

**Wales Centre for Health Accounts for the six months to 30  
September 2009**

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Foreword	2
1. Governance arrangements	3
2. WCfH financial summary:	
i. Remuneration report	7
ii. Statement of the WCfH and Chief Executive's responsibilities	11
iii. Statement on internal control	12
iv. The certificate and report of the Auditor General for Wales to the National Assembly for Wales	15
3. Financial Statements	
i. Operating Cost Statement	18
ii. Statement of Financial Position	19
iii. Statement of Cashflows	20
iv. Statement of Changes in reserves	21
4. Notes to the Financial Statements	22

## Foreword

These accounts for the period ended 30 September 2009 have been revised to comply with International Financial Reporting Standards (IFRS) by the Wales Centre for Health under 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form which the Welsh Ministers, with the approval of the Treasury, directed.

## Governance Arrangements

### Background

1.1 The Wales Centre for Health (WCfH) was established as an Assembly Government Sponsored Body (AGSB) on 1 April 2005 with the following statutory remit:

- To develop and maintain arrangements for making information about matters related to the protection and improvement of health available to the public in Wales
- To undertake and commission research into such matters
- To contribute to the development and provision of training.

On 2 June 2009, the Minister for Health and Social Services announced in the National Assembly for Wales that, with effect from 1 October 2009 all the functions, assets and liabilities relating to the Wales Centre for Health will be transferred to Public Health Wales NHS Trust (Public Health Wales).

### The board and senior management

1.2 As well as a close working relationship with the Welsh Assembly Government's sponsor division, during the year the WCfH's work was overseen by an active board. The board members throughout the first six months of 2009-10 were:

Professor M Aylward CB (Chair)  
Mr D Hugh Thomas CBE KStJ DL<sup>1</sup> (Deputy Chair and Audit Committee Chair)  
Dr C Clowes  
Mr M Hughes<sup>1</sup>  
Mr N Jellings  
Mrs H Taylor OBE<sup>1</sup>  
Mr B Foday<sup>2</sup>

1: These board members were also members of the WCfH's Audit Committee

2: Appointment ended July 2009

1.3 During the year the WCfH's senior management team comprised of:

Name	Position	Employment Status	Dates of Appointment
Dr C Rogers	Interim Chief Executive	Secondment	1 June 2007 to 30 September 2009
Professor J Gray	Director of Health Improvement	Permanent	21 November 2005 to 30 September 2009**
Mr K Cox	Director of Corporate Services	Permanent	1 August 2006 to 30 September 2009**
Mrs S Mably*	Director of Health and Environment	Permanent	1 August 2007 to 30 September 2009**

#### Notes

- \*Mrs S Mably was permanently appointed Consultant in Public Health from 1 April 2009 following an external recruitment exercise.
- \*\*Employment contracts with WCfH which were transferred to Public Health Wales from 1 October 2009.

The terms of appointment of board members and senior managers can be found in the Remuneration Report in Section 2 of this report.

#### Accounts direction

1.4 The accounts have been prepared in accordance with an Accounts Direction issued by the Welsh Assembly Government, with the agreement of the Treasury.

#### Register of interests

1.5 A register of company directorships and other significant interests is maintained and held at the former WCfH's offices in Cathedral Road, Cardiff and is available for inspection by the public on request.

#### Appointment of auditors

1.6 The accounts of the WCfH are audited by the Auditor General for Wales as required by the Government for Wales Act 1998 and Statutory Instrument 2003/749 made there under. In common with other AGSBs and at the request of the Welsh Assembly Government, the Auditor General for Wales also

undertakes Additional Assurance work on the WCfH's activities. Audit fees are disclosed in note 3 to the statement of accounts included within this document.

1.7 The Audit Committee was chaired by Mr D Hugh Thomas CBE KStJ DL. Board Members Mrs H M Taylor OBE and Mr C G M Hughes also serve as members of the Audit Committee. The Audit Committee's main duties were to consider the effectiveness of the WCfH's overall internal control and risk management systems and to ensure adequate processes and mechanisms are in place for the assessment and management of risk. It considered the scope of audit coverage and adequacy of management responses to the audit recommendations and advised the Chief Executive on audit and compliance matters. The Audit Committee met on three occasions during the first six months of 2009-10.

#### Disclosure of audit information

1.8 As far as the Accounting Officer is aware there is no relevant audit information of which the WCfH's auditors are unaware. It is confirmed that all the steps that should be taken to make the Accounting Officer aware of any relevant audit information and to establish that the WCfH's auditors are aware of any such information have been taken.

