

Velindre NHS Trust

Foreword

These accounts for the year ended 31 March 2006 have been prepared by the Velindre NHS Trust under section 98(2) of the National Health Service Act 1977 (as amended by section 24(2), schedule 2 of the National Health Service and Community Care Act 1990) in the form in which the National Assembly for Wales has, with the approval of Treasury, directed.

The Trust was established by Statutory Instrument on the 1st April 1994 and at that time was a single specialty Trust providing only Cancer services with a turnover of £9m. Over the last twelve years the Trust has significantly evolved and today the turnover of the Trust is £148m and the main function of the Trust is to provide All Wales and Regional clinical, health and social care services to the NHS and people of Wales and these services provided by the Trust during 2005/06 included.

- (a) Regional non-surgical Cancer Services mainly to the people of South East Wales provided from Velindre Hospital.
- (b) All Wales population based Screening Services, including Breast Test Wales, Cervical Screening Wales, New Born Hearing Services Wales and work towards developing a comprehensive Antenatal Screening Service for Wales.
- (c) Welsh Blood Service.
- (d) Health Solution Wales.
- (e) National Public Health Service for Wales (NPHS), including 22 Local Public Health Teams, the Infection and Communicable Disease Service (ICDS), and a number of specialist all Wales Public Health 'resource' teams.
- (f) Welsh Cancer Intelligence and Surveillance Unit.
- (g) Cancer Services and Cardiac Services Co-ordinating Groups.
- (h) Welsh Cancer Trials Network.
- (i) National Institute of Clinical Excellence (NICE) National Collaborating Centre for Cancer
- (j) South East Wales Cancer and Cardiac Networks

INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2006

	Note	£000	2004-05 £000
Income from activities	3	98,373	94,087
Other operating income	4	49,637	48,933
Total income		148,010	143,020
Operating expenses	5	(146,615)	(141,645)
Operating surplus/(deficit)		1,395	1,375
Costs of fundamental reorganisation/restructuring		0	0
Profit/(loss) on disposal of fixed assets	8	0	0
Surplus/(deficit) before interest		1,395	1,375
Interest receivable		262	323
Interest payable	9	0	0
Other finance costs	16	0	0
Surplus/(deficit) for the financial year		1,657	1,698
Public Dividend Capital dividends payable		(1,829)	(1,694)
Retained surplus/(deficit) for the year	17	(172)	4

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2006**

		2004-05
	£000	£000
	Note	
Surplus/(deficit) for the financial year before dividend payments		1,698
Fixed asset impairment losses	17	0
Unrealised surplus/(deficit) on fixed assets revaluations/indexation	17	3,248
Increases in the donated asset and government grant reserves due to receipt of donated and government grant finance assets	17	0
Reduction in the donated asset and government grant reserves due to the depreciation, impairment and disposal of donated and government grant financed assets	17	(523)
Additions/(reductions) in "other reserves"	17	0
Defined benefit scheme actuarial gains & losses		0
		<u>0</u>
Total recognised gains and losses for the financial year		4,423
Prior period adjustment	17	0
		<u>0</u>
Total gains and losses recognised in the financial year		<u>4,423</u>

BALANCE SHEET AS AT 31 MARCH 2006

			31 March	
			2005	
	Note	£000	£000	£000
Fixed assets				
Intangible assets	10	0		0
Tangible assets	11	57,601		55,274
			<u>57,601</u>	<u>55,274</u>
Current assets				
Stocks and work-in-progress	12	1,742		2,188
Debtors	13	12,185		12,715
Investments	14	0		0
Cash at bank and in hand	18.3	1,374		1,374
Total current assets			<u>15,301</u>	<u>16,277</u>
Creditors: amounts falling due within 1 year	15		<u>(10,762)</u>	<u>(14,324)</u>
Net current assets/(liabilities)			<u>4,539</u>	<u>1,953</u>
Total assets less current liabilities			<u>62,140</u>	<u>57,227</u>
Creditors: amounts falling due after more than one year	15		0	0
Provisions for liabilities and charges	16		<u>(3,515)</u>	<u>(637)</u>
Total assets employed			<u>58,625</u>	<u>56,590</u>
Financed by:				
Taxpayer's equity				
Public dividend capital	23.2		30,091	28,674
Revaluation reserve	17		22,391	21,202
Donated asset reserve	17		3,458	3,857
Government grant reserve	17		0	0
Other reserves	17		0	0
Income and expenditure reserve	17		<u>2,685</u>	<u>2,857</u>
Total taxpayer's equity			<u>58,625</u>	<u>56,590</u>

