

Abertawe Bro Morgannwg University Local Health Board

FOREWORD

These accounts have been prepared by the Local Health Board under schedule 9 section 178 Para 3(1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers have, with the approval of the Treasury, directed.

Statutory background

The Local Health Board was established on 1 October 2009 following the merger of Abertawe Bro Morgannwg University NHS Trust and Swansea, Bridgend and Neath Port Talbot Local Health Boards

All the bodies which were in existence have prepared a set of statutory accounts for their final six month period from 1 April 2009 to 30 September 2009.

The LHB is required to prepare a set of accounts for the accounting year 2009-10 in accordance with the HM Treasury's Financial Reporting Manual Section 4.2.18 on a merger accounting basis. This requires the account to be prepared as if the new LHB had existed in its post 1 October 2009 configuration for the full 12 month period and for prior period comparators to be reported with these accounts.

Performance Management and Financial Results

Local Health Boards in Wales must comply fully with the Treasury's Financial Reporting Manual to the extent that it is applicable to them. As a result the Primary Statement of in-year income and expenditure is the Operating Cost Statement, which shows the net operating cost incurred by the LHB which is funded by the Assembly. This funding is allocated on receipt directly to the General Fund in the Balance Sheet.

The statutory duty for Local Health Boards is enacted in the National Health Service (Wales) Act 2006. Net Operating Costs incurred by Local Health Boards should not exceed their allocated Resource Limit.

The primary performance measure for Local Health Boards is the Achievement of Operational Financial Balance on page 2. This note compares net operating costs expended against Resource Limits allocated by the Assembly and measures whether operational financial balance has been achieved in year.

Operating Cost Statement for the year ended 31 March 2010

	Note	2009-10 £'000	2008-09 £'000
Expenditure on Primary Healthcare Services	3.1	223,195	216,245
Expenditure on healthcare from other providers	3.2	91,383	82,292
Expenditure on Hospital and Community Health Services	3.3	921,241	849,849
		<u>1,235,819</u>	<u>1,148,386</u>
Less: Miscellaneous Income	4	414,067	412,699
LHB net operating costs before interest and other gains and losses		821,752	735,687
Investment Income	8	123	2,598
Other (Gains) / Losses	9	43	78
Finance costs	10	14,371	21,064
Net operating costs for the financial year		836,043	754,231

Achievement of Operational Financial Balance

The LHBs performance for the year ended 31 March 2010 is as follows:

	2009-10 £000
Net operating costs for the financial year	836,043
Less Non-discretionary expenditure	2,351
Less Revenue consequences of Bringing PFI schemes onto SoFP	1,273
Net operating costs less non-discretionary expenditure and revenue consequences of PFI	832,419
Revenue Resource Limit	832,487
Under / (over) spend against Revenue Resource Limit	68

The notes on pages 2 to 58 form part of these accounts

Statement of Financial Position as at 31 March 2010

	Notes	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Non-current assets				
Property, plant and equipment	11	515,743	520,573	516,008
Intangible assets	12	11,062	10,678	6,892
Trade and other receivables	15	54,512	19,093	15,716
Other financial assets	19	0	0	0
Other assets	20	0	0	0
Total non-current assets		581,317	550,344	538,616
Current assets				
Inventories	14	11,867	10,540	9,103
Trade and other receivables	15	43,149	65,589	61,590
Other financial assets	19	0	0	1
Other current assets	20	3,604	4,133	6,476
Cash and cash equivalents	18	2,902	24,444	22,644
		61,522	104,706	99,814
Non-current assets classified as "Held for Sale"	11	865	334	90
Total current assets		62,387	105,040	99,904
Total assets		643,704	655,384	638,520
Current liabilities				
Trade and other payables	16	110,082	94,540	66,355
Other financial liabilities	22	0	0	0
Provisions	17	39,454	50,315	48,121
Other liabilities	21	0	0	21,843
Total current liabilities		149,536	144,855	136,319
Net current assets/ (liabilities)		(87,149)	(39,815)	(36,415)
Non-current liabilities				
Trade and other payables	16	63,896	67,055	68,572
Other financial liabilities	22	0	0	0
Provisions	17	58,882	26,724	18,573
Other liabilities	21	0	0	0
Total non-current liabilities		122,778	93,779	87,145
Total assets employed		371,390	416,750	415,056
Financed by :				
Taxpayers' equity				
General Fund		348,366	399,294	408,556
Revaluation reserve		17,558	12,284	199
Donated asset reserve		5,318	5,172	5,688
Government grant reserve		148	0	613
Total taxpayers' equity		371,390	416,750	415,056

The financial statements on pages 2 to 6 were approved by the Board on 29 th June 2010 and signed on its behalf by:

Chief Executive.....



Date 29/6/10

The notes on pages 2 to 58 form part of these accounts

**Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2010**

	General Fund £000s	Revaluation reserve £000s	Donated asset reserve £000s	Government grant reserve £000s	Total reserves £000s
Changes in taxpayers' equity for 2009-10					
Balance at 1 April 2009	399,294	12,284	5,172	0	416,750
Net operating cost for the year	(836,043)				(836,043)
Net gain/(loss) on revaluation of property, plant and equipment	0	626	810	0	1,436
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0	0	0
Impairments and reversals	0	4,655	0	0	4,655
Receipt / (disposal) of donated or government granted assets	0	0	156	150	306
Movements in other reserves	0	0	0	0	0
Release of reserves to OCS	0	0	(820)	(2)	(822)
Non-cash charges - cost of capital	3,978				3,978
Transfers between reserves	7	(7)	0	0	0
Transfers to/(from) other bodies within the Resource Accounting boundary	0	0	0	0	0
Total recognised income and expense for 2009-10	(432,764)	17,558	5,318	148	(409,740)
Net Assembly funding	781,130				781,130
Balance at 31 March 2010	348,366	17,558	5,318	148	371,390

The notes on pages 7 to 58 form part of these accounts

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

	General Fund £000s	Revaluation reserve £000s	Donated asset reserve £000s	Government grant reserve £000s	Total reserves £000s
Balance at 31 March 2008	408,556	199	5,688	613	415,056
Changes in accounting policy	0	0	0	0	0
Restated balance at 1 April 2008	408,556	199	5,688	613	415,056
Changes in taxpayers' equity for 2008-09					
Net operating cost for the year	(754,231)				(754,231)
Net gain/(loss) on revaluation of property, plant and equipment	0	12,078	171	0	12,249
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0	0	0
Impairments and reversals	0	0	0	0	0
Receipt / (disposal) of donated or government granted assets	0	0	113	0	113
Movements in other reserves	23	0	0	0	23
Release of reserves to OCS	0	0	(800)	(613)	(1,413)
Non-cash charges - cost of capital	(1,551)				(1,551)
Transfers between reserves	(7)	7	0	0	0
Transfers to/(from) other bodies within the Resource Accounting boundary	0	0	0	0	0
Total recognised income and expense for 2008-09	(755,766)	12,085	(516)	(613)	(744,810)
Net Assembly funding	746,504				746,504
Balance at 31 March 2009	399,294	12,284	5,172	0	416,750

The notes on pages 2 to 58 form part of these accounts

Statement of Cash flows for year ended 31 March 2010

		2009-10	2008-09
		£'000	£'000
Cash Flows from operating activities	notes		
Net operating cost before interest		(821,752)	(735,687)
Movements in Working Capital	35	1,672	(2,834)
Other cash flow adjustments	36	105,503	58,642
Provisions utilised	17	(15,978)	(9,541)
Interest paid		(5,229)	(5,118)
Net cash outflow from operating activities		(735,784)	(694,538)
Cash Flows from investing activities			
Purchase of property, plant and equipment		(62,725)	(46,571)
Proceeds from disposal of property, plant and equipment		459	50
Purchase of intangible assets		(4,762)	(4,363)
Proceeds from disposal of intangible assets		0	0
Payment for other financial assets		0	0
Proceeds from disposal of other financial assets		0	0
Payment for other assets		0	0
Proceeds from disposal of other assets		0	0
Interest received		140	2,734
Rental Income		0	0
Net cash inflow/(outflow) from investing activities		(66,888)	(48,150)
Net cash inflow/(outflow) before financing		(802,672)	(742,688)
Cash flows from financing activities			
Welsh Assembly Government funding (including capital)		781,130	746,504
Capital receipts surrendered		0	(0)
Capital grants received		0	0
Capital element of payments in respect of finance leases and on-SoFP		0	(2,016)
Cash transferred (to)/ from other NHS bodies		0	0
Net financing		781,130	744,488
Net increase/(decrease) in cash and cash equivalents		(21,542)	1,800
Cash and cash equivalents at 1 April 2009		24,444	22,644
Cash and cash equivalents at 31 March 2010		2,902	24,444

The notes on pages 2 to 58 form part of these accounts

Notes to the Accounts

1. Accounting policies

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

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income and funding

The main source of funding for the Local Health Boards are allocations (Assembly Funding) from the Welsh Assembly Government within an approved cash limit, which is credited to the General Fund of the Local Health Board. Assembly funding is recognised in the financial period in which the cash is received.

Non discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Assembly Government. Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.

Funding for the acquisition of fixed assets received from the Welsh Assembly Government is credited to the general fund.

- Miscellaneous income is income which relates directly to the operating activities of the Local Health Board and is not funded directly by the Welsh Assembly Government. This includes payment for services uniquely provided by the LHB for the Welsh Assembly Government such as funding provided to agencies and non-activity costs incurred by the LHB in its provides role. Income received from LHBs transacting with other LHBs is always treated as miscellaneous income.

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

1.4 Employee benefits

Short-term employee benefits

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

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

Retirement benefit costs

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

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

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

1.5 Other expenses

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

1.6 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

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

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

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

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

Subsequent expenditure

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

1.7 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the LHBs 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 LHB; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

Freehold land and properties under construction are not depreciated.

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

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

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

1.9 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.10 Donated assets

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

1.11 Government grants

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

1.12 Non-current assets held for sale

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

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

1.13 Leases

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

1.13.1 The Local Health Board as lessee

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

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

1.13.2 The health board as lessor

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

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

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

1.14 Inventories

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

1.15 Cash and cash equivalents

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

1.16 Provisions

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

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

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

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

1.17 Clinical negligence costs

The Welsh Risk Pool operates a risk pooling scheme which is paid for by top sliced allocations based on direct invoicing to the Welsh Assembly Government. The Welsh Risk Pool is hosted by Betsi Cadwaladr University Local Health Board.