#### Financial review

1.9 These accounts are prepared on the basis of IFRS accounting standards. The published accounts for 2008-09 were prepared on the UK GAAP accounting standards basis, and are the figures shown below in brackets below. Throughout the remainder of this report the IFRS audited accounts for 2008-09 have been used. The net expenditure after cost of capital charge and interest for the first six months of 2009-10 under IFRS was £709,000 (£1,224,000 in 2008-09). The cumulative general fund at 30 September 2009, after crediting grant in aid of £650,000, was £228,000 (£295,000 2008-09). The WCfH's expenditure is planned on the basis of the funds available to it through receipts of grant in aid and from other income and general fund balances. The financial statements will therefore always show a net operating cost as a result of the crediting of funding received to the general fund in the Statement of Financial Position. All WCfH assets and liabilities were transferred to Public Health Wales with effect from 1 October 2009.

#### Payment policy

1.10 The Assembly requires that the WCfH 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 WCfH financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery or receipt of a valid invoice, whichever is the later. During the first six months of 2009-10 the WCfH paid 99.59 per cent (99 per cent in 2008-09) of its invoices within 30 days.

The WCfH is aware of the recent commitment by the Government in Westminster to aim to pay invoices from small and medium enterprises within 10 days of receipt of a valid invoice. During the first six months of 2009/10, the WCfH paid 90.86 per cent of its invoices from small and medium enterprises within 10 days.

#### Pension scheme

1.11 Details of the WCfH's pension scheme are disclosed in the Remuneration Report, in section 2 of this document.

#### Post balance sheet events

1.12 Professor M Aylward was appointed Chairman of Public Health Wales and Mr Carl Clowes was appointed a Board Member of Public Health Wales.

1.13 Dr Cerilan Rogers appointment as Interim Chief Executive ceased on 30 September 2009. Accounting Officer responsibilities have been taken up by Mr Bob Hudson who has been appointed as Chief Executive of Public Health Wales from 1 October 2009.

#### Legacy Report

1.14 The WCfH completed a Legacy report which was agreed by its board on 30 September 2010. This report sets out the key achievements during the six months to 30 September 2010 and earlier. The report can be found on the Public Health Wales NHS Trust internet.

## 2. Financial summary to 30 September 2009

### i. Remuneration report

#### Introduction

2.1 During the first six months of 2009-10 board members ratified decisions on remuneration for senior management and principles of payment for other staff. A remuneration committee comprising all board members has been established. This section sets out the remuneration arrangements of both the WCfH's senior management and board members.

#### Member's remuneration

2.2 Details of board members' remuneration are set out below. Members' salaries related entirely for services rendered during the first six months of 2009-10. No pension contributions were payable as these posts do not attract any pension benefits.

Name	Salary up to 30 September 2009 £'000	2008-09 Salary £'000
Professor M Aylward CB (Chair)	16*	25
Dr C Clowes	6	12
Mr B Foday	2**	5
Mr M Hughes	2	5
Mr N Jellings	2	5
Mrs H Taylor OBE	2	5
Mr D Hugh Thomas CBE	3	5

#### Notes

- \*Professor Aylward changed his time commitment from 2 days to 3 days per week with effect from 1 August 2009.
- \*\*Mr B Foday's appointment ended July 2009.
- All Board appointments ended on 30 September 2009. A new Board for Public Health Wales will be appointed with effect from 1 October 2009.



## Senior managers' remuneration

<b>Name</b>	<b>Annual Salary</b>	<b>Benefits In Kind</b>	<b>Total Remuneration to 30 September 2009</b>	<b>Total Remuneration 2008-09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Dr C Rogers	37	-	37	70
Professor J Gray	140	-	70	120
Mr K Cox	79	-	39	74
Mrs S Mably	75	-	41	65

### Notes

- Salary includes, gross pay and pay awards agreed by the Assembly.
- Dr C Rogers was seconded to the WCfH on a part time basis until 30 September 2009 when her secondment ended. Her salary above only includes this period. The other members of staff shows their annual salary for comparative purposes as their roles continued into Public Health Wales.
- With effect from September 2008, Professor Gray was appointed Chair in Healthcare Improvement at Cardiff University. As part of a collaboration between the WCfH and Cardiff University, a proportion of Professor Gray's salary is paid to him via Cardiff University.
- Mrs S Mably's salary up to 30 September 2009 included backpay of £3524 relating to 08/09.