Signed on behalf of the Board on

Chairman

Chief Executive

Adopted by the Board on

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	Note	£000	£000	2004-05 £000
Operating activities				
Net cash inflow from operating activities	18.1		4,917	3,290
Returns on investments and servicing of finance				
Interest received		263		319
Interest paid		0		0
Interest element of finance leases		0		0
			263	319
Net cash inflow/(outflow) from returns on investments and servicing of finance				
Capital expenditure				
Payments to acquire tangible fixed assets		(4,854)		(5,404)
Receipts from sale of tangible fixed assets		0		0
Payments to acquire/ receipts from sale of intangible assets		0		0
			(4,854)	(5,404)
Net cash inflow/(outflow) from capital expenditure				
Public dividend capital dividends paid			(1,743)	(84)
Management of liquid resources				
Purchase of current asset investments		0		0
Sale of investments		0		0
			0	0
Net cash inflow/(outflow) from management of liquid resources				
Net cash inflow/(outflow) before financing				
			(1,417)	(1,879)
Financing				
Public dividend capital received		1,417		1,797
Public dividend capital repaid (not previously accrued)		0		0
Public dividend capital repaid (accrued in previous period)		0		0
Government loans received: short term		0		2,000
Government loans repaid: short term		0		(2,000)
Loan advances/brokerage received		0		0
Loan advances/brokerage repaid		0		0
Other capital receipts		0		0
Capital element of finance leases		0		0
			1,417	1,797
Net cash inflow/(outflow) from financing				
Increase/(decrease) in cash	18.2		0	(82)

Notes to the accounts

1. Accounting policies and other information

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

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income recognition

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

1.4 Intangible fixed assets

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

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

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

1.5 Tangible fixed assets

i. Capitalisation

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

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

ii. Valuation

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

Land and buildings are restated to current value using professional valuations in accordance with FRS15 every five years and in the intervening years by the use of indices. The buildings index is based on the 'All in Tender Price Index' published by the Building Cost Information Service. The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office.

Valuations are carried out by the District Valuers of the Inland Revenue at 5 yearly intervals. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Assembly and HM Treasury. The last asset valuations were carried out as at 30 September 2002 and were reflected in the 2002-03 balance sheet values.

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

All adjustments arising from indexation and five-yearly revaluations are taken to the Revaluation Reserve. All impairments resulting from price changes are charged to the Statement of Total Recognised Gains and Losses. Falls in value when newly constructed assets are brought into use are also charged there. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

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

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

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

Operational equipment is valued at net current replacement cost through annual uplift by the change in the value of the GDP deflator. Equipment surplus to requirements is valued at net recoverable amount.

iii. Depreciation

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

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

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

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

Where the useful economic life of an asset is reduced from that initially estimated due to the revaluation of an asset for sale, depreciation is charged to bring the value of the asset to its value at the point of sale. Useful asset lives are not included in the proforma accounts and should be included. Where there have been any significant changes to the useful economic life or residual values of assets, the reason and effect should be disclosed in the year of change. Where, under Financial Reporting Standard 11 a fixed asset impairment is charged to the Income and Expenditure account, offsetting income is paid by the Assembly via the Trust's main commissioner, to offset the charge. The income is used to repay Public Dividend Capital.

1.6 Cash Bank and Overdrafts

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

1.7 Donated fixed assets

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

1.8 Government grants

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

1.9 Leases

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

1.10 Private Finance Initiative

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

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

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

1.11 Stocks and work-in-progress

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

1.12 Research and development

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

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

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

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

1.13 Provisions

The trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. In accordance with FRS 12 provisions are only recognised where the transfer of economic benefit is probable, and the amount can be reasonably estimated. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms. The effect of the change is to increase the carrying value of the provision and this is shown in the Income and Expenditure Account and at Note 16.

1.14 Contingent Liabilities

Contingent liabilities are recognised where the NHS Trust has

- A possible obligation arising from past events whose existence will be confirmed by the occurrence of future events not wholly within the Trust's control;
- A present obligation arising from past events for which it is not probable that a transfer of economic benefits will be required to settle the obligation; or
- A present obligation where the amount of the obligation cannot be measured with sufficient accuracy.

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

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

1.15 Losses and special payments

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

Losses and special payments are charged to the income and expenditure account on an accruals basis. However, note 22 is compiled directly from the losses and compensations register which is compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the income and expenditure account on an accruals basis. However, note 22 is compiled directly from the losses and compensations register which is prepared on a cash basis.