1.18 Financial assets

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

1.18.1 Financial assets are initially recognised at fair value.

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

1.18.2 Financial assets at fair value through OCS

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 OCS. They are held at fair value, with any resultant gain or loss recognised in the operating cost statement. The net gain or loss incorporates any interest earned on the financial asset.

1.18.3 Held to maturity investments

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

1.18.4 Available for sale financial assets

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

1.18.5 Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques [specify – see IAS 39 AG 74 and following paragraphs]

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

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

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

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

1.19 Financial liabilities

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

1.19.1 Financial liabilities are initially recognised at fair value.

Financial liabilities are classified as either financial liabilities 'at fair value through OCS' or other financial liabilities.

1.19.2 Financial liabilities at fair value through OCS

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

1.19.3 Other financial liabilities

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

1.20 Cost of Capital

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

1.21 Value Added Tax

Most of the activities of the Local Health Board are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.22 Foreign currencies

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

1.23 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the LHB has no beneficial interest in them. Details of third party assets are given in Note 24 to the accounts.

1.24 Losses and Special Payments

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

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

1.25 Pooled budget

The LHB has entered into pooled budget arrangements with the City and County of Swansea, Neath Port Talbot and Bridgend Local Authorities. Under the arrangement funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for Integrated Community Equipment Services and an Assisted Recovery in the Community Service for individuals with mental illness.

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

1.26 Critical Accounting Judgements and key sources of estimation uncertainty

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

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

1.27 Key sources of estimation uncertainty

The following are the 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.

1.28 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The LHB therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs; and
- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

PFI asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the LHBs approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Income Statement.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Income Statement.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the LHBs criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the LHB to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the LHBs Statement of Financial Position.

Other assets contributed by the LHB to the operator

Assets contributed (e.g. cash payments, surplus property) by the LHB to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the LHB, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured at the present value of the minimum lease payments, discounted using the implicit interest rate. It is subsequently measured as a finance lease liability in accordance with IAS 17.

On initial recognition of the asset, the difference between the fair value of the asset and the initial liability is recognised as deferred income, representing the future service potential to be received by the LHB through the asset being made available to third party users.

1.29 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 LHB, 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.

1.30 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.

2. Achievement of Operational Financial Balance

2.1 Revenue Resource Limit

The results reporting whether the LHB has achieved Operational Financial Balance are shown on the face of the Operating Cost Statement.

2009-10 Brought Forward

The Welsh Assembly Government announced that it was making available £37.5m of resource funding to health communities for use on the development of new service models to meet need and tackle the problems with current Continuing Health Care arrangements. The Bridgend LHB share of this funding was £1.586m. Only part of this funding was committed in 2008-09 and £0.500m was returned to the Assembly. In 2009-10 the Assembly repaid the funds in Resource only to Bridgend LHB.

2.2 Capital Resource Limit

2009-10
£000

The LHB is required to keep within its Capital Resource Limit :

Gross capital expenditure	68,846
Add: Loss in respect of disposals of donated assets	0
Less NBV of property, plant and equipment and intangible assets	(502)
Less capital grants	(150)
Less donations	(156)
Charge against Capital Resource Limit	<u>68,038</u>
Capital Resource Limit	<u>68,179</u>
(Over) / Underspend against Capital Resource Limit	<u>141</u>

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2009-10 Total £'000	2008-09 £'000
General Medical Services	69,114		69,114	65,719
Pharmaceutical Services	26,270	(2,968)	23,302	23,598
General Dental Services	29,069		29,069	28,610
General Ophthalmic Services	0	5,320	5,320	4,957
Other Primary Health Care expenditure	5,756		5,756	4,386
Prescribed drugs and appliances	90,634		90,634	88,975
Total	220,843	2,352	223,195	216,245

3.2 Expenditure on healthcare from other providers

	2009-10 £'000	2008-09 £'000
Goods and services from other NHS Wales Health Boards	19,970	0
Goods and services from other NHS Wales Trusts	2,767	15,154
Goods and services from other non Welsh NHS bodies	1,451	1,415
Local Authorities	3,705	2,626
Voluntary organisations	1,911	2,043
NHS Funded Nursing Care	6,777	6,323
Continuing Care	46,524	41,828
Private providers	1,798	2,812
Specific projects funded by the Welsh Assembly Government	0	769
National Public Health Service / Public Health Wales	3,153	3,081
Business Services Centre / Business Services Partnership	3,257	3,322
Other	70	2,919
Total	91,383	82,292

3.3 Expenditure on Hospital and Community Health Services

	2009-10 £'000	2008-09 £'000
Goods and services from other NHS bodies	22,829	7,466
Goods and services from other NHS Foundation Trusts	2,621	0
Goods and services from non-NHS bodies	165	82
Directors' costs	2,489	2,883
Staff costs	536,486	517,906
Supplies and services - clinical	90,098	81,577
Supplies and services - general	8,892	11,218
Consultancy Services	4,259	5,734
Establishment	23,377	18,207
Transport	2,372	5,193
Premises	28,254	27,630
External Contractors	489	575
Depreciation	24,580	27,780
Amortisation	4,556	2,856
Fixed asset impairments and reversals (Property, plant & equipment)	49,213	26,288
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets (by class)	0	0
Capital charge interest	3,978	(1,550)
Audit fees	1,083	701
Other auditors' remuneration	0	1
Losses, special payments and irrecoverable debts	2,588	3,521
Research and Development	0	0
Other operating expenses	112,912	111,781
Total	921,241	849,849

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

	2009-10 £000	2008-09 £000
Increase/(decrease) in provision for future payments:		
Clinical negligence	28,780	10,905
Personal injury	1,262	1,322
All other losses and special payments	124	250
Defence legal fees and other administrative costs	892	1,996
Gross increase/(decrease) in provision for future payments	31,058	14,473
Premium for other insurance arrangements	0	0
Irrecoverable debts	1	4
Less: income received/ due from Welsh Risk Pool	(28,471)	(10,956)
Total	2,588	3,521

Personal injury includes £99k (2008-09 £285k) in respect of permanent injury benefits

4. Miscellaneous Income

	2009-10 £'000	2008-09 £'000
Local Health Boards	74,601	68,710
Health Commission Wales	100,638	98,059
NHS trusts	6,473	5,429
Strategic health authorities and primary care trusts	3,615	2,995
Foundation Trusts	0	0
Local authorities	3,457	1,966
Welsh Assembly Government	141,086	153,737
Non NHS:		
Prescription charge income	8	33
Dental fee income	4,926	4,998
Private patient income	2,788	2,799
Overseas patients (non-reciprocal)	41	82
Injury Costs Recovery (ICR) Scheme	3,232	3,302
Other income from activities	11,734	9,600
Patient transport services	0	0
Education, training and research	24,142	23,651
Charitable and other contributions to expenditure	292	821
Transfer from the donated asset reserve	820	800
Transfer from the government grant reserve	2	613
Non-patient care income generation schemes	1,463	984
Business Services Centre / Business Services Partnership	0	0
Deferred income released to revenue	0	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	270	129
Other income:		
Provision of laundry, pathology, payroll services	598	925
Accommodation and catering charges	3,362	2,643
Mortuary fees	284	253
Staff payments for use of cars	784	287
Business unit (please state)	20,275	20,081
Other	9,176	9,802
Total	414,067	412,699
Other Income Includes		
GP Registrars Income	3,972	
Condition Management Programme Funding (Neath Locality)	806	
Pharmacy and Other Sales Income	911	
Lucentis Funding	924	
Clinical Trial Income	350	
Search Fee Income	274	
Substance Misuse Funding (Swansea Locality)	271	
All Other Income	1,668	
Total	9,176	

5. Employee benefits and staff numbers

5.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2008-09
	£000	£000	£000	£000	£000
Salaries and wages	449,346	164	5,185	454,695	436,820
Social security costs	32,914	10	0	32,924	32,069
Employer contributions to NHS Pension Scheme	52,539	12	0	52,551	51,027
Other pension costs	0	0	0	0	0
Other employment benefits	0	0	0	0	0
Termination benefits	542	0	0	542	0
Total	535,341	186	5,185	540,712	519,916

5.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2008-09
	Number	Number	Number	Number	Number
Medical and dental	1,227	0	17	1,244	1,245
Ambulance staff	0	0	0	0	0
Administrative and estates	2,613	4	15	2,632	2,590
Healthcare assistants and other support staff	3,822	0	7	3,829	3,653
Nursing, midwifery and health visiting staff	4,435	0	33	4,468	4,504
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and technical staff	1,530	0	7	1,537	1,538
Social care staff	0	0	0	0	0
Other	0	0	0	0	20
Total	13,627	4	79	13,710	13,550

5.3. Retirements due to ill-health

During 2009-10 there were 15 early retirements from the LHB 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 £1,639,282.68

5.4 Employee benefits	2009-10	2008-09
	£000	£000
The LHB does not have an employee benefit scheme.	0	0

5.5 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.

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

6. Operating leases

LHB as lessee

[General description of significant leasing arrangements, including:

- the basis on which contingent rent is determined
- the terms of renewal or purchase options and escalation clauses, and
- restrictions imposed by lease arrangements]

Payments recognised as an expense	2009-10	2008-09
	£000	£000
Minimum lease payments	4,788	3,421
Contingent rents	0	0
Sub-lease payments	0	0
Total	4,788	3,421

Total future minimum lease payments

Payable	£000	£000
Not later than one year	874	2,166
Between one and five years	2,955	1,351
After 5 years	921	915
Total	4,750	4,432

Total future sublease payments expected to be received are £

LHB as lessor

[General description of significant leasing arrangements]

Rental revenue	£000	£000
Rent	270	129
Contingent rents	0	0
Total revenue rental	270	129

Total future minimum lease payments

Receivable	£000	£000
Not later than one year	26	14
Between one and five years	205	3
After 5 years	39	112
Total	270	129

Note the difference between payments recognised as an expense and future lease payments relates to operating leases where the lease expired during 2009/10 and has not been renewed.