## Pensions

	Accrued pension and related lump Sum at 30 September 2009	Real increase in Accrued pension and lump sum to 30 September 2009	CETV as at 30 September 2009	Real increase in CETV to 30 September 2009
	£'000	£'000	£'000	£'000
Professor J Gray	112	12	469	73
Mr K Cox	124	5	643	63
Mrs S Mably	79	12	299	62

CETV = Cash Equivalent Transfer Value

### Notes

- Dr Rogers, Interim Chief Executive, is on secondment to the WCfH from the National Public Health Service. Her employing organisation is responsible for administering her pension details.
- Since providing disclosure of Mrs S Mably's benefits as at 31 March 2009 she has had a transfer of pension benefits and received a membership credit of 18 years 351 days. Revised figures as at 31 March 2009 including the transferred membership – Accrued pension and related lump sum £67,713.12, CETV £236779.12.
- Since providing disclosure of Mr K Cox's benefits as at 31 March 2009 he has had a transfer of pension benefits and received a membership credit of 31 years 126 days. Revised figures as at 31 March 09 including the transferred membership – Accrued pension and related lump sum £119,394.92, CETV £579373.15.
- As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their

service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

2.3 All WCfH employees are entitled to join the NHS pension scheme. Details of the scheme are included in accounting policy note 1.

**Mr Bob Hudson**  
**Accounting Officer**  
**24 February 2010**

## ii Statement of the WCfH and Chief Executive's responsibilities

1. Under the Government of Wales Act 1998, the Welsh Assembly Government directed the WCfH to prepare for each financial year a statement of accounts in the form and on the basis determined by the Welsh Assembly Government with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the WCfH, of its income and expenditure, recognised gains and losses, and cash flows for the financial year.

2. In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Welsh Assembly Government with the consent of the Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

3. For the first six months of the 2009-10 financial year, the Additional Accounting Officer for the Department of Health and Social Services of the Welsh Assembly Government designated the senior official, the Interim Chief Executive, as the Accounting Officer for the WCfH. Her relevant responsibilities as Accounting Officer included responsibility for the propriety and regularity of the public finances and for the keeping of proper records, as set out in the Welsh Assembly Government Accounting Officers' Memorandum issued by the Treasury. On 1 October 2009 the functions previously undertaken by the WCfH transferred to Public Health Wales.

### iii. Statement on Internal Control

On 1 October 2009, I took on the Accounting Officer responsibility for the demised Wales Centre for Health (WCfH) from Cerilan Rogers, the former Interim Chief Executive of the WCfH.

The following material has been provided to me by Cerilan Rogers, to support my consideration of the information that I am required to include within this Statement on Internal Control.

#### ***Scope of responsibility***

*1. For the first 6 months of the 2009-10 financial year, during which I was the Interim Chief Executive and Accounting Officer, I had responsibility for maintaining a sound system of internal control, which supports the achievement of the WCfH's aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible. This is in accordance with the responsibilities assigned to me in Government Accounting and in the WCfH's Management Statement and Financial Memorandum issued by the Welsh Assembly Government.*

*2. The WCfH is an Assembly Government Sponsored Public Body (AGSB), established under the Health (Wales) Act 2003, which is ceasing to exist from 30 September 2009. As Accounting Officer, I am accountable to the Board of WCfH, which is appointed by the Welsh Assembly Government, for the overall organisation, management and staffing of the WCfH. The WCfH's Risk Management arrangements have been approved, and are subject to scrutiny, by the WCfH Board. The key strategic and operational risks faced by the WCfH are regularly brought to the Board's attention.*

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

*3. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve 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 WCfH's aims and objectives;*
- evaluate the likelihood of those risks being realised and the impact should they be realised; and*
- to manage them efficiently, effectively and economically.*

*4. The system of internal control has been progressively developed since the WCfH was established as an AGBS with a robust framework having been put in place. This has been maintained to the date of publication*

*of this Annual Report and Accounts, and accords with Treasury guidance.*

### ***Capacity to handle risk***

*5. As Interim Chief Executive and Accounting Officer, I have the responsibility of ensuring that appropriate activities take place within WCfH to manage risk. A Risk Management Policy has been developed and an organisation wide Risk Register is in place. Managers regularly consider the risks facing the organisation, and the Risk Register is regularly updated. The Risk Register is also reported to and scrutinised by the Audit Committee and WCfH Board.*

### ***The risk and control environment***

*6. The management of risk is an under-pinning part of the culture within the WCfH. The following points describe the key features of the control environment developed:*