The Trust accounts for all losses and special payments gross (including assistance from the Welsh Risk Pool). The Trust accrues or provides for the best estimate of its future payouts for certain or probable or 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.

1.16 Pension costs

Past and present employees are covered by the provisions of the NHS Pension 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. As a consequence it is not possible for the trust to identify its share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period. The total employer contribution payable in 2005-06 was £7,901,674.64 (£7,180,038 for 2004-05).

The Scheme is subject to a full valuation for FRS17 purposes every four years. The last valuation took place as at 31 March 2003. The scheme is also subject to a full valuation by the Government Actuary to assess the scheme's assets and liabilities to allow a review of the employers contribution rates, this valuation took place as at 31 March 2004 and has yet to be finalised. The last published valuation on which contributions are based covered the period 1 April 1994 to 31 March 1999. Between valuations, the Government Actuary provides an update of the scheme liabilities. 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 Agency website at www.nhs.gov.uk. Copies can also be obtained from The Stationery Office.

The conclusion from the 1999 valuation was that the scheme continues to operate on a sound financial basis and the notional surplus of the scheme is £1.1 billion. It was recommended that employers' contributions were set at 14% of pensionable pay from 1 April 2003. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

NHS bodies are directed by the Secretary of State to charge employer's pension cost contributions to operating expenses as and when they become due.

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

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and up to 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.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the income and expenditure account at the time the Trust commits itself to the retirement, regardless of the method of payment.

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

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

1.17 Liquid resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement. The Trust does not hold any investments with maturity dates exceeding one year from the date of purchase.

1.18 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.

1.19 Foreign Exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the Income and Expenditure Account.

1.20 Third party assets

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

1.21 Public Dividend Capital Dividends

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

1.22 Pooled budgets

The Trust has no pooled budgets.

2. Segmental reporting

The following information segments the results of the trust by:

	Business Services		Health Care		Total	
	Health Solution	Wales	Activities			
	2005-06	2004-05	2004-05		2004-05	
	£000	£000	£000	£000	£000	
Segment income	14,776	14,161	133,234	128,859	148,010	143,020
Costs directly attributable to the segment	(13,958)	(13,400)	(130,103)	(125,802)	(144,061)	(139,202)
Surplus/deficit	818	761	3,131	3,057	3,949	3,818
Common costs	(729)	(592)	(1,825)	(1,851)	(2,554)	(2,443)
Surplus before interest	89	169	1,306	1,206	1,395	1,375
Segment net assets	1,307	1,137	51,412	46,527	52,719	47,664

Restated

3. Income from activities

2004-05

	£000	£000
Local health boards	21,131	19,574
Health Commission Wales	49,921	47,558
NHS trusts	18,802	18,827
Strategic health authorities and primary care trusts	0	2
Foundation Trusts	0	0
Local authorities	0	100
National Assembly for Wales	7,162	6,908
Non NHS:		
Private patient income	934	689
Overseas patients (non-reciprocal)	0	0
Road Traffic Act charges	0	0
Other income from activities	423	429
Total	98,373	94,087

RTA income is subject to a provision for doubtful debts of 8.7% to reflect expected rates of collection.

4. Other operating income

2004-05

	£000	£000
Patient transport services	0	0
Education, training and research	2,419	2,479
Charitable and other contributions to expenditure	2,126	2,344
Transfer from the donated asset reserve	466	523
Transfer from the government grant reserve	0	0
Non-patient care income generation schemes	994	1,106
Other income:		
Provision of laundry, pathology, payroll services	0	0
Accommodation and catering charges	157	153
Mortuary fees	0	0
Staff payments for use of cars	122	118
Health Solutions Wales	14,776	14,161
Other	28,577	28,049
Total	49,637	48,933
Other income of £28,577k comprises:		
NPHS	23,737	22,623
Coronary Heart Disease	649	742
C.S.C.G	1,226	1,514
W.C.I.S.U	863	873
other	2,102	2,297
Total	28,577	28,049

The prior year comparators in notes 3 and 4 have been restated to reflect a reclassification of income by the Tru Total reported income for 2004/05 is unchanged.

