

Welsh Ambulance Services NHS Trust

Foreword

These accounts for the year ended 31 March 2007 have been prepared by the Welsh Ambulance Services NHS Trust under section 98(2) of the National Health Service Act 1977 (as amended by section 24(2), schedule 2 of the National Health Service and Community Care Act 1990) in the form in which the National Assembly for Wales has, with the approval of Treasury, directed.

The main functions of the trust are to provide emergency and non-emergency ambulance services in Wales.

INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2007

	Note	£000	2005-06 £000
Income from activities	3	100,833	107,773
Other operating income	4	10,671	6,782
Total income		111,504	114,555
Operating expenses	5	(117,574)	(113,906)
Operating surplus/(deficit)		(6,070)	649
Costs of fundamental reorganisation/restructuring		0	0
Profit/(loss) on disposal of fixed assets	8	(18)	139
Surplus/(deficit) before interest		(6,088)	788
Interest receivable		840	437
Interest payable	9	(212)	(227)
Other finance costs	16	(87)	(204)
Surplus/(deficit) for the financial year		(5,547)	794
Public Dividend Capital dividends payable		(794)	(787)
Retained surplus/(deficit) for the year	17	(6,341)	7

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2007

		2005-06
	£000	£000
	Note	
Surplus/(deficit) for the financial year before dividend payments		794
Fixed asset impairment losses	17	0
Unrealised surplus/(deficit) on fixed assets revaluations/indexation	17	841
Increases in the donated asset and government grant reserves due to receipt of donated and government grant finance assets	17	0
Reduction in the donated asset and government grant reserves due to the depreciation, impairment and disposal of donated and government grant financed assets	17	(7)
Additions/(reductions) in "other reserves"	17	0
Defined benefit scheme actuarial gains & losses		0
		<u>0</u>
Total recognised gains and losses for the financial year		1,628
Prior period adjustment	17	0
		<u>0</u>
Total gains and losses recognised in the financial year		<u>(4,482)</u>
		<u>1,628</u>

BALANCE SHEET AS AT 31 MARCH 2007

	Note	£000	£000	31 March 2006 £000
Fixed assets				
Intangible assets	10	82		0
Tangible assets	11	50,378		37,471
Investment assets	11.4	0		0
			<u>50,460</u>	37,471
Current assets				
Stocks and work-in-progress	12	197		200
Debtors	13	11,900		14,744
Investments	14	5,000		15,000
Cash at bank and in hand	18.3	326		326
Total current assets			<u>17,423</u>	30,270
Creditors: amounts falling due within 1 year	15		<u>(11,330)</u>	(6,578)
Net current assets/(liabilities)			<u>6,093</u>	23,692
Total assets less current liabilities			<u>56,553</u>	61,163
Creditors: amounts falling due after more than one year	15		<u>(758)</u>	(1,249)
Provisions for liabilities and charges	16		<u>(19,615)</u>	(29,521)
Total assets employed			<u>36,180</u>	30,393
Financed by:				
Taxpayer's equity				
Public dividend capital	23.2		<u>32,379</u>	21,316
Revaluation reserve	17		<u>11,488</u>	10,510
Donated asset reserve	17		<u>7</u>	14
Government grant reserve	17		<u>0</u>	0
Other reserves	17		<u>0</u>	0
Income and expenditure reserve	17		<u>(7,694)</u>	(1,447)
Total taxpayer's equity			<u>36,180</u>	30,393

Signed on behalf of the Board on

Chairman

Chief Executive

Adopted by the Board on

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	Note	£000	£000	2005-06 £000
Operating activities				
Net cash inflow from operating activities	18.1		(7,387)	20,096
Returns on investments and servicing of finance				
Interest received		840		437
Interest paid		0		0
Interest element of finance leases		(212)		(227)
Net cash inflow/(outflow) from returns on investments and servicing of finance			628	210
Capital expenditure				
Payments to acquire tangible fixed assets		(14,658)		(3,348)
Receipts from sale of tangible fixed assets		16		485
Payments to acquire/ receipts from sale of intangible assets		(82)		0
Net cash inflow/(outflow) from capital expenditure			(14,724)	(2,863)
Public dividend capital dividends paid			(441)	(1,171)
Management of liquid resources				
Purchase of current asset investments		(5,000)		(15,000)
Sale of investments		15,000		0
Net cash inflow/(outflow) from management of liquid resources			10,000	(15,000)
Net cash inflow/(outflow) before financing			(11,924)	1,272
Financing				
Public dividend capital received		13,954		483
Public dividend capital repaid (not previously accrued)		(1,902)		(1,636)
Public dividend capital repaid (accrued in previous period)		0		0
Government loans received: short term		0		0
Government loans repaid: short term		0		0
Loan advances/brokerage received		0		0
Loan advances/brokerage repaid		0		0
Other capital receipts		0		0
Capital element of finance leases		(128)		(119)
Net cash inflow/(outflow) from financing			11,924	(1,272)
Increase/(decrease) in cash	18.2		0	0

Notes to the accounts

1. Accounting policies and other information

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

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income recognition

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

1.4 Intangible fixed assets

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

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

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

1.5 Tangible fixed assets

i. Capitalisation

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

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

ii. Valuation

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

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

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

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

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

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

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

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

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

iii. Depreciation

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

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

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

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

Where the useful economic life of an asset is reduced from that initially estimated due to the revaluation of an asset for sale, depreciation is charged to bring the value of the asset to its value at the point of sale. Where there have been any significant changes to the useful economic life or residual values of assets, the reason and effect should be disclosed in the year of change. Where, under Financial Reporting Standard 11 a fixed asset impairment is charged to the Income and Expenditure account, offsetting income is paid by the Assembly via the Trust's main commissioner, to offset the charge. The income is used to repay Public Dividend Capital.

1.6 Fixed Asset Investments

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

1.7 Donated fixed assets

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

1.8 Government grants

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

1.9 Cash Bank and Overdrafts

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

1.10 Leases

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

1.11 Private Finance Initiative

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

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

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

1.12 Stocks and work-in-progress

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

1.13 Research and development

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

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

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

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

1.14 Provisions

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

1.15 Contingent Liabilities

Contingent liabilities are recognised where the NHS Trust has

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

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

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

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

1.16 Losses and special payments

Losses and special payments are items that the National Assembly for Wales would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled. Losses and special payments are charged to the income and expenditure account on an accruals basis. However, note 22 is compiled directly from the losses and compensations register which is prepared on a cash basis.

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

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

1.17 Pension costs

Past and present employees are covered by the provisions of the NHS Pension Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State. As a