7. Public Sector Payment Policy - Measure of Compliance

7.1 Prompt payment code - measure of compliance

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

NHS	Number	£000
Total bills paid 2009-10	8,567	550,909
Total bills paid within target	7,759	542,660
Percentage of bills paid within target	90.6%	98.5%
Non-NHS		
Total bills paid 2009-10	420,479	444,397
Total bills paid within target	412,003	430,117
Percentage of bills paid within target	98.0%	96.8%
Total		
Total bills paid 2009-10	429,046	995,306
Total bills paid within target	419,562	972,777
Percentage of bills paid within target	97.8%	97.7%

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

	2009-10	2008-09
	£	£
Amounts included within finance costs (note 10) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
Total	0	0

8. Investment Income

	2009-10 £000	2008-09 £000
Rental revenue :		
PFI Finance lease income	0	0
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	123	2,598
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	123	2,598

9. Other gains and losses

	2009-10 £000	2008-09 £000
Gain/(loss) on disposal of property, plant and equipment	(43)	(78)
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through OCS	0	0
Change in fair value of financial liabilities at fair value through OCS	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	(43)	(78)

10. Finance costs

	2009-10 £000	2008-09 £000
Interest on loans	0	0
Interest on obligations under finance leases	139	154
Interest on obligations under PFI contracts		
main finance cost	3,822	3,943
contingent finance cost	1,113	937
Interest on late payment of commercial debt	0	0
Provisions unwinding of discount	155	135
Other interest expense	0	0
Total interest expense	5,229	5,169
PDC dividends payable	9,142	15,895
Other finance costs	0	0
Total	14,371	21,064

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2009	68,734	405,976	17,208	20,493	84,736	994	7,846	896	606,883
Indexation	0	0	0	0	1,645	19	0	17	1,681
Additions - purchased	115	4,376	0	45,011	8,380	36	4,885	904	63,707
Additions - donated	0	17	0	0	102	0	0	0	119
Additions - government granted	0	30	0	0	0	0	40	11	81
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	25,566	0	(25,566)	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Impairments	(48)	(16,032)	(146)	0	0	0	0	0	(16,226)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	(9,742)	(44,456)	(2,706)	0	0	0	0	0	(56,904)
Reclassified as held for sale	(718)	(292)	0	0	0	0	0	0	(1,010)
Disposals	0	0	0	0	(2,505)	(6)	(33)	(9)	(2,553)
At 31 March 2010	58,341	375,185	14,356	39,938	92,358	1,043	12,738	1,819	595,778
Depreciation at 1 April 2009	0	28,570	891	0	52,061	628	3,983	177	86,310
Indexation	0	0	0	0	1,011	12	0	3	1,026
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	(28,297)	(891)	0	0	0	0	0	(29,188)
Impairments	0	(170)	(7)	0	0	0	0	0	(177)
Reversal of impairments	0	(1)	0	0	0	0	0	0	(1)
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(2,467)	(6)	(33)	(9)	(2,515)
Provided during the year	0	13,636	337	0	9,437	77	988	105	24,580
At 31 March 2010	0	13,738	330	0	60,042	711	4,938	276	80,035
Net book value at 1 April 2009	68,734	377,406	16,317	20,493	32,675	366	3,863	719	520,573
Net book value at 31 March 2010	58,341	361,447	14,026	39,938	32,316	332	7,800	1,543	515,743
Net book value at 31 March 2010 comprises :									
Purchased	58,341	357,081	14,026	39,938	31,327	319	7,762	1,531	510,325
Donated	0	4,278	0	0	989	13	0	12	5,292
Government Granted	0	88	0	0	0	0	38	0	126
	58,341	361,447	14,026	39,938	32,316	332	7,800	1,543	515,743
Asset financing :									
Owned	56,341	305,901	14,026	39,938	30,027	332	7,800	1,543	455,908
Held on finance lease	0	0	0	0	2,289	0	0	0	2,289
On-SoFP PFI contracts	2,000	55,546	0	0	0	0	0	0	57,546
PFI residual interests	0	0	0	0	0	0	0	0	0
	58,341	361,447	14,026	39,938	32,316	332	7,800	1,543	515,743

The net book value of land, buildings and dwellings at 31 March 2009 comprises :

	£000
Freehold	457,120
Long Leasehold	58,623
Short Leasehold	0
	515,743

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2008	80,880	379,395	16,422	23,028	74,033	1,031	4,816	162	579,767
Indexation	100	10,901	493	691	2,207	31	0	5	14,428
Additions - purchased	184	7,297	293	26,904	9,578	124	2,473	681	47,534
Additions - donated	0	13	0	0	100	0	0	0	113
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	8,366	0	(30,130)	4,752	0	566	48	(16,398)
Revaluations	0	0	0	0	0	0	0	0	0
Impairments	(12,275)	0	0	0	0	0	0	0	(12,275)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	81	0	0	0	0	0	0	81
Reclassified as held for sale	(155)	(246)	0	0	0	0	0	0	(401)
Disposals	0	0	0	0	(5,940)	(192)	(9)	0	(6,141)
At 31 March 2009	68,734	405,807	17,208	20,493	84,730	994	7,846	896	606,708
Depreciation at 1 April 2008	0	12,931	350	0	46,131	705	3,487	155	63,759
Indexation	0	448	11	0	1,382	21	0	4	1,866
Reclassifications	0	(6)	0	0	2	0	4	0	0
Revaluations	0	(364)	0	0	0	0	0	0	(364)
Impairments	0	(718)	0	0	0	0	0	0	(718)
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
Reclassified as held for sale	0	(175)	0	0	0	0	0	0	(175)
Disposals	0	0	0	0	(5,823)	(181)	(9)	0	(6,013)
Provided during the year	0	16,284	530	0	10,368	79	501	18	27,780
At 31 March 2009	0	28,400	891	0	52,060	624	3,983	177	86,135
Net book value at 1 April 2008	80,880	366,464	16,072	23,028	27,902	326	1,329	7	516,008
Net book value at 31 March 2009	68,734	377,407	16,317	20,493	32,670	370	3,863	719	520,573
Net book value at 31 March 2009 comprises :									
Purchased	68,734	373,734	16,317	20,493	31,189	354	719	0	511,540
Donated	0	3,673	0	0	1,481	16	0	0	5,170
Government Granted	0	0	0	0	0	0	0	0	0
	68,734	377,407	16,317	20,493	32,670	370	719	0	516,710
Asset financing :									
Owned	67,034	325,662	16,317	20,493	30,186	370	0	0	460,062
Held on finance lease	0	0	0	0	2,484	0	0	0	2,484
On-SoFP PFI contracts	1,700	51,745	0	0	0	0	0	0	53,445
PFI residual interests	0	0	0	0	0	0	0	0	0
	68,734	377,407	16,317	20,493	32,670	370	0	0	515,991

The net book value of land, buildings and dwellings at 31 March 2009 comprises :

	£000
Freehold	407,895
Long Leasehold	54,563
Short Leasehold	0
	462,458

11. Property, plant and equipment (continued)

11.2 Non-current assets held for sale	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2009	245	89	0	0	0	334
Plus assets classified as held for sale in the year	718	292	0	0	0	1010
Less assets sold in the year	(464)	0	0	0	0	(464)
Less impairment of assets held for sale	(18)	(264)	0	0	0	(282)
Plus reversal of impairment of assets held for sale	92	175	0	0	0	267
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2010	<u>573</u>	<u>292</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>865</u>
Balance brought forward 1 April 2008	90	0	0	0	0	90
Plus assets classified as held for sale in the year	155	89	0	0	0	244
Less assets sold in the year	0	0	0	0	0	0
Less impairment of 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 carried forward 31 March 2009	<u>245</u>	<u>89</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>334</u>

The following assets previously held as non current assets held for sale were sold during the period:

1. Clydach Health Centre sold April 2009
2. Cefn Park Clinic sold September 2009

The following assets were classified as non current assets held for sale during the period:

1. 267 New Road, Porthcawl
2. Port Talbot Health Centre
3. Dew Road Clinic, (sold November 2009)
4. Baglan Clinic
5. Pencoed Clinic
6. Cowbridge Health Centre

[11. Property, plant and equipment (continued.)

a. Disclose the donor of any assets donated in-year

All donated assets were purchased from general donated funds

b. For assets held at revalued amounts state:

- Land and Buildings were revalued at 1st April 2009 on an MEA replacement basis by the District Valuer.
- Indexation was applied to Equipment per indices issued by WAG
- In addition a number of assets were valued on initial completion by the District Valuer;

Scheme and Effective Date of Valuation

- 1) Multi Storey Car Park (New Build), Princess of Wales Hosital, Brigend, September 2009
- 2) Cardiology Ward 3&4 Refurbishment, Princess of Wales Hospital, Bridgend, August 2009
- 3) Medical Records Refurbishment, Morriston Hospital, Swansea, August 2009
- 4) East & West Ward Refurbishment, Gorseinon Hospital, July 2009
- 5) Day Centre (New Build), Quarella Rd, Bridgend, November 2009
- 6) Rehabilitation Unit (New Build), Quarella Rd, Bridgend, January 2010
- 7) Intermediate Care Services (New Build), Cimla, Februaty 2010
- 8) Multi Professional Education Centre (New Build), February 2010
- 9) Corridors Refurbishment, Morriston Hospital, December 2009
- 10) Central Clinic Refurbishment, Swansea, March 2010

c. Give details of asset lives for each class of asset.

- Building asset lives are as determined by the District Valuer and range from 1 to 85 years.
- Equipment lives; Short Life Medical Equipment 5 years, Medium Life Medical Equipment 10 Years, Long Life Medical Equipment 15 Years, Radiology Scanners 5 years except MRI Scanners 7 years
- Vehicles 7 Years, Furniture 10 years, IMT Hardware & Software 5 years (or reflects contract life for some Software assets)

d. Provide information about any write-downs to recoverable amount and any reversals of such write-downs

- The following properties were written down to their recoverable amounts by impairment (all nil) during the year;
- 1) Clinical Audit AX, Morriston. Building Demolished April 2009
- 2) Ward 1 & 2, Glanrhyd. Building Demolished April 2009
- 3) Medical Accommodation HZ, Morriston. Building Demolished December 2009
- 4) Drs South, Singleton. Building Demolished December 2009
- 5) Day Hospital, Cimla. Building Demolished November 2009
- 6) Community Nursing, Glanrhyd. Building Demolished October 2009

e. Where a property is held at existing use value and that value is materially different from its open market value, give the open market value and the reasons for the difference.