- regular risk assessment including full annual assessment undertaken by the Corporate Management Team;*
- continuous review and maintenance of the organisation-wide Risk Register;*
- procurement of specialist NHS internal audit services;*
- strong open relationship with the external auditors, the Wales Audit Office;*
- inclusion of risk management principles in corporate planning and decision making processes;*
- an awareness of the importance of information security. During 2008/09, management commissioned an internal audit review of information security which was completed and reviewed in the first 6 months of 2009/10*
- adoption of Standing Orders and Standing Financial Instructions;*
- formation of an Audit Committee whose remit covers performance management in addition to systems of control;*
- formal systems of delegation; and*
- monthly meetings with sponsor division and biannual review meetings with the Welsh Assembly Government.*

### ***Review of effectiveness***

*7. For the first 6 months of the 2009-10 financial year, I also had responsibility for the review and effectiveness of the system of internal control. My review was informed by:*

- the work of the internal auditors;*
- the executive managers within WCfH who have responsibility for the development and maintenance of the internal audit*

*framework, and ensuring appropriate follow up and implementation of all agreed actions arising from internal and external audit report recommendations; and*

- *comments made by the external auditors.*

*8. The results of my review of the effectiveness of the system of internal control have been discussed with the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.*

***Matters of note***

*9. There were no matters of note during the 6 month period.*

***Statement of assurance***

*10. I am satisfied that a sound system of control has operated within the areas for which I am the Accounting Officer.*

***Dr Cerilan Rogers  
Accounting Officer  
30 September 2009***

Based on the above assurances from the former Accounting Officer, which I have discussed with her, and from my own review of the matters required to be included within this Statement on Internal Control, I am satisfied that for the first six months of 2009-10 a sound system of internal control was in place, which supported the achievement of the WCfH's aims and objectives, whilst safeguarding the public funds and assets for which the Accounting Officer was personally responsible. This is in accordance with the responsibilities assigned to her in Government Accounting and in the WCfH's Management Statement and Financial Memorandum issued by the Welsh Assembly Government.

**Mr Bob Hudson  
Accounting Officer  
24 February 2010**

#### **iv. 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 the Wales Centre for Health for the six month period ended 30 September 2009 under Paragraph 24 of Schedule 2 of the Health (Wales) Act 2003. These comprise the Operating Cost Statement, the Statement of Financial Position, the Cash Flow Statement, the Statement of Changes in Reserves and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

#### **Respective responsibilities of the Board, Accounting Officer and auditor**

The Chief Executive of Public Health Wales NHS Trust, is the Accounting Officer responsible for preparing the Wales Centre for Health Report, the Remuneration Report and the financial statements for the six month period to 30 September 2009 in accordance with Paragraph 23 of Schedule 2 of the Health (Wales) Act 2003 and Welsh Ministers' directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Wales Centre for Health 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 to you my opinion 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 23 of Schedule 2 of the Health (Wales) Act 2003 and Welsh Ministers' directions made thereunder. I report to you whether, in my opinion, the information which comprises the Governance Arrangements and the unaudited part of the Remuneration Report, given in the Wales Centre for Health Report, is consistent with the financial statements. 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 the Wales Centre for Health 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 regarding remuneration and other transactions is not disclosed.

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

I read the other information contained in the Wales Centre for Health Report and consider whether it is consistent with the audited financial statements.

This other information comprises the Governance Arrangements and the unaudited part of the Remuneration Report. 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 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 the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Wales Centre for Health's circumstances, 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 and the part of the Remuneration Report to be audited 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 the part of the Remuneration Report to be audited.

### **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with Paragraph 24 of Schedule 2 of the Health (Wales) Act 2003 and directions made thereunder by Welsh Ministers', of the state of the Wales Centre for Health's affairs as at 30 September 2009 and of its net operating costs and cash flows for the six month period then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Paragraph 23 of Schedule 2 of the Health (Wales) Act 2003 and Welsh Ministers' directions made thereunder; and
- information which comprises the Governance Arrangements, and the unaudited part of the Remuneration Report, given within the Wales Centre for Health Report, is consistent with the financial statements.