5. Operating expenses

5.1 Operating expenses comprise

	£000	2004-05 £000
Goods and services from other NHS bodies	12,975	11,457
Goods and services from other NHS Foundation Trusts	0	0
Purchase of healthcare from non-NHS bodies	196	3
Directors' costs	516	554
Staff costs	82,089	75,043
Supplies and services - clinical	27,991	27,770
Supplies and services - general	815	893
Establishment	6,927	8,047
Transport	667	511
Premises	8,516	8,795
Depreciation and amortisation	3,740	3,882
Fixed asset impairments and reversals	78	0
Audit fees	108	96
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	204	(191)
Other operating expenses	1,793	4,785
Total	146,615	141,645

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

	£000	2004-05 £000
Increase/decrease in provision for future payments:		
Clinical negligence	623	(216)
Personal injury	245	11
All other losses and special payments	13	14
Defence legal fees and other administrative costs	46	49
Gross increase/decrease in provision for future payments	927	(142)
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	0	0
Less: income received/ due from Welsh Risk Pool	(723)	(49)
Total charge	204	(191)

Personal injury includes £NIL in respect of permanent injury benefits

* Contribution to Welsh Risk Pool not payable directly by Trusts from 01.04.04

5.3 Commitments under non-cancellable operating leases

	Land and buildings		Other leases	
	£000	2004-05 £000	£000	2004-05 £000
Operating leases which expire:				
Within 1 year	0	0	0	0
Between 1 and 5 years	0	0	0	0
After 5 years	39	39	0	0
Total	39	39	0	0

Operating expenses include £39340 for operating lease rentals (2004-05 £39340).

5.4 Directors' remuneration

	Remuneration as Director £000	Other remuneration £000	Total £000	2004-05 £000
Non-executive directors' remuneration	101	0	101	75
Executive directors' remuneration:				
basic salaries	330	174	504	443
benefits	3	2	5	4
performance related bonuses	0	0	0	0
pension contributions paid	46	24	70	62
Sub-total	480	200	680	584
Compensation for loss of office	0	0	0	0
Pensions for directors and former directors (other than from the NHS pension scheme)	0	0	0	0
Total	480	200	680	584

No performance related bonuses were paid to any Director of the Trust during the financial year 2005-06.

5.4 Directors' remuneration (continued):

The remuneration of the chairman, chief executive and (where the chief executive is not the highest paid member) the highest paid director is as follows:

	Remuneration as director £000	Other remuneration £000	Total £000	2004-05 £000
Chairman				
Basic remuneration	41	0	41	35
Benefits	5	0	5	5
	46	0	46	40
Chief Executive				
Basic salaries	101	0	101	106
Benefits	2	0	2	1
Performance related bonuses	0	0	0	0
	103	0	103	107
Pension contributions	14	0	14	15
	117	0	117	122
Highest paid director*				
Basic salaries	9	174	183	135
Benefits	0	2	2	2
Performance related bonuses	0	0	0	0
	9	176	185	137
Pension contributions	1	24	25	19
Total	10	200	210	156

6. Employee costs and numbers

6.1 Employee costs	Permanent Staff	Staff on inward secondment	Agency temporary and contract staff	Total	2004-05
	£000	£000	£000	£000	£000
Salaries and wages	65,375	1,988	1,935	69,298	64,110
Social security costs	5,061	0	0	5,061	4,232
Pension costs	8,126	0	0	8,126	7,180
Other pension costs	0	0	0	0	0
Total	78,562	1,988	1,935	82,485	75,522

6.2 Average number of employees

	Permanent Staff	Staff on inward secondment	Agency temporary and contract staff	Total	2004-05
	Number	Number	Number	Number	Number
Medical and dental	165	12	16	193	171
Ambulance staff	0	0	0	0	0
Administrative and estates	912	24	29	965	890
Healthcare assistants and other support staff	55	0	0	55	76
Nursing, midwifery and health visiting staff	300	0	7	307	292
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and technical staff	544	1	1	546	563
Social care staff	0	0	0	0	0
Other	313	1	0	314	309
Total	2,289	38	53	2,380	2,301

6.3 Employee benefits

The Trust does not have an employee benefit scheme.

6.4 Trust management costs

			2004-05	
	£000	Percentage of total income	£000	Percentage of total income
Trust management costs	4,818	3.3%	4,277	3.0%
Income	148,010		143,020	

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

6.5 Retirement costs due to ill-health

During 2005-06 (prior year 2004-05) there were 3 (8) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £286,801.37 (£386,241.75).

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

The Assembly requires that Trusts pay all their trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The Assembly has set as part of the Trust financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery or receipt of a valid invoice, whichever is the sooner.