None

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	2009-10 Total
	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2009	17,214	1,642	0	0	0	18,856
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0
Additions- purchased	3,544	657	0	0	690	4,891
Additions- internally generated	0	0	0	0	0	0
Additions- donated	38	0	0	0	0	38
Additions- government granted	11	0	0	0	0	11
Reclassified as held for sale	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Gross cost at 31 March 2010	20,807	2,299	0	0	690	23,796
Amortisation at 1 April 2009	8,115	63	0	0	0	8,178
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
Provided during the year	4,228	328	0	0	0	4,556
Reclassified as held for sale	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Amortisation at 31 March 2010	12,343	391	0	0	0	12,734
Net book value at 1 April 2009	9,099	1,579	0	0	0	10,678
Net book value at 31 March 2010	8,464	1,908	0	0	690	11,062
At 31 March 2010						
Purchased	8,415	1,908	0	0	690	11,013
Donated	38	0	0	0	0	38
Government Granted	11	0	0	0	0	11
Total at 31 March 2010	8,464	1,908	0	0	690	11,062

12. Intangible non-current assets (continued)

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	2008-09 Total
	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2008	12,214	0	0	0	0	12,214
Revaluation	0	0	0	0	0	0
Reclassifications	402	0	0	0	0	402
Impairments	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0
Additions- purchased	4,598	1,642	0	0	0	6,240
Additions- internally generated	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Gross cost at 31 March 2009	17,214	1,642	0	0	0	18,856
Amortisation at 1 April 2008	5,322	0	0	0	0	5,322
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
Provided during the year	2,793	63	0	0	0	2,856
Reclassified as held for sale	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Amortisation at 31 March 2009	8,115	63	0	0	0	8,178
Net book value at 1 April 2008	6,892	0	0	0	0	6,892
Net book value at 31 March 2009	9,099	1,579	0	0	0	10,678
At 31 March 2009						
Purchased	9,099	1,579	0	0	0	10,678
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Total at 31 March 2009	9,099	1,579	0	0	0	10,678

13 . Impairments

	2009-10		2008-09	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Loss as a result of catastrophe	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	49,213	0	27,253	0
Total	49,213	0	27,253	0
Impairments charged in the year to the revaluation reserve				
Charged to revaluation reserve	1,353	0	0	0

Impairments include

1. Revaluation of Land & Buildings on MEA basis by the District Valuer £32.610m
2. Initial Valuation by District Valuer on newly completed schemes £13.691m
3. Write down to OMV for assets held for sale £1.164m
4. Demolition of Buildings £1.748m

14. Inventories

	31 March	31 March	1 April
	2010	2009	2008
	£000	£000	£000
Drugs	3,592	3,449	2,770
Consumables	8,000	6,867	6,024
Energy	267	203	295
Work in progress	0	0	0
Other	8	21	14
Total	11,867	10,540	9,103

15. Trade and other Receivables

Current	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Welsh Assembly Government	2,228	882	112
Welsh Health Boards	5,607	15,700	13,661
Welsh NHS Trusts	1,144	199	117
Non - Welsh Trusts	508	0	2
Other NHS	160	0	0
Welsh Risk Pool	22,826	39,339	35,829
Capital debtors	0	0	0
Other debtors	11,011	10,274	13,303
Provision for irrecoverable debts	(998)	(805)	(1,434)
Pension Prepayments	0	0	0
Other prepayments and accrued income	663	0	0
Sub total	43,149	65,589	61,590
Non-current			
Welsh Assembly Government	0	0	0
Welsh Health Boards	0	0	0
Welsh NHS Trusts	0	0	0
Non - Welsh Trusts	0	0	0
Other NHS	0	0	0
Welsh Risk Pool	54,512	19,093	15,716
Capital debtors	0	0	0
Other debtors	0	0	0
Provision for irrecoverable debts	0	0	0
Pension Prepayments	0	0	0
Other prepayments and accrued income	0	0	0
Sub total	54,512	19,093	15,716
Total	97,661	84,682	77,306

Receivables past their due date but not impaired

By up to three months	2,911	1,009	1,046
By three to six months	133	220	33
By more than six months	244	231	0
	3,288	1,460	1,079

Provision for impairment of receivables

Balance at 1 April	(805)	(1,433)	(975)
Amount written off during the year	94	33	173
Amount recovered during the year	197	17	0
(Increase) / decrease in receivables impaired	(484)	578	(631)
Balance at 31 March	(998)	(805)	(1,433)

Other Prepayments and accrued income includes income accrued as due from non NHS bodies. Prepayments are included in Note 20 - other assets.

£3,288k of debts are past their due date of 30 days. The Health Board's impairment of debts policy is that all debts over one year old will be subject to impairment, together with any specific debts less than one year old which are considered doubtful. All other debts are deemed to be still recoverable.

16. Trade and other payables

Current	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Welsh Assembly Government	1,920	282	346
Welsh Health Boards	4,913	8,307	5,554
Welsh NHS Trusts	1,371	1,165	1,287
Other NHS	7,351	885	418
Income tax and social security	7,258	1,328	475
Non-NHS creditors	47,519	44,968	50,538
Capital Creditors	6,974	7,123	1,297
Overdraft	0	0	0
Rentals due under operating leases	0	0	0
Obligations under finance leases, HP contracts and PFI contracts	2,644	2,487	2,385
Pensions: staff	7,151	610	3,386
Accruals	21,780	26,463	0
Deferred Income	472	298	0
Other creditors	729	624	669
Total	110,082	94,540	66,355
Non-current			
Welsh Assembly Government	0	0	0
Welsh Health Boards	0	0	0
Welsh NHS Trusts	0	0	0
Other NHS	0	0	0
Income tax and social security	0	0	0
Non-NHS creditors	0	0	0
Capital Creditors	454	970	0
Overdraft	0	0	0
Rentals due under operating leases	0	0	0
Obligations under finance leases, HP contracts and PFI contracts	63,442	66,085	68,572
Pensions: staff	0	0	0
Accruals	0	0	0
Deferred Income	0	0	0
Other creditors	0	0	0
Total	63,896	67,055	68,572

Obligations under PFI contracts relate to the Neath Port Talbot Hospital PFI scheme. The liability will be discharged over the life of the PFI contract, the contract end date being 2030. The finance lease liabilities will be settled over the life of the lease in accordance with the lease term.

17. Provisions

	At 1 April 2009	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors and between current and 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	36,495	0	(5,410)	11,568	(9,668)	(10,435)	0	22,550
Personal injury	1,430	0	(163)	1,322	(676)	(196)	0	1,717
All other losses and special payments	0	0	0	124	(124)	0	0	0
Defence legal fees and other administration	3,023	0	139	1,666	(796)	(1,076)		2,956
Pensions relating to former directors	7			0	0	0	1	8
Pensions relating to other staff	141			0	0	0	14	155
Restructuring	0			0	0	0	0	0
Other	9,219			9,834	(3,380)	(3,605)		12,068
Total	50,315	0	(5,434)	24,514	(14,644)	(15,312)	15	39,454
Non Current								
Clinical negligence	19,135	0	5,410	34,118	(790)	(6,471)	0	51,402
Personal injury	5,544	0	163	210	(307)	(74)	126	5,662
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	478	0	(139)	302	(71)	0		570
Pensions relating to former directors	81			0	(8)	(6)	1	68
Pensions relating to other staff	1,486			0	(158)	(163)	15	1,180
Restructuring	0			0	0	0	0	0
Other	0			0	0	0		0
Total	26,724	0	5,434	34,630	(1,334)	(6,714)	142	58,882
TOTAL								
Clinical negligence	55,630	0	0	45,686	(10,458)	(16,906)	0	73,952
Personal injury	6,974	0	0	1,532	(983)	(270)	126	7,379
All other losses and special payments	0	0	0	124	(124)	0	0	0
Defence legal fees and other administration	3,501	0	0	1,968	(867)	(1,076)		3,526
Pensions relating to former directors	88			0	(8)	(6)	2	76
Pensions relating to other staff	1,627			0	(158)	(163)	29	1,335
Restructuring	0			0	0	0	0	0
Other	9,219			9,834	(3,380)	(3,605)		12,068
Total	77,039	0	0	59,144	(15,978)	(22,026)	157	98,336

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	Total
	£000	£000	£000	£000	£000	£000	£000
Clinical negligence	22,550	51,402	0	0	0	0	73,952
Personal injury	1,717	1,061	1,361	3,240	0	0	7,379
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	2,956	570	0	0	0	0	3,526
Pensions relating to former directors	8	30	20	18	0	0	76
Pensions relating to other staff	155	523	453	204	0	0	1,335
Restructuring	0	0	0	0	0	0	0
Other	12,068	0	0	0	0	0	12,068
Total	39,454	53,586	1,834	3,462	0	0	98,336

The expected timing of cash flows is based on the best available information but could change on the basis of individual case changes.

Other provisions include £7,280k in respect of Continuing NHS Healthcare claims which are subject to Ombudsman review. The figure also includes £2,540k for the impact of the SAS Junior Doctors Contract and £1,294k in respect of Agends for Change.

Reimbursement are anticipated from the Welsh Risk Pool for Clinical Negligence, Personal Injury and Defence Fee payments amounting to £77,338k. This amount is recognised in Note 15 Trade & Other Receivables

17. Provisions (continued)

	At 1 April 2008	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors and between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2009
	£000	£000	£000	£000	£000	£000	£000	£000
Current								
Clinical negligence	34,556	0	2,514	14,749	(5,689)	(9,635)	0	36,495
Personal injury	4,793	0	(2,998)	1,225	(1,086)	(547)	43	1,430
All other losses and special payments	0	0	0	231	(231)	0	0	0
Defence legal fees and other administration	1,950	0	0	2,440	(483)	(884)		3,023
Pensions relating to former directors	90			4	(8)	(81)	2	7
Pensions relating to other staff	1,030			109	(151)	(868)	21	141
Restructuring	0			0	0	0	0	0
Other	5,702			6,278	(1,682)	(1,079)		9,219
Total	48,121	0	(484)	25,036	(9,330)	(13,094)	66	50,315

Non Current								
Clinical negligence	15,858	0	(2,514)	5,791	0	0	0	19,135
Personal injury	2,035	0	2,998	647	(202)	(3)	69	5,544
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	47	0	0	440	(9)	0		478
Pensions relating to former directors	0			0	0	81	0	81
Pensions relating to other staff	633			0	0	853	0	1,486
Restructuring	0			0	0	0	0	0
Other	0			0	0	0		0
Total	18,573	0	484	6,878	(211)	931	69	26,724

TOTAL								
Clinical negligence	50,414	0	0	20,540	(5,689)	(9,635)	0	55,630
Personal injury	6,828	0	0	1,872	(1,288)	(550)	112	6,974
All other losses and special payments	0	0	0	231	(231)	0	0	0
Defence legal fees and other administration	1,997	0	0	2,880	(492)	(884)		3,501
Pensions relating to former directors	90			4	(8)	0	2	88
Pensions relating to other staff	1,663			109	(151)	(15)	21	1,627
Restructuring	0			0	0	0	0	0
Other	5,702			6,278	(1,682)	(1,079)		9,219
Total	66,694	0	0	31,914	(9,541)	(12,163)	135	77,039