### **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.

**Gillian Body**  
Auditor General for Wales  
24 Cathedral Road  
Cardiff  
CF11 9LJ

**9 March 2010**

## Financial Statements

### i. Operating Cost Statement for the six months ending 30 September 2009

	Note	6 months to 30 September 2009 £000	2008-09 £000
<b>Expenditure</b>			
Staff costs	2	751	1403
Depreciation	5	6	11
Other Expenditure	3	326	1248
		1083	2662
<b>Income</b>			
Income from Activities	4	374	1428
Other Income	4	9	10
		383	1438
<b>Net Expenditure</b>		(700)	(1224)
Cost of Capital	3	(9)	(7)
Interest payable/receivable		0	0
<b>Net Expenditure after cost of capital charge and interest</b>		(709)	(1231)

The notes on pages 22 to 33 form part of these accounts.

ii. Statement of Financial Position as at 30 September 2009

	Notes	30 September 2009		31 March 2009	
		£000	£000	£000	£000
<b>Non-current assets:</b>					
Property, plant and equipment	5	13	13	22	22
<b>Total non-current assets</b>					
<b>Current assets:</b>					
Trade and other receivables	7	357		356	
Cash and cash equivalents	8	51		2	
<b>Total current assets</b>			408		358
<b>Total assets</b>			421		380
<b>Current liabilities</b>					
Trade and other payables	9	179		76	
Other liabilities	9	0		3	
<b>Total current liabilities</b>			179		79
<b>Total Assets less current liabilities</b>			242		301
<b>Reserves</b>					
Government Grant reserve			14		23
General reserve			228		278
			242		301

The notes on pages 22 to 33 form part of these accounts.

The financial statements on pages 18 to 21 were approved by the Board on 11 February 2010 and were signed on its behalf by;

(Signed) ..... (Accounting Officer)

24 February 2010

### iii. Statement of Cash Flows for the six months ending 30 September 2009

	Notes	6 months to 30 September 2009 £'000	2008-09 £'000
<b>Cash flows from operating activities</b>			
Net Surplus after cost of capital and interest		(709)	(1231)
Adjustments for cost of capital charge	3	9	7
(Increase)/Decrease in trade and other receivables		0	(109)
Increase/(Decrease) in trade and other payables		102	(126)
Use of provisions		0	0
Transfer from Government Grant Reserve	4	(9)	(10)
Depreciation	5	6	11
Loss on Disposal	5	3	0
Returns on Investment	4	0	3
Interest surrendered to Welsh Assembly Government		(3)	(7)
<b>Net cash outflow from operating activities</b>		<b>(601)</b>	<b>(1462)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	0	(15)
<b>Net cash outflow from investing activities</b>		<b>(601)</b>	<b>(1477)</b>
<b>Cash flows from financing activities</b>			
Grant in Aid	4	650	1200
<b>Net financing</b>		<b>49</b>	<b>(277)</b>
Net increase/(decrease) in cash and cash equivalents in the period		49	(277)
Cash and cash equivalents at the beginning of the period	8	2	(279)
Cash and cash equivalents at the end of the period	8	51	2

All cash is held in commercial bank accounts

iv. Statement of Changes in Reserves for the six months ending 30 September 2009

	Note	Government Grant Reserve £000	General Reserve £000	Total Reserves £000
<b>Balance at 31 March 2008</b>				
As previously stated		18	107	125
Prior Period Adjustment		0	(10)	(10)
<b>Restated Balance</b>		<b>18</b>	<b>97</b>	<b>115</b>
<b>Changes in reserves 2008-09</b>				
Release of reserves to the I&E	4	(10)	0	(10)
Non-cash charges - cost of capital	3	0	7	7
Transfers between reserves		15	(15)	0
Net expenditure		0	(1231)	(1231)
<b>Total recognised Income and expense for 2008-09</b>		<b>23</b>	<b>(1142)</b>	<b>(1119)</b>
Grant In Aid	4	0	1420	1420
<b>Balance at 31 March 2009</b>		<b>23</b>	<b>278</b>	<b>301</b>
<b>Changes in taxpayers' equity for 2009-10 (6 months)</b>				
Release of reserves to the I&E	4	(9)	0	(9)
Non-cash charges - cost of capital	3	0	9	9
Transfers between reserves		0	0	0
Net expenditure after cost of capital charge and interest		0	(709)	(709)
<b>Total recognised Income and expense for 2009-10 (6 months)</b>		<b>14</b>	<b>(422)</b>	<b>(408)</b>
Grant in Aid	4	0	650	650
<b>Balance at 30 September 2009</b>		<b>14</b>	<b>228</b>	<b>242</b>

The notes on pages 22 to 33 form part of these accounts.

## Notes to the financial statements

### 1. Accounting policies

#### a) Accounting convention

The accounts are prepared on a going concern basis, under the historical cost convention and in accordance with the Financial Reporting Manual (FRM). Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act 1985 and the accounting standards issued or adopted by the Accounting Standards Board so far as those requirements are appropriate. All assets, liabilities and services are to be transferred to Public Health Wales on 1<sup>st</sup> October 2009.