	Number	£000	2004-05 £000
NHS			
Total bills paid 2005-06	1,140	8,549	15,282
Total bills paid within target	1,004	7,269	13,410
Percentage of bills paid within target	88.1%	85.0%	87.8%
Non-NHS			
Total bills paid 2005-06	52,624	71,338	61,034
Total bills paid within target	51,726	69,902	57,895
Percentage of bills paid within target	98.3%	98.0%	94.9%
Total			
Total bills paid 2005-06	53,764	79,887	76,316
Total bills paid within target	52,730	77,171	71,305
Percentage of bills paid within target	98.1%	96.6%	93.4%

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

	2004-05
	£
Amounts included within Interest Payable (note 9) arising from claims made under this legislation and compensation paid to cover debt recovery costs.	0

8. Profit (loss) on disposal of fixed assets

Profit / (loss) on the disposal of fixed assets is made as follows:

	£000	2004-05 £000
Profit on disposal of land and buildings	0	0
Loss on disposal of land and buildings	0	0
Profit on disposal of plant and equipment		0
Loss on disposal of plant and equipment	0	0
Profit on disposal of intangible fixed assets	0	0
Loss on disposal of intangible fixed assets	0	0
	<u>0</u>	<u>0</u>

9. Interest payable

	£000	2004-05 £000
Government borrowing	0	0
Finance leases and PFI schemes	0	0
Other	0	0
	<u>0</u>	<u>0</u>

10. Intangible fixed assets

	Software licences £000	Licenses and trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross cost at 1 April	0	0	0	0	0
Indexation	0	0	0	0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Other revaluations	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Gross cost at 31 March	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Accumulated amortisation at 1 April	0	0	0	0	0
Indexation	0	0	0	0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Other revaluations	0	0	0	0	0
Provided during the year	0	0	0	0	0
Disposals	0	0	0	0	0
Accumulated amortisation at 31 March	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net book value at 1 April	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net book value at 31 March	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

11. Tangible fixed assets

11.1 Tangible assets at the balance sheet date:

Cost or valuation	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
At 1 April 2005	10,644	33,058	109	2,338	23,326	1,058	4,037	1,066	75,636
Indexation	497	569	2	46	492	22	0	22	1,650
Additions									
- purchased	0	2,422	0	244	1,333	71	705	113	4,888
- donated	0	0	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	1,064	0	(2,384)	1,320	0	0	0	0
Impairments	0	0	0	0	(31)	0	(240)	0	(271)
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(2,111)	0	(368)	0	(2,479)
At 31 March 2006	11,141	37,113	111	244	24,329	1,151	4,134	1,201	79,424
Depreciation									
At 1 April 2005	0	2,491	4	0	14,466	741	1,821	839	20,362
Indexation									
- purchased	0	43	0	0	305	16	0	18	382
- donated	0	0	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	(23)	0	(159)	0	(182)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(2,111)	0	(368)	0	(2,479)
Provided during the year	0	1,087	0	0	1,866	116	621	50	3,740
At 31 March 2005	0	3,621	4	0	14,503	873	1,915	907	21,823
Net book value at 1 April 2005	10,644	30,567	105	2,338	8,860	317	2,216	227	55,274
Net book value at 31 March 2006	11,141	33,492	107	244	9,826	278	2,219	294	57,601
Net book value of assets held under finance leases and hire purchase contracts									
Total	0	0	0	0	0	0	0	0	0
The total amount of depreciation charged in the Income and Expenditure account in respect of assets held under finance leases and hire purchase contracts:									
Total	0	0	0	0	0	0	0	0	0

Of the totals at 31 March 2006, £nil related to land valued at open market value and £nil related to buildings, installations and fittings valued at open market value.

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

11.2 Fixed asset investments at the balance sheet included in fixed assets comprise:

The Trust had no fixed asset investments at the balance sheet date.

	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2005	0	0	0	0	0	0	0	0	0
Indexation	0	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0
At 31 March 2006	0	0	0	0	0	0	0	0	0

11.3 The net book value of land and buildings at the balance sheet date comprise:	31 March 2005	
	£000	£000
Freehold	43,702	40,219
Long leasehold	1,038	1,097
Short leasehold	0	0
Total	44,740	41,316

12. Stocks and work-in-progress	31 March 2005	
	£000	£000
Raw materials and consumables	1,742	2,188
Work-in-progress	0	0
Finished processed goods	0	0
Total	1,742	2,188