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	36,495	19,135	0	0	0	0	55,630
Personal injury	1,430	4,039	559	946	0	0	6,974
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	3,023	478	0	0	0	0	3,501
Pensions relating to former directors	7	27	39	15	0	0	88
Pensions relating to other staff	141	541	619	326	0	0	1,627
Restructuring	0	0	0	0	0	0	0
Other	9,219	0	0	0	0	0	9,219
Total	50,315	24,220	1,217	1,287	0	0	77,039

18. Cash and cash equivalents

	2009-10	2008-09
	£000	£000
Balance at 1 April	24,444	22,644
Net change in cash and cash equivalent balances	(21,542)	1,800
Balance at 31 March	<u>2,902</u>	<u>24,444</u>
Made up of:		
Cash held at Office of HM Paymaster General / GBS	2,702	1,763
Commercial banks and cash in hand	200	(819)
Investments in National Loan Fund	0	23,500
Cash and cash equivalents as in Statement of Financial Position	<u>2,902</u>	24,444
Bank overdraft - Office of HM Paymaster General / GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	<u>2,902</u>	<u>24,444</u>

19. Other Financial Assets

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

20. Other assets

	Current		Non-current	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
EU Emissions Trading Scheme Allowance	0	0	0	0
Prepayments	3604	4041	0	0
Other assets	0	92	0	0
	<u>3604</u>	<u>4133</u>	<u>0</u>	<u>0</u>

21. Other liabilities

	Current		Non-current	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
Lease incentives	0	0	0	0
PFI asset -deferred credit	0	0	0	0
Other [specify]	0	0	0	0
	0	0	0	0

22. Other financial liabilities

Financial liabilities	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
Financial assets carried at fair value through OCS	0	0	0	0
	0	0	0	0

Narrative disclosures - Financial Instruments

The Health Board carries no liabilities classed as other liabilities as at 31st March 2010.

23. Related Party Transactions

Total value of transactions with Board members and key senior staff in 2009-2010

	Payments to related party £	Receipts from related party £	Amounts owed to related party £	Amounts due from related party £
Mr W Griffiths	10,775	0		0
Mr Michael Williams	10,775	20		0
Councillor M Nott	4,796,567	2,080,637	473	402,443
Mr E Williams	24,260,137	440,813	149,266	161,585
Councillor W Fitzgerald	10,449,672	3,216,828	27,753	812,811
Mr R Francis - Davies	10,449,672	3,216,828	27,753	812,811
Mrs G Richards	72,406	0	0	14,125

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

	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Assembly Government	15,281	166,044	1,920	2,228
Health Commission Wales	124	100,764	116	152
Cardiff & Vale LHB	16,558	42,148	2,281	2,229
Cwm Taf LHB	8,340	10,708	624	769
Aneurin Bevan LHB	3,077	2,018	260	62
Hywel Dda LHB	8,456	30,162	987	1,062
Betsi Cadwaladr LHB	4,933	8,982	389	906
Powys LHB	7,462	10,253	372	816
Velindre NHS Trust	23,157	5,210	511	396
Public Health Wales	3,277	0	299	703
Welsh Ambulance NHS Trust	5,789	745	558	43
Total	96,454	377,034	8,317	9,366

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

Name	Details	Interests
Mr W Griffiths	Chairman	Wales Council for Voluntary Action, chair
Mr M Williams	Non Officer Member	Wales Council for Voluntary Action, Chair of Audit Committee and Group Chief Executive of Gwalia
Councillor M Nott	Non Officer Member	Bridgend County Borough Council, Elected Member
Mr E Williams	Director of Finance	Swansea University, Member of Finance Committee
Councillor W Fitzgerald	Local Authority Member	City & County of Swansea, Cabinet Member for Social Services
Mr R Francis - Davies	Non Officer Member	City & County of Swansea, Member
Mrs G Richards	Non Officer Member	Non Executive Director, Neath Port Talbot Council for Voluntary Services
.....
.....
.....

24. Third Party assets

The LHB held £202,009.70 cash at bank and in hand at 31 March 2010 (31 March 2009: £322,899.34) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £934,903.80 at 31st March 2010 (31 March 2009 : £857,444.98), This has been excluded from cash and cash equivalents figure reported in the accounts.

25. Intra Government balances

	Current receivables £000	Non-current receivables £000	Current payables £000	Non-current payables £000
2009-10 :				
Welsh Assembly Government	2,228	0	1,920	0
Welsh Local Health Boards	5,846	0	4,913	0
Welsh NHS Trusts	23,970	54,512	1,371	0
Health Commission Wales	152	0	116	0
All English Health Bodies	508	0	7,264	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	8	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	(239)	0	0	0
Sub total	32,473	54,512	15,584	0
Other Central Government Bodies				
Other Government Departments	4	0	6,875	0
Revenue & Customs	1,787	0	7,779	0
Local Authorities	1,460	0	4,422	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	7,425	0	75,422	63,896
TOTAL	43,149	54,512	110,082	63,896
2008-09 :				
Welsh Assembly Government	8,825	0	1,556	0
Welsh Local Health Boards	1,811	0	609	0
Welsh NHS Trusts	43,233	19,093	4,053	0
Health Commission Wales	1,345	0	0	0
All English Health Bodies	1,258	0	4,304	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	21	0	7	0
Miscellaneous	314	0	0	0
Credit note provision	-439	0	-3	0
Sub total	56,368	19,093	10,526	0
Other Central Government Bodies				
Other Government Departments	188	0	29	0
Revenue & Customs	1,574	0	2,599	0
Local Authorities	2,024	0	3,688	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	4,179	0	77,698	67,055
TOTAL	64,333	19,093	94,540	67,055

26. Losses and special payments

Losses and special payments are charged to the OCS 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 period to 31 March 2010		Approved to write-off to 31 March 2010	
	Number	£	Number	£
Clinical negligence	114	10,457,737	16	789,957
Personal injury	74	675,786	18	51,697
All other losses and special payments	116	124,002	161	125,768
	0	0	0	0
Total	304	11,257,525	195	967,422

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				
Case reference	Case type			
10RYMMN0207	Clinical Negligence	253,545	354,472	0
10RYMMN0123	Clinical Negligence	415,000	415,000	415,000
06RVCMN0002	Clinical Negligence	279,500	307,500	0
01RVCMN0042	Clinical Negligence	40,000	5,211,262	0
10RYMMN0200	Clinical Negligence	2,215,355	2,849,095	0
04RVCMN0045	Clinical Negligence	660,110	660,110	0
05RVCMN0057	Clinical Negligence	285,000	285,000	0
04RVCMN0047	Clinical Negligence	1,084,370	1,804,370	0
01RKRMN0002	Clinical Negligence	1,052,000	1,582,000	0
97RVCMN0005	Clinical Negligence	750,000	1,060,000	0
08RVCMN0030	Clinical Negligence	253,345	253,345	0
10RYMMN0204	Clinical Negligence	0	332,940	0
04RVCMN0075	Clinical Negligence	0	335,721	0
10RYMMN0056	Clinical Negligence	235,676	268,273	0
10RYMMN0221	Clinical Negligence	265,500	266,873	0
		0	0	0
		0	0	0
Sub-total		7,789,401	15,985,961	415,000
All other cases		3,468,124	6,095,704	552,422
Total cases		11,257,525	22,081,665	967,422

27. Contingencies

27.1 Contingent liabilities

	2009-10 £'000	2008-09 £'000
Please list		
Continuing Care Ombudsman Cases	11,865	6,307
Learning Disability Placements	3,079	2,017
Legal Claims for alleged medical or employer negligence	52,206	49,271
Amounts recovered under insurance arrangements in the event of these claims being successful	(48,427)	(45,080)
	<u>18,723</u>	<u>12,515</u>

27.2 Contingent assets

	0	0
None	0	0
	0	0
	<u>0</u>	<u>0</u>

28. Capital commitments

	2009-10	2008-09
Contracted capital commitments at 31 March 2010 for		
Property, plant and equipment	28,786	13,785
Intangible assets	0	0
	<u>28,786</u>	<u>13,785</u>

29. Finance leases

29.1 Finance leases obligations (as lessee)

The Health Board has reclassified three of its lease arrangements as finance leases under IFRS. These relate to the lease of specialised medical equipment and for the hire and use of hospital beds. The Health Board does not hold any finance leases in respect of land and buildings.

All rentals incur a standard rental charge with no index linked payments. The Health Board has no contingent rentals to disclose on these arrangements.

The two items of medical equipment operate on a 5 year lease and expired during 2009-10. The lease of hospital beds is operating on a 15 year lease term which includes a lease extension period of 7 years.

Future sub-lease payments expected to be received total £Nil (2008-09 £Nil).

Contingent rents recognised as an expense £Nil (2008-09 £Nil).

Amounts payable under finance leases:

Land	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

29.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

Buildings	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

Other	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Minimum lease payments			
Within one year	284	327	322
Between one and five years	1,137	1,137	1,180
After five years	1,635	1,919	2,203
Less finance charges allocated to future periods	(700)	(838)	(992)
Minimum lease payments	<u>2,356</u>	<u>2,545</u>	<u>2,713</u>
Included in:			
Current borrowings	158	189	168
Non-current borrowings	2,198	2,356	2,545
	<u>2,356</u>	<u>2,545</u>	<u>2,713</u>
Present value of minimum lease payments			
Within one year	158	189	168
Between one and five years	759	709	702
After five years	1,439	1,647	1,843
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>2,356</u>	<u>2,545</u>	<u>2,713</u>
Included in:			
Current borrowings	158	189	168
Non-current borrowings	2,198	2,356	2,545
	<u>2,356</u>	<u>2,545</u>	<u>2,713</u>

29.2 Finance lease receivables (as lessor)

THE LHB does not manage any finance lease arrangements where it acts as lessor.

Amounts receivable under finance leases:

	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Gross investment in leases			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

30. Private Finance Initiative contracts

30.1 PFI schemes off-Statement of Financial Position

The Health Board has no PFI operational schemes deemed to be on off-balance sheet

30.2 PFI schemes on-Statement of Financial Position

On 12th May 2000, a 30 year Private Finance Initiative (PFI) contract was signed between the Health Board's predecessor organisation Bro Morgannwg NHS Trust and Baglan Moors Healthcare for the provision of a 270 bed local general hospital to serve the population Neath and Port Talbot.

