local Counter Fraud Services

Cardiff and Vale Counter Fraud provide a service to Public Health Wales and a work plan for 2010/11 has been developed.

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

Date:..... 29/06/2010

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 Public Health Wales NHS Trust for the six-month period ended 31 March 2010 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Income Statement, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. 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, Public Health Wales 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 Public Health Wales 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 Public Health Wales 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.

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

Public Health Wales 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 Public Health Wales NHS Trust as at 31 March 2010 and of its surplus/deficit, its recognised gains and losses and cash flows for the period 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 Public Health Wales NHS Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources for the six-month period ended 31 March 2010 will be reported separately in the published Annual Audit Letter.

Gillian Body
Auditor General for Wales
20 July 2010

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