13. Debtors	31 March 2005	
	£000	£000
Amounts falling due within one year:		
Welsh Risk Pool	619	49
NHS debtors	6,650	9,249
PDC dividend debtors	0	0
Other debtors	2,226	1,911
Provision for irrecoverable debts	0	0
Other prepayments and accrued income	2,690	1,496
Sub-total	12,185	12,705
Amounts falling due after more than one year:		
Welsh Risk Pool	0	10
NHS debtors	0	0
Other prepayments and accrued income	0	0
Other debtors	0	0
Sub-total	0	10
Total	12,185	12,715

14. Investments

	31 March 2005	
	£000	£000
Government securities	0	0
Local authorities	0	0
Other	0	0
Total	0	0

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

	31 March 2005	
	£000	£000
Amounts falling due within one year:		
Bank overdrafts	0	0
Interest payable	0	0
Loan advance/brokerage	0	0
Payments received on account	0	0
NHS creditors	2,802	3,460
Non-NHS trade creditors - revenue	3,635	5,051
Non-NHS trade creditors - capital	138	103
Non-NHS trade creditors - losses and special payments	0	0
Tax and social security costs	0	1,469
PDC dividend payable	96	10
Obligations under finance leases and hire purchase contracts	0	0
Obligations under PFI schemes	0	0
Other creditors - superannuation	0	2
Other creditors - all other creditors	0	1,605
Accruals	3,418	2,624
Deferred income	673	0
Sub-total	10,762	14,324
Amounts falling due after more than one year:		
Loan advance/brokerage	0	0
Obligations under finance leases and hire purchase contracts	0	0
Obligations under PFI schemes	0	0
NHS creditors	0	0
Non-NHS trade creditors - losses and special payments	0	0
Deferred income	0	0
Other	0	0
Sub-total	0	0
Total	10,762	14,324

NHS creditors include:

£nil for payments due in future years under arrangements to buy out the liability for early retirements over 5 instalments; and
£nil outstanding pensions contributions at 31 March 2006 (44825.35 at 31 March 2005).

15.2 Loan advance/strategic assistance funding

31 March

2005

Amounts falling due:**£000****£000**

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

Details of loan/brokerage:

The Trust has no loans/brokerage.

15.3 Finance lease obligations

31 March

2005

Payable:**Total****£000****£000**

Within one year	0	0
Between one and two years	0	0
Between two and five years	0	0
After five years	0	0
Sub-total	<u>0</u>	<u>0</u>
Less finance charges allocated to future periods	0	0
Total	<u>0</u>	<u>0</u>

15.4 Finance lease commitments

The Trust has no finance lease commitments.

16. Provisions for liabilities and charges

	At 1 April 2005 £000	Structured settlement cases trans- ferred to Risk Pool £000	Transfer of prov- isions to creditors £000	Arising during the year £000	Reversed unused £000	Utilised during the year £000	Unwinding of discount £000	At 31 March 2006 £000
Clinical negligence	122	0	0	639	(16)	(26)		719
Personal injury	14	0	0	246	(1)	(142)		117
All other losses and special payments	0	0	0	13		(13)	0	0
Defence legal fees and other administration	73	0	0	68	(22)	(51)		68
Sub-total	209	0	0	966	(39)	(232)	0	904
Pensions relating to:								
former directors	0			0	0		0	0
other staff	428			140	(59)	(72)	0	437
Restructurings	0			0	0	0		0
Other	0			2,174	0	0		2,174
Total	637	0	0	3,280	(98)	(304)	0	3,515

Expected timing of cash flows:

	Between			Totals
	Within 1 year £000	2 and 5 years £000	After 5 years £000	£000
Clinical negligence	719	0	0	719
Personal injury	117	0	0	117
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	68	0	0	68
Pensions - former directors	0	0	0	0
Pensions - other staff	23	96	318	437
Restructuring	0	0	0	0
Other	2,174	0	0	2,174
Total	3,101	96	318	3,515

£55,478 of the provision movement relates to the change in discount rate from 3.5% to 2.2% on the 1 April 2005.

AGENDA FOR CHANGE

Included in the 2005/2006 Accounts is a provision of £2,174,000 to reflect the expected costs relating to the Agenda for Change initiative which provides nationally agreed new standardised pay scales for most staff working in the NHS (Medical and Dental and some very senior staff are the main exclusions). The accruals/provisions reflect the cost of these additional charges for the period 1.10.2004 (effective date) to 31.3. 2006, which have not yet been paid to staff. To ensure a consistent approach has been adopted, an All Wales Group was set up (with Wales Audit Office participation) to agree common principles and calculation templates to be used to ensure the integrity of the work, where Trusts have not fully assimilated all staff.