The services to be provided in the new hospital which was completed in Autumn 2002 resulted in the transfer of services from and subsequent closure of Neath and Port Talbot general hospitals. The first payment on the contract was made in December 2002. The annual payments to the contractor amount to approximately £9.678million.

The contract with the PFI operator was renegotiated during the 2008/09 financial year including the transfer of the management of a number of soft services to the PFI operator to the Health Board resulting in a reduction in the unitary charge

Total obligations for on-Statement of Financial Position PFI contracts due:

	31 March 2010	31 March 2009
	£000	£000
Not later than one year	6,165	6,120
Later than one year, not later than five	21,667	21,876
Later than five years	84,380	90,335
Sub total	112,212	118,331
Less: interest element	48,482	52,304
Total	63,730	66,027

30.3 Charges to expenditure

The total charged in the year to expenditure in respect of the service element of on-statement of financial position PFI contracts was £1.992m (prior year £6.202m).

The LHB is committed to the following annual charges

	31 March 2010	31 March 2009
	£000	£000
PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	9,920	9,678
Total	9,920	9,678

30.4 The LHB has no Public Private Partnerships

31. Pooled budgets

The Health Board has entered into a pooled budget with Bridgend Borough Council. Under the arrangement funds are pooled under section 33 of the NHS(Wales) Act 2006 for the provision of an Assisted Recovery in the Community Service, which is a Day Opportunity Service for individuals with mental illness. A memorandum note to the accounts provides details of the joint income and expenditure.

The pool is hosted by Bridgend County Borough Council. The financial operation of the pool is governed by a pooled budget agreement between Bridgend County Borough Council and the Health Board. Payments for services provided by the Health Board are accounted for as income from Local Authorities and amount to £204,588 for the financial year 2009/10. Contributions to the pool from the Health Board amounted to £283,382 for the 2009/10 financial year. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

Pooled Budget Memorandum Trading Account 1st April 2009 to 31st March 2010

<u>Gross Funding</u>	<u>£</u>
Bridgend County Borough Council	274,544
ABMU Health Board (Central)	283,382
Total Funding	557,926
<u>Expenditure</u>	
Provision of Day Opportunities Service	557,926
Net Under/Over Spend	0

31. Pooled budgets (Cont'd)

The Health Board (Swansea Locality) has participated in a formal pooled budget arrangement in 2009/10 which commenced in 2008-09.

Section 33 Partnership : Morgannwg Integrated Community Equipment

1. Statutory Partners

City & County of Swansea

Abertawe Bro Morgannwg University Local Health Board (Swansea Locality)

2. Aims of the Partnership

To provide an integrated community equipment service that meets the defining criteria and good practice within the guidance provided by the Welsh Assembly Government.

To provide a flexible and responsive service for users and practitioners through a unified assessment and provisioning system which avoids duplication and barriers to provision.

To meet national and local standards and performance indicators, in particular to provide a high percentage of equipment and minor adaptations within a seven day target.

To support intermediate care, palliative care and hospital discharge initiatives and to build on and consolidate existing joint arrangements.

To develop more accessible services with consistent eligibility criteria, which will improve co-ordination between partner agencies and service users.

To provide an assessment, demonstration display and learning facility for service users and practitioners from health, education and social services.

To meet the above in respect of beds, mattresses and cot sides and other equipment from 1st April 2010.

3. Pooled Budget Memorandum Account

Gross Funding	2009/10	2008/09 (9 Months only)
	£	£
City & County of Swansea	40,000	54,209
ABMU Local Health Board	100,000	75,000
Total Funding	140,000	129,209
Expenditure		
Beds, Mattresses & Cot Sides	140,000	129,209
Total Expenditure	140,000	129,209

31. Pooled budgets (Cont'd)

The Health Board has entered into a pooled budget with Neath Port Talbot County Borough Council. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the provision of an Integrated Community Equipment Service for beds and mattresses activities. A memorandum note to the accounts provides details of the joint income and expenditure.

The pool is hosted by Neath Port Talbot County Borough Council. The financial operation of the pool is governed by a pooled budget agreement between Neath Port Talbot County Borough Council and the Health Board. Payments for services provided by the Health Board are accounted for as income from Local Authorities. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

COMMUNITY EQUIPMENT

NEATH PORT TALBOT POOLED BUDGET MEMORANDUM ACCOUNT

For the Period 1st April 2009 to 31st March 2010

<u>Funding</u>	£
ABMU Health Board	136,719
Neath Port Talbot County Borough Council	40,767
Total Funding	177,486
<u>Expenditure</u>	
ABMU Health Board	136,719
Neath Port Talbot County Borough Council	30,453
Total Expenditure	167,172
Excess of Funding Over Expenditure	10,314

I certify that the above pooled fund memorandum account accurately discloses the income received and the expenditure incurred in accordance with the partnership agreement as amended by and subsequent variations, entered in to under section 33 of the National Health Service (Wales) Act 2006.

31. Pooled budgets (Cont'd)

The Health Board (Bridgend Locality) has participated in a formal pooled budget arrangement in 2009/10 which commenced in 2008-09.

Section 33 Partnership : Morgannwg Integrated Community Equipment

1. Statutory Partners

Bridgend County Borough Council

Abertawe Bro Morgannwg University Local Health Board (Bridgend Locality)

2. Aims of the Partnership

To provide an integrated community equipment service that meets the defining criteria and good practice within the guidance provided by the Welsh Assembly Government.

To provide a flexible and responsive service for users and practitioners through a unified assessment and provisioning system which avoids duplication and barriers to provision.

To meet national and local standards and performance indicators, in particular to provide a high percentage of equipment and minor adaptations within a seven day target.

To support intermediate care, palliative care and hospital discharge initiatives and to build on and consolidate existing joint arrangements.

To develop more accessible services with consistent eligibility criteria, which will improve co-ordination between partner agencies and service users.

To maintain recycling, cleaning and maintenance of equipment to meet national standards.

To provide an assessment, demonstration display and learning facility for service users and practitioners from health, education and social services.

3. Financial Value of the Pooled Budget

Gross Funding	2009/10
	£
Bridgend County Borough Council	501,810
ABMU Local Health Board	21,000
Total Funding	522,810

Expenditure

Beds, Mattresses & Cot Sides	522,810
Total Expenditure	522,810

32. Financial Instruments

Financial assets	At "fair value" through OCS £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS receivables	9,647	0	0	9,647
Cash at bank and in hand	2,901	0	0	2,901
Other financial assets	86,259	0	0	86,259
Total at 31 March 2010	98,807	0	0	98,807

Financial liabilities	At "fair value" through OCS £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	66,086	0	66,086
Other financial liabilities	190,776	0	190,776
Total at 31 March 2010	256,862	0	256,862

Financial assets	At "fair value" through OCS £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS receivables	0	0	0	0
Cash at bank and in hand	0	24,444	0	24,444
Other financial assets	0	93,966	0	93,966
Total at 31 March 2009	0	118,410	0	118,410

Financial liabilities	At "fair value" through OCS £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	68,572	68,572
Other financial liabilities	0	139,859	139,859
Total at 31 March 2009	0	208,431	208,431

Financial assets	At "fair value" through OCS £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS receivables	0	0	0	0
Cash at bank and in hand	0	22,644	0	22,644
Other financial assets	0	86,410	0	86,410
Total at 1 April 2008	0	109,054	0	109,054

Financial liabilities	At "fair value" through OCS £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	70,957	70,957
Other financial liabilities	0	130,664	130,664
Total at 1 April 2008	0	201,621	201,621

33. Transition to IFRS

	General Fund £000s	Revaluation reserve £000s	Donation reserve £000s	Government grant reserve £000s	Total reserves £000s
Taxpayers equity at 31 March 2009 under UKGAAP	448,328	(868)	5,172	0	452,632
Adjustment to remove negative balances on revaluation reserves	(11,981)	11,981	0	0	0
Adjusted Taxpayers equity at 31 March 2009	436,347	11,113	5,172	0	452,632
Adjustments for IFRS changes					
PFI	(28,500)	1,035	0	0	(27,465)
Leases	(198)	136	0	0	(62)
Holiday Pay	(4,770)	0	0	0	(4,770)
Other Employment Benefits	(3,988)	0	0	0	(3,988)
Impact on PDC Dividend Payable	398	0	0	0	398
Others (specify)	5	0	0	0	5
Taxpayers equity at 31 March 2009 under IFRS	399,294	12,284	5,172	0	416,750
Net operating costs for 2008-09 under UKGAAP	(741,191)	0	0	0	(741,191)
Adjustments for IFRS changes :					
PFI	13	0	0	0	13
Leases	(58)	0	0	0	(58)
Holiday Pay	(2,458)	0	0	0	(2,458)
Other Employment Benefits	94	0	0	0	94
Impact on PDC Dividend Payable	398	0	0	0	398
Impact of Removing negative balances on reserves	(11,011)	0	0	0	(11,011)
Others (specify)	(18)	0	0	0	(18)
Net operating costs for 2008-09 under IFRS	(754,231)	0	0	0	(754,231)

34. Financial risk management

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

Currency risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

Maturity of financial liabilities

{This only needs to included if liquidity risk is material}

	31 March 2010 £'000	31 March 2009 £'000
In one year	0	0
In more than one year but not more than two years	0	0
In more than two years but not more than five years	0	0
In more than five years	0	0
Total	0	0

35. Movements in working capital

	2009-10	2008-09
	£000	£000
(Increase)/decrease in inventories	(1,327)	(1,437)
(Increase)/decrease in trade and other receivables	(13,120)	(6,088)
(Increase)/decrease in other current assets	529	0
Increase/(decrease) in trade and other payables	15,590	4,691
Increase/(decrease) in other current liabilities	0	0
Total	1,672	(2,834)

36. Other cash flow adjustments

	2009-10	2008-09
	£000	£000
Depreciation	24,580	27,763
Amortisation	4,556	2,856
Impairments and reversals	49,213	26,288
Cost of Capital Charge	(9,142)	(16,738)
Release of PFI deferred credits	0	0
Transfer from donated asset reserve	(820)	(800)
Transfer from government grant reserve	(2)	(613)
Non-cash movements in provisions	37,118	19,886
Total	105,503	58,642

37. Cash flow relating to exceptional items

Provide details of each exceptional item.

38. Establishment of General fund opening balance as a result of Merger

As a result of the merger of ABMU NHS Trust and the Local Health Boards the Public Dividend Capital of the trust was extinguished and re-set as part of the General fund of the new body. The cumulative Income and Expenditure Account reserves were also aggregated with the General funds of the predecessor bodies.