#### b) Valuation of fixed assets

Fixed assets are stated at their value to the WCfH by reference to historic cost less depreciation. All assets are measured subsequently at fair value. Fixed assets are capitalised at the cost of acquisition and installation where that cost exceeds £1,000. In the opinion of the WCfH, there is no material difference between the historic and current replacement cost of office furniture and equipment. Computer software costs are written off as incurred.

#### c) Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation, less any residual value, over their estimated useful lives. All fixed assets are depreciated as follows:

Fixtures, fittings and equipment	Straight line over 5 years
Computer equipment	Straight line over 3 years

However, included in assets is the cost of IT installation and carpets to the first floor accommodation at 14 Cathedral Road. These assets have been depreciated over a shorter period than the respective 3 and 5 years shown in the accounting policies. This is to reflect the fact that the lease on this accommodation was due to end in April 2010.

Depreciation is calculated and charged on a quarterly basis. The first charge occurs in the first full quarter following acquisition.

#### d) Government grants

Grants of a revenue nature are now regarded as funding and are credited to the General Fund. Government grants receivable for capital expenditure are credited to the Government Grant Reserve and released to the Operating Cost Statement over the expected useful lives of the relevant assets by equal amounts.

e) Value Added Tax (VAT)

The WCfH is not registered for VAT. All expenditure and fixed asset purchases are inclusive of relevant VAT.

f) Employee Benefits

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

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

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

The total employer contribution payable for the first 6 months in 2009-10 was £57,218.

g) 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.

h) Notional cost of capital

As directed by the Welsh Assembly Government, a notional capital charge reflecting the cost of capital employed is included in operating costs and calculated at 3.5% of average carrying amount of all assets less liabilities

i) Management of financial risk

The WCfH has no borrowings and relies primarily on Welsh Assembly Government grants for its cash requirements. With exception of the cash balance at year end, it also has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.



j) Income Recognition

Income is accounted for applying the accruals convention. The main source of income from activities is the Welsh Assembly Government.

k) Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Centre, the lease is accounted for as a finance lease. Other leases are regarded as operating leases and the rental are charged to the Operating Cost Statement on a straight line basis over the life of the lease. WCfH has no finance leases only operating leases.

l) Provisions

Provisions are recognised when the WCfH has a present legal or constructive obligation as a result of a past event, it is probable that the WCfH will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties.

m) Contingencies

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

n) Losses and special payments

Losses and special payments are items that the National Assembly for Wales would not have contemplated when it agreed funds for the Centre or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures. They are charged to the Operating Cost Statement on an accruals basis.

o) 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.

p) Financial assets

Financial assets are recognised when the WCfH 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.

q) Financial liabilities

Financial liabilities are recognised on the statement of financial position when the WCfH 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

## 2. Staff numbers and related costs

Staff costs comprise:

	6 months to 30 September 2009 £000	2008-09 £000
Board Members' remuneration	33	62
<b>Salaries</b>		
Permanent & Fixed Term	442	866
Social security costs	37	75
Employer contributions to Pension Schemes	57	107
Staff Secondment costs	182	293
<b>Total net costs</b>	<b>751</b>	<b>1403</b>

### Notes

- The emoluments of the Chair of the WCfH were £15,877. One member received £5,940. The other five members each received £2,712 or less during the year. Further details of remuneration can be found in the Remuneration Report on pages 7 to 9.
- During the six months up to 30 September 2009 the WCfH received reimbursement from outward seconded staff of £123,373 (£202,000 in 08/09) which includes contributions towards salary costs from NPHS, NLIAH, Welsh Assembly Government, Caerphilly LHB and NPSA. These have been netted against permanent and fixed term salary costs.

### **Average number of persons employed**

The average number of whole-time equivalent persons employed during the year was as follows.

	6 months to 30 September 2009 Total	2008-09 Total
Permanent	12	15
Fixed Term	14	14
Secondments	7	4
<b>Total</b>	<b>33</b>	<b>33</b>

### 3. Other Expenditure

	6 months to 30 September 2009 £000	2008-09 £000
Accommodation Costs	44	84
External Audit Fee	11	11
Additional Assurance Audit Fee	1	2
Office Expenses	31	69
ICT Costs	20	10
Projects and Events	138	888
Corporate Services Contract	22	44
Staff Related Costs (T&S, Training etc)	39	95
Other	17	45
<b>Sub Total Other Expenditure</b>	<b>323</b>	<b>1248</b>
<b>Non Cash Items:</b>		
Loss on Disposal of Fixed Assets	3	0
<b>Total</b>	<b>326</b>	<b>1248</b>