17. Movements on reserves

Movements on reserves in the year comprised the following:

	Revaluation reserve £000	Donated asset reserve £000	Govern- ment grant reserve £000	Other reserves £000	Income & expenditure reserve £000	Total £000
At 1 April 2005 as previously stated	21,202	3,857	0	0	2,857	27,916
Prior period adjustment					0	0
At 1 April 2005 as restated	21,202	3,857	0	0	2,857	27,916
Transfer from income and expenditure account					(172)	(172)
Impairments	(12)	0	0			(12)
Surplus (deficit) on revaluation / indexation of fixed assets	1,201	67	0			1,268
Transfer of realised profits/ (losses)	0	0	0		0	0
Receipt of donated/government granted assets		0	0			0
Depreciation, impairment and disposal of donated/government granted assets		(466)	0			(466)
Other transfers between reserves	0	0	0	0	0	0
Other reserve movements				0		0
At 31 March 2006	22,391	3,458	0	0	2,685	28,534

18. Notes to the cash flow statement

18.1 Reconciliation of operating surplus to net cash inflow from operating activities:	£000	2004-05 £000
Total operating surplus/(deficit)	1,395	1,375
Depreciation charge	3,740	3,882
Fixed asset impairment and reversals	78	0
Transfer from the donated asset reserve	(466)	(523)
Transfer from the government grant reserve	0	0
(Increase)/decrease in stocks	446	(246)
(Increase)/decrease in debtors	530	2,949
Increase/(decrease) in creditors	(3,684)	(4,069)
Increase/(decrease) in provisions	2,878	(78)
Net cash inflow from operating activities before restructuring costs	4,917	3,290
Payments in respect of fundamental reorganisation/restructuring	0	0
Net cash inflow from operating activities	4,917	3,290

18.2 Reconciliation of net cash flow to movement in net debt	£000	2004-05 £000
Increase/(decrease) in cash in the period	0	(82)
Cash inflow from new debt	0	(2,000)
Cash inflow from loan advance/brokerage	0	0
Cash outflow from debt repaid and finance lease capital payments	0	2,000
Cash (inflow)/outflow from (decrease)/increase in liquid resources	0	0
Change in net debt resulting from cash flows	0	(82)
Non-cash changes in debt	0	0
Net debt at 1 April	1,374	1,456
Net debt at 31 March	1,374	1,374

18.3 Analysis of changes in net debt

	At 1 April 2005 £000	Cash flows £000	Non-cash changes £000	At 31 March 2006 £000
Cash at OPG bank	1,347	955		2,302
Cash at commercial bank and in hand	27	(955)		(928)
Bank overdrafts	0	0		0
Debt due within one year	0	0	0	0
Debt due after one year	0	0	0	0
Debt due from loan advance/brokerage	0	0	0	0
Finance leases	0	0	0	0
Current asset investments	0	0	0	0
	1,374	0	0	1,374

19. Capital commitments

Commitments under capital expenditure contracts at the balance sheet date were £ 276,000 (and in 2004-05 were £3,150,000).

20. Post balance sheet events

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

21. Contingencies**Contingent Liabilities**

Provision has not been made in the 2005-06 accounts for the following amounts:

	£000	31 March 2005 £000
Legal claims for alleged medical or employer negligence	112	126
Doubtful debts	0	0
Other	0	0
Total value of disputed claims	112	126
Amount recovered under insurance arrangements in the event of these claims being successful	0	(10)
Net contingent liability	112	116

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

Contingent assets

The following contingent assets have not been recognised in the accounts.

22. Losses and special payments

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

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

Gross loss to the Exchequer

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

	Amounts paid out in year		Approved to write-off in year	
	Number	£	Number	£
Clinical negligence	2	26,465	1	3,465
Personal injury	3	142,139	3	147,055
All other losses and special payments	37	12,752	35	12,624
Total	42	181,356	39	163,144

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

	Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Cases exceeding £250,000			
Include case reference	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
Sub-total	0	0	0
All other cases	181,356	278,137	163,144
Total cases	181,356	278,137	163,144