Therefore, the opening balance of the General fund of the new Local Health Board was established as follows :

	£'000
Public Dividend Capital of ABMU NHS Trust as at 31 March 2009	493,827
Income and Expenditure Account of ABMU NHS Trust as at 31 March 2009	(47,852)
General fund of Swansea LHB as at 31 March 2009	(17,053)
General fund of Neath Port Talbot LHB as at 31 March 2009	(14,697)
General fund of Bridgend LHB as at 31 March 2009	(14,931)
Opening General fund of ABMU LHB as at 1 April 2009	399,294

39. Public Dividend Capital received between 1 April 2009 and 30 September 2009

£10 million of Public Dividend Capital was received between 1 April 2009 and 30 September 2009 by the predecessor NHS Trust (ABMU NHS Trust).

40. Welsh Assembly Government loans

No loans were received or repaid between 1 April 2009 and 30 September 2009 by the predecessor NHS Trust. (ABMU NHS Trust).

41. Events after the Reporting Period

There are no events after the Statement of Financial Position sheet date which have an impact on the reported position of the Local Health Board

42. Operating segments

	Informing Healthcare		National Leadership & Innovation Agency for Healthcare		Welsh Health Supplies		Delivery & Support Unit		Centre for Equality & Human Rights		Healthcare Activities		Inter-segment Trading (see note below)		LHB Total (per main Operating Cost Statement)	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Segment income (Gross)	33,249	20,673	101,555	100,443			2,283	1,983	448	602						
WAG (Creditor) /Debtor*	(441)	(1)	7	0			(1)	(233)	(11)							
Segment Income (Net)	32,808	20,672	101,562	100,443	29,802	29,092	2,282	1,750	437	602	256,079	271,772	(8,903)	(11,632)	414,067	412,699
Costs Directly Attributable to Segment:-																
Pay	4,744	3,999	7,052	6,532	3,576	3,331	1,625	1,403	395	520						
Funded Prog. Payments for NHS bodies	3,148	2,420	0	7	0	0	332	0	0	0						
Supplies & Services - General	37	18	20	40	65	14	0	0	0	0						
Establishment	3,820	1,779	4,700	4,432	394	262	108	100	28	49						
Transport	8	8	5	5	479	364	1	2	0	1						
Premises	4,617	5,237	534	591	503	595	88	92	0	1						
Other Operating Expenses	16,477	4,304	89,438	88,836	24,619	24,378	128	153	14	31	973	11,124			973	12,076
Total Directly Attributable Costs	32,851	17,765	101,749	100,443	29,636	28,944	2,282	1,750	437	602	1,042,627	969,352	(8,903)	(11,632)	1,201,652	1,107,224
Surplus / (Deficit)	(43)	2,907	(187)	0	166	148	0	0	0	0	(787,521)	(697,580)	0	0	(787,585)	(694,525)
Depreciation	4,168	2,663	0	0	97	81	0	0	0	0	24,871	25,626			29,136	30,636
Surplus before Interest	(4,211)	244	(187)	0	69	67	0	0	0	0	(813,365)	(683,078)	0	0	(817,694)	(737,237)
Cost of Capital	277	244	0	0	69	67	0	0	0	0	12,774	15,982			13,120	14,345
Disposal of Fixed Assets & Other Finance Costs											5,229	5,229			5,229	2,649
Surplus after Interest	(4,488)	0	(187)	0	0	0	0	0	0	0	(826,139)	(699,060)	0	0	(836,043)	(751,582)
Less: Non Discretionary Expenditure											2,351	3,009			2,351	3,009
Less: Revenue Expenses PFI											1,273				1,273	
Net Surplus to be charged against resource	(4,488)	0	(187)	0	0	0	0	0	0	0	(822,515)		0	0	(832,419)	(754,231)
Resource Allocated	4,488	0	187	0	0	0	0	0	0	0	827,812				832,487	
Surplus/Deficit	0	0	0	0	0	0	0	0	0	0	5,297	0	0	0	68	
Segment Average Net Assets	318	2,770	(501)	(1,180)	6,578	6,258	(162)	(113)	(16)	(25)	387,853	456,937			394,070	

For the business segments, "other operating expenses" shown above for 2009/10 includes the following material items:-
 Informing Healthcare External Consultancy costs £1,080k and Staff Consultancy Support £249k
 National Leadership & Innovations Agency for Health External Consultancy costs £1902k, WEDCU contracts of £94,696k
 Welsh Health Supplies Cost of stock issues £23,691k
 Delivery & Support Unit External Consultancy costs £71k

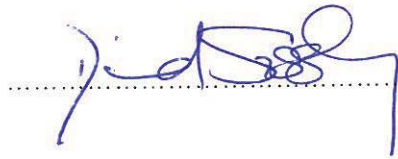
NOTE: The following inter-segment trading amounts have been "netted-off" in the consolidated position shown in the main Operating Cost Account:-
 WHS related £8,373,661
 IHC related £209,691
 NLIAH related £261,959
 DSU related £55,956
 CEHR related £2,000
Total Inter-segment Trading £8,903,267

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

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

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

Date 29/6 2010



Chief Executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

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

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

By Order of the Board

Signed:

Chairman: 	Dated: 29.6.2010
Chief Executive: 	Dated: 29/6.2010
Director of Finance: 	Dated: 29/6.2010

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

LOCAL HEALTH BOARDS

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 Local Health Boards (LHB)¹, in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

(a) the accounting guidance of the Government Financial Reporting Manual (FReM), which is in force for the financial year in which the accounts are being prepared, and has been applied by the Welsh Assembly Government and detailed in the NHS Wales LHB Manual for Accounts;

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

FORM AND CONTENT

3. The account of the LHB for the year ended 31 March 2010 and subsequent years shall comprise an operating cost 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 FReM and applied by the Welsh Assembly Government, 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 LHB 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 of the LHB.

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.1559 (W.154); NATIONAL HEALTH SERVICE, WALES; The Local Health Boards (Transfer of Staff, Property, Rights and Liabilities) (Wales) Order 2009

PROFORMA STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

I am the Accounting Officer of Abertawe Bro Morgannwg University Local Health Board, the successor body to Abertawe Bro Morgannwg University NHS Trust, Bridgend, Neath Port Talbot and Swansea Local Health Boards. The restructured NHS in Wales became operational on 1st October 2009 and the previous organisations completed Statements of Internal Control for the period 1st April - 30th September 2009. These were included in the mid year accounts produced by each organisation. Each organisation received full or adequate levels of assurance from Internal Audit.

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

The arrangements for risk management for 2009-10 are contained within the Risk management strategies of the former organisations of ABMU NHS Trust and Bridgend, Neath Port Talbot and Swansea Local Health Boards and remain extant. The Strategies were reviewed on an annual basis and remain available throughout the organisation.

Since the inception of the new organisation on 1st October 2009 work commenced to align the risk management process within the organisation. In addition, the Board Secretary and, after 1 April 2010, the Assistant Director of Governance have had discussions to establish an Assurance Framework that links with the risk management processes. However this work was not completed during the accounting period, although a Health Board Risk Management Strategy has been issued for internal consultation since this time as it is recognised that further work is required to further embed integrated risk management arrangements within the Health Board.

As Chief Executive I am accountable for risk management within the organisation and this has been delegated to the Director of Nursing. Day to day responsibility for risk management is part of the Executive Directors and Senior Managers duties as well as part of every member of staff's responsibility and this is specified within their Job Descriptions.

Delivery of my responsibilities is scrutinised by the non officer members of the Health Board. This scrutiny role is supported by the Health Board's sub committees and working groups. Reports from these committees are reviewed in the Health Board's meetings, which are held in public. The work of the committees and decisions of the Health Board provide evidence to ensure overall governance, risk management and patient safety and financial systems are operating appropriately.

In support of the Director of Nursing taking forward risk management within the organisation, the Health Board has established a Quality & Safety Unit to ensure the direct delivery of integrated quality and safety. The Unit is managed by the Assistant Director of Governance, which is a new post within the organisation's structure that became operational from 1st April 2010.

The Health Board appointed Executive and Operational Leads for each of the Healthcare Standards to ensure that they were taken forward in terms of development and maintenance. Each Executive Lead is a member of the Executive Board.

Within Directorate and Locality structures the Clinical Director/Locality Director and supporting teams are responsible and accountable for risk management and are supported by a governance lead. The Clinical Directorates/Localities have governance fora and risk management issues are reported to the Risk Management Group on a monthly basis. This in turn reports to the Quality & Safety Committee and ultimately the Health Board. In addition, each Directorate/Locality has a lead identified for governance and

PROFORMA STATEMENT ON INTERNAL CONTROL

The organisation has a Risk Assessment and Management rolling training programme to train staff at all levels. The organisation encourages and promotes learning and awareness.

Significant risks are discussed, as a minimum on a quarterly basis with the regional offices of the Welsh Assembly Government and at Regional Governance reviews. In addition a weekly report was provided to the Regional Nurse on sudden untoward incidents and items of risk..

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the organisation for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Welsh Assembly Government guidance. These arrangements will continue to evolve as policies and procedures are integrated throughout the new organisation.

3. Capacity to handle risk

Within the organisation Directors, managers and staff at all levels are responsible for risk management and this is detailed within staff job descriptions and linked to their Knowledge and Skills Framework.

In terms of leadership, the Medical Director and Directors of Nursing and Therapies and Health Sciences are responsible for quality & safety within the organisation, which includes the risk management agenda for which the Director of Nursing is the Executive Lead. With effect from 1 April 2010, the Quality & Safety Unit has key links with the Assistant Medical/Nurse Directors and Head of Quality Assurance, all of whom provide strong leadership to embed the risk management processes at all levels in the organisation.

The Risk Assessment and Management rolling training programme trains staff in risk management at all levels in the organisation to ensure they are equipped with the correct skills to fulfil their role in the risk management process.

The training is split into three levels. Level I is provided at induction to staff at all levels and provides a general awareness on the risk management principles and the tools used and who to contact. Level II is provided to managers and provides training to support them in terms of identifying, managing and escalating risks which can not be treated. Level III is provided to senior staff within the organisation and covers high level risk management training. Training at all levels emphasises the importance of learning from good practice and informs staff of guidance and key contacts available in the organisation to support them in managing risks.