#### Notes

- Accommodation costs includes the cost of the operating lease rentals shown in note 11
- Audit Fees are similar between the two periods as the amount of work that has to be completed during an audit is comparable whether it covers six or twelve months.
- Projects and Events are much lower in the 6 months to 30 September 2009 compared with 2008-09 due to less funding received by the WCfH, either because projects had finished in 2008-09 or less funding was made available by WAG up to 30 September 2009 . Also, due to staff turnover, events have had to be arranged to take place between October 2009 and March 2010.
- Notional cost of capital charges are £9,000 for the six month period (2008-09: £7,000)

## 4. Income

### Grant in Aid

	6 months to 30 September 2009 £000	2008-09 £'000
Grant-in-aid received from the Welsh Assembly Government	650	1,420
Net Grant-in-aid	650	1,420
Grant-in-aid applied for capital expenditure and disposals	0	(15)
	<b>650</b>	<b>1,405</b>

### Income from Activities & Other Income

		6 months to 30 September 2009 £000 Total	2008-09 £000 Total
Wales Assembly Government	Project Funding	332	1321
Wales Assembly Government	HCW Review	0	66
Velindre NHS Trust	Agenda for Change	17	36
Aneurin Bevan LHB	Excellence Award	22	0
Other -External	Other including interest receivable	3	5
<b>Total Income from Activities</b>		<b>374</b>	<b>1428</b>
<b>Other Income</b>	Transfer from Government Grant	<b>9</b>	<b>10</b>
<b>Total</b>		<b>383</b>	<b>1438</b>

## 5. Property, plant and equipment

	Information Technology £000	Furniture & Fittings £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2009	12	32	44
Additions	0	0	0
Disposals	4	7	11
<b>At 30 September 2009</b>	<b>8</b>	<b>25</b>	<b>33</b>
<b>Depreciation</b>			
At 1 April 2009	7	15	22
Charged in year	3	3	6
Disposals	4	4	8
<b>At 30 September 2009</b>	<b>6</b>	<b>14</b>	<b>20</b>
<b>Net book value at 30 September 2009</b>	<b>2</b>	<b>11</b>	<b>13</b>
<b>Net book value at 1 April 2009</b>	<b>5</b>	<b>17</b>	<b>22</b>
<b>Asset financing:</b>			
Owned	2	11	13
Finance Leased	0	0	0
On-balance sheet PFI contracts	0	0	0
<b>Net book value at 30 September 2009</b>	<b>2</b>	<b>11</b>	<b>13</b>
	Information Technology £000	Furniture & Fittings £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2008	4	25	29
Additions	8	7	15
Disposals	0	0	0
<b>At 31 March 2009</b>	<b>12</b>	<b>32</b>	<b>44</b>
<b>Depreciation</b>			
At 1 April 2008	3	8	11
Charged in year	4	7	11
Disposals	0	0	0
<b>At 31 March 2009</b>	<b>7</b>	<b>15</b>	<b>22</b>
<b>Net book value at 31 March 2009</b>	<b>5</b>	<b>17</b>	<b>22</b>
<b>Net book value at 1 April 2008</b>	<b>1</b>	<b>17</b>	<b>18</b>
<b>Asset financing:</b>			
Owned	5	17	22
Finance Leased	-	-	-
On-balance sheet PFI contracts	-	-	-
<b>Net book value at 31 March 2009</b>	<b>5</b>	<b>17</b>	<b>22</b>

## 6. Derivatives and Other Financial Instruments

As the cash requirements of WCfH are met through Grant-in-Aid provided by Wales Assembly Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the WCfH expected purchase and usage requirements and is therefore exposed to little credit, liquidity or market risk.

## 7. Trade receivables and other current assets

	As at 30 September 2009 £000	As at 31 March 2009 £000
<b>Amounts falling due within one year:</b>		
Trade receivables	311	296
Other receivables	0	2
Prepayments and accrued Income	46	58
<b>Total</b>	<b>357</b>	<b>356</b>

Included in Trade Receivables are amounts due from the Welsh Assembly Government of £258,448.

## 8. Cash and cash equivalents

	2009-10 £000
Balance at 1 April 2009	2
Net change in cash and cash equivalent balances	49
Balance at 30 September 2009	51
The following balances at 30 September were held at:	
Commercial banks and cash in hand	51
Short term investments	-
<b>Balance at 30 September 2009</b>	<b>51</b>

## 9. Trade payables and Other current liabilities

	As at 30 September 2009 £000	As at 31 March 2009 £000
<b>Amounts falling due within one year</b>		
Trade payables	0	8
Annual leave entitlement IAS 19	19	17
GIA surplus and interest repayable to WAG	0	3
Accruals and deferred Income	160	51
<b>Total</b>	<b>179</b>	<b>79</b>

Included in deferred income is £84,271 which has been deferred to match future expenditure. This will be transferred to Public Health Wales.

## 10. Intra Government Balances

	As at 30 September 2009 £'000	As at 31 March 2009 £'000
<b>Trade receivables and other current assets</b>		
Balances with Welsh Assembly Government	258	267
Balances with Local Authorities	0	0
Balances with Health Bodies	50	29
<b>Total</b>	<b>308</b>	<b>296</b>
Balances with others	49	60
<b>Total Trade receivables and other current assets</b>	<b>357</b>	<b>356</b>
<b>Trade Payables and Other current liabilities</b>		
	0	3
Balances with Welsh Assembly Government	0	0
Balances with Local Authorities	5	7
Balances with Health Bodies		
<b>Total</b>	<b>5</b>	<b>10</b>
Balance with others	174	69
<b>Total Trade Payables and Other current liabilities</b>	<b>179</b>	<b>79</b>



## 11. Commitments under leases

### Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

The obligations and commitments will transfer to Public Health Wales as part of the transfer on 1 October 2009.

	As at 30 September 2009 £000	As at 31 March 2009 £000
<b>Obligations under operating leases expiring:</b>		
<b>Buildings</b>		
Not later than six months		
Later than six months and not later than five years*	29	57
<b>Equipment</b>		
Not later than six months		
Later than six months and not later than five years	1	

### Notes

- The total commitment up to 30 September 2009 of £29,000 includes rent for the first floor accommodation of £15,000. Half of this cost was met by the National Public Health Service (NPHS) who share the accommodation with the WCfH. From 1 October 2009 WCfH and NPHS will both be part of Public Health Wales.

## 12. Related-party transactions

The Welsh Assembly Government is the ultimate controlling party. During the first 6 months up to 30 September 2009, the WCfH has had various material transactions with the Welsh Assembly Government, the most significant being the receipt of Grant in Aid for £650,000.

The Chair of WCfH Board, is a Professor and Director of the Centre for Psychosocial and Disability Research, Cardiff University. The Director of Healthcare Improvement is a Professor of Healthcare Improvement also at Cardiff University. For the first six months of 2009-10 WCfH had a number of transactions with Cardiff University. The 2 most significant payments to the University were for salary costs of £26,833 and £23,070. As at 30 September 2009 £11,535 of the £23,070 was accrued to be paid to Cardiff University. Mr Ben Foday, who was a WCfH board member for part of the financial period was also a non-executive director of Velindre NHS Trust.

Dr Cerilan Rogers, part-time Interim Chief Executive, is also National Director of the National Public Health Service (NPHS). The NPHS is part of Velindre NHS

Trust. This Trust provided a number of corporate services to the WCfH under a service level agreement. In recognition of these services, WCfH paid the Trust £22,000 (inclusive of VAT) during the first six months of 09-10. In addition, as at 30 September 2009 there were also 2 invoices outstanding for payment due from Velindre NHS Trust to the WCfH totalling £15,069.

### 13. First-time adoption of IFRS

	General Fund £000
Taxpayers' equity at 31 March 2009 under UK GAAP	295
Adjustments for:	
Annual Leave entitlement	(17)
Taxpayers' equity at 1 April 2009 under IFRS	278

	£000
Net Expenditure for 2008-09 under UK GAAP	(1224)
Adjustments for:	
Annual Leave entitlement	(7)
Net Expenditure for 2008-09 under IFRS	<u>(1231)</u>

### 14. Special payments and losses

The WCfH did not incur any losses or make any special payments up to 30 September 2009 (nil as at 31 March 2009)

### 15. Provisions

There were no provisions as at 30 September 2009 (nil as at 31 March 2009).

### 16. Contingent Liabilities

Public Health Wales has been in communication with the Chartered Institute of Environmental Health regarding a possible outstanding pension liability for a former secondee to the WCfH. The amount of the liability is estimated to be between £500,000 and £1 million. (nil as at 31 March 2009).

### 17. Post Balance Sheet Events

With effect from 1 October 2009 all the functions, assets and liabilities relating to the Wales Centre for Health have been transferred to Public Health Wales.