23.1 Movements in Government funds

2004-05

	£000	£000
Surplus/(deficit) for the financial year	1,657	1,698
Public dividend capital dividends	(1,829)	(1,694)
Subtotal	(172)	4
Gains/(losses) from revaluation/indexation of purchased fixed assets	1,201	3,007
Impairment of fixed assets	(12)	0
New public dividend capital	1,417	1,797
Public dividend capital repaid	0	0
Public dividend capital repayable	0	0
New loans from Government	0	2,000
Government loans repaid	0	(2,000)
Transfers from the donated asset reserve	0	0
Additions to/ transfers from the government grant reserve	0	0
Addition/(reduction) in other reserves	0	0
Net addition/(reduction) to Government funds	2,434	4,808
Opening Government funds at 1 April	52,733	47,925
Before deducting prior period adjustment of	0	0
Closing Government funds	55,167	52,733

23.2 Movements in public dividend capital

2004-05

	£000	£000
At 1 April 2005	28,674	26,877
New PDC issued in year	1,417	1,797
PDC due but not issued	0	0
PDC repaid in year	0	0
PDC repayable	0	0
At 31 March 2006	30,091	28,674

24. Financial performance targets

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

24.1 Breakeven	£'000
Target retained surplus	0
Actual retained surplus/(deficit)	(172)
Variance	(172)

Although the Trust had a deficit of £172,000 in 2005-06 it is deemed to have broken even.

This break even duty was met, in line with Welsh Assembly Circular WHC (2004) 034, in that the deficit was within the materiality threshold of the lesser amount of £0.5 million or 0.5% of the trusts operating income for the year.

As at the end of June 2006 the Financial Strategy 2006/07 has yet to be finalised. A number of outstanding issues remain, particularly around the level of income expected from Local Health Boards and Health Commission Wales. Notwithstanding these income issues the Trust faces a challenging financial environment with the requirement of significant savings to achieve financial balance in 2006/07. The Trust is committed to finalise the Financial Strategy 2006/07 by the July Trust Board meeting.

24.2 External financing	31 March		
The Trust is given an external financing limit which it is permitted to undershoot	2005		
	£000	£000	£000
External financing limit set by the Assembly		1,417	1,906
Cash flow financing	1,417		1,879
Finance leases taken out in the year	0		0
Other capital receipts	0		0
External financing requirement		1,417	1,879
Undershoot (overshoot)		0	27

The Trust has achieved its external financing limit.

24.3 Creditor payment

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

Total number of non-NHS bills paid 2005-06	52,624
Total number of non-NHS bills paid within target	51,726
Percentage of non-NHS bills paid within target	98.3%

The Trust has met the target.

n

s

25. Related Party transactions

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

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

Income received

Welsh Assembly Government	£	39,990,899
Health Commission Wales	£	41,580,300
Cardiff LHB	£	8,215,728
RCT LHB	£	4,599,116
Caerphilly LHB	£	3,366,556
Vale of Glamorgan LHB	£	3,304,253
Bridgend LHB	£	2,534,797
Newport LHB	£	2,508,452
Torfaen LHB	£	1,850,766
Monmouthshire LHB	£	1,729,331
Blaenau Gwent LHB	£	1,572,202

Cardiff & Vale NHS Trust £10,503,985 income received and £3,369,316 payments made

Swansea NHS Trust £2,858,912 income received and £1,986,717 payments made

Gwent Healthcare NHS Trust £1,130,716 income received and £3,407,203 payments made

Bro-Morgannwg NHS Trust £1,392,864.27 income received and £2,357,852.27 payments made

Also various Local healthboards and Trusts throughout Wales

Cardiff University income £1,738,439.89 received and £1,550,266.08 payments made

The Trust also received revenue and capital payments from a number of charitable funds.

Velindre NHS Trust acts as a principal /agent in relation to financial transactions (£334,109.29) for Cancer Research Wales which is a long established local charity supporting specific research projects at Velindre NHS Trust

Velindre Charitable funds held on Trust reimbursed the Trust £297,891.84 during this Financial year

Other charities support specific patients (Macmillan, MarieCurie, Latch and Tenovus)

26. Other/ Private finance transactions

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

27. Third party assets

The Trust has no Third Party Assets.

The Trust held £nil cash at bank and in hand at 31 March 2006 (31 March 2005: £nil) which relates to monies held by the Trust on behalf of patients.

28. Financial instruments

FRS 13, 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, the 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 FRS 13 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.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than the currency profile. Provisions are shown gross. Any amount expected in reimbursement against a provision and included in debtors, is separately disclosed.

Liquidity Risk

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

Interest-rate risks

0% of the Trust's financial assets and 0% of its financial liabilities carry nil or fixed rates of interest. The NHS Trust is not, therefore, exposed to significant interest-rate risk.

Foreign currency risk

The NHS Trust have no/negligible foreign currency income or expenditure.