4. The risk and control framework

During the period the local restructuring of the NHS took place as part of the national programme to establish the Abertawe Bro Morgannwg University Local Health Board. A Transition Board was established to oversee this process, which subsequently became the Shadow Board. The Transition Board was supported by a Transition Team, which established a number of workstreams to ensure effective transition arrangements were in place. These workstreams included Finance, Governance, Communications, HR and Workforce and IM & T.

PROFORMA STATEMENT ON INTERNAL CONTROL

A Memorandum of understanding was put in place between the Transition/Shadow Board and the Trust and LHB Boards to ensure effective governance arrangements were in place during transition. The Transition/Shadow Board routinely considered risks associated with both transition and business continuity issues. These risks were managed effectively through transition.

In addition each of the previous organisations produced a legacy statement setting out its key areas of activity and risks to assist with effective transition. This included information on the financial position, operational performance and other performance issues including complaints and incident reporting. Action plans were put in place to deal with these issues

The extant Risk Management Strategies clearly state that the organisation supports an open and honest culture, encourages staff to be open and honest and sets out the structure for management and ownership of risk, at various levels throughout the organisation. It provides advice upon business planning and how new activities will be assessed for risk and incorporated within the various risk registers.

The Risk Assessment process means that, following identification of risks, analysis/evaluation actions are identified in order to manage and control risks. These risks are reported through to the Health Board via the sub committees of the Board by the appropriate Executive Director. During the reporting period key organisational risks were reported to the Health Board/Board Committees, although this was done on a case by case basis rather than through the vehicle of a corporate risk register. This formed the framework by which the Health Board received assurance that these risks were being managed.

An integrated Risk Management Database (Datix) is used by the organisation, which supports the management of incident reporting, complaints, claims and patient experience. The claims module of Datix is supported by LASPAR. The risk management database is used to identify trends and monitor the situation once controls have been put in place to ensure they are effective, however during the reporting period a backlog in complaints responses was identified, together with a backlog in inputting incident reporting data. This meant that it was not possible to produce trend analysis for a period of time. These issues have been reported to the Healthcare Governance Committee and Trust Board in the previous organisation and to the Quality and Safety Committee of the Health Board. An action plan has been put in place to resolve these issues. This action plan is monitored on a weekly basis by the Executive Team. The incident reporting backlog was cleared in June 2010.

The arrangements for identification and evaluation of risks are set out in the Risk Management Strategies. The Risk Management Group receives details of significant risks from all Directorates/Localities and meets on a monthly basis where significant risks can be identified and reported through to the Quality & Safety Committee.

Healthcare Standards

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

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

PROFORMA STATEMENT ON INTERNAL CONTROL

- > set out roles and responsibilities for the Executive Leads taking forward the assessment on behalf of the Chief Executive and to the supporting staff which included Executive Directors, Operational Leads, Domain, Locality and Directorate Leads;
- > set out timeframe for achieving key milestones;
- > set out reporting and monitoring arrangements;
- > established a Scrutiny Panel consisting of Non Officer Member, Executive Leads, Domain Leads and Head of Internal Audit;
- > established a SharePoint site for Directorate and Localities to complete the Healthcare Standards and support assurances of their governance arrangements.

Roles & Responsibilities

Executive Leads were responsible for:

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

Domain leads were responsible for:

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

Operational leads were responsible for:

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

Monitoring and reporting

An action plan with key deadlines was developed and implemented which was monitored by the Risk Management Group and Healthcare Governance Committee and then the Quality & Safety Committee.

Scrutiny Panel

A Scrutiny Panel consisting of a non officer member (Chairman of the Quality & Safety Committee) Medical Director, Director of Nursing, Assistant Director of Nursing – Quality & Safety, Head of Quality Assurance and Head of Internal Audit reviewed the final assessment for completeness, appropriateness of evidence, consistency and assessment of maturity.

The Scrutiny Panel met on five occasions during which all standards have been reviewed. Due to the time pressures, the Scrutiny Panel agreed that Internal Audit would review core Standards 14, 16, 27 and 28.

PROFORMA STATEMENT ON INTERNAL CONTROL

Internal Audit completed their independent review of the process before 16th May 2010, which included: Detailed examination for the four core Standards.

A review overall process for self assessment of the 32 Standards.

A review of the Healthcare Standards Improvement Plan (HCSIP)

Scrutiny of evidence in terms of adequate engagement and flow of information to the Board throughout the year as evidence of embedding process.

A self assessment has been completed against the Healthcare Standards for 2009/10 and the scores for the Standards are detailed in Table 1 together with the scores for the former organisations.

For those Standards that were reviewed by the Scrutiny Panel, the Executive and Operational Leads for the Standards were notified why the self assessment of the standard was rejected or approved subject to minor changes. The Executive Leads were then requested to ensure the work was completed and confirm completion in order that the submission against each standard could be made.

In terms of the scores, all Standards were self assessed by the Health Board, using Health Inspectorate Wales' maturity matrix, as developing which equates to a level 3 organisation. There were two exceptions to the score: Standard 18 was scored at level 4 in recognition of the work undertaken on civil contingencies and emergency preparedness throughout the year. Standard 32 was scored at level 2 in view of the fact that actions relating to achieving the Corporate Health Standard have not been progressed during the year.

Table 1: Healthcare Standards Scores for 2008/09 & 2009/10

STD	2008/09 ABMUT	2008/09 Bridgend LHB	2008/09 Neath Port Talbot LHB	2008/09 Swansea LHB	2009/10 ABMUHB
1	3	4	4	4	3
2	4	4	4	4	3
3	3	4	3	4	3
4	3	4	4	3	3
5	3	4	4	3	3
6	3	4	4	3	3
7	3	5	4	4	3
8	3	4	3	3	3
9	3	4	3	3	3
10	3	4	4	4	3
11	4	4	3	3	3
12	4	4	4	3	3
13	4	3	3	3	3
14*	4	4	4	4	3
15	3	4	4	4	3
16*	4	4	3	4	3
17	3	4	4	3	3
18	4	5	4	4	4
19	3	4	3	3	3
20	3	4	5	3	3
21	3	4	4	3	3
22	3	4	4	3	3
23	3	4	4	3	3
24	3	4	4	4	3
25	3	4	4	4	3
26	3	4	4	4	3
27*	4	4	4	4	3
28*	4	4	4	4	3
29	4	4	4	4	3
30	3	4	4	4	3
31	N/A	N/A	N/A	N/A	N/A
32	3	4	3	3	2

PROFORMA STATEMENT ON INTERNAL CONTROL

* Core Standards

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

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

The organisations completed Healthcare Standards Improvement Plans (HCSIP) which were submitted to the Regional Office in July 2009. These were subsequently consolidated into a health community HCSIP which was approved by the Health Board and was monitored on a quarterly basis through the Quality & Safety Committee and then to the Health Board. Of the 187 actions within the consolidated HCSIP, 135 actions have been completed. The remaining 52 are at amber and will be taken forward and actioned in 2010/11 unless, as a result of organisational change, they are not appropriate for the new organisation.

1000 lives

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

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 Health Board, the Audit Committee, Quality and Safety Committee and Risk Management Group, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Control measures are in place that aim to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

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

The Audit Committee reports to the Health Board and provides oversight of many internal control mechanisms, including all internal and external audit reports to provide assurance on effectiveness. The Quality and Safety Committee receives quarterly reports on the systems in place to drive the quality and safety agenda within the organisation and regularly reports to the Health Board.

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

The Risk Management Group also reviews progress against the Healthcare Standards, Welsh Risk Management Standards and the development of the corporate risk register. In addition the external auditors produce an annual management letter and conclusion on arrangements for securing value for money. These are considered by the Audit and Quality and Safety Committees, which report to the Health

PROFORMA STATEMENT ON INTERNAL CONTROL

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

As Accountable Officer I have sought assurance directly from Locality and Directorate Management that sound governance arrangements have been in place. All Localities and Directorates have responded and provided assurances which support that a sound system of internal control has been maintained in the period.

The 2009/10 Internal Audit plan was developed by the Head of Internal Audit in conjunction with the Chief Executive and Executive Team to provide management with independent assurance on the adequacy of the systems of internal control across a range of financial and business areas. The audits were conducted in accordance with the mandatory standards and good practice contained within the NHS Internal Audit Manual.

The reviews revealed areas where limited assurance only could be obtained from the systems and controls in place which related to the following areas:

H.T.A. compliance – POW mortuary;
Mandatory Training;
Managed Practices;
Private Patients – Bridgend Clinic;
Women & Child Health Directorate – follow up review;
Healthcare Standards – self assessment process;
IT & Information Security review: Portable Devices
Incidents
Management of Complaints
Home Oxygen Services

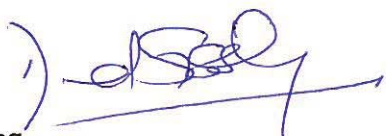
As a result of these reviews action plans have been developed to improve the controls in place.

The Head of Internal Audit's Opinion on The Effectiveness of the System of Internal Control at ABMU NHS Health Board for the period ended 31st March 2010 is adequate and was based on:

Process for self-assessment of Healthcare Standards achievement, Health Board engagement in the process and monitoring of progress against the 2009/10 HCSIP together with evidence available by which the organisation arrived at its declaration of "Developing" (Level 3) in respect of the four core Healthcare Standards for Wales (Standards 14, 16, 27 & 28);
Opinions arising from work reported to the former NHS organisations' Audit Committees for the period ended 30 September 2009, reports presented to the Health Board Audit Committee between October-April 2010 and reports currently in draft. This assessment has taken account of the relative materiality of these areas and progress in respect of addressing control weaknesses;
A review of Health Board, Audit Committee, Quality & Safety Committee and Risk Management Group papers during the period to confirm adequate governance was ensured, and areas of risk identified, monitored, reported and managed;
The reported achievement of financial balance.

Signed

David Sissling
Chief Executive



Date 29/6/10

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

I certify that I have audited the financial statements of Abertawe Bro Morgannwg University Local Health Board for the year ended 31 March 2010 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Operating Cost Statement, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of Directors, the Chief Executive and the Auditor

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

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

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

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

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

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

Basis of audit opinions

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error and that in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements 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 affairs of Abertawe Bro Morgannwg University Local Health Board as at 31 March 2010 and of its net operating costs, its recognised gains and losses and cash flows for the year then ended; and
- the financial statements and that part of the remuneration report to be audited have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made thereunder by Welsh Ministers.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

My conclusion on Abertawe Bro Morgannwg University Local Health Board's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010 will be reported separately in the published Annual Audit Letter.

Gillian Body
Auditor General for Wales
13 July 2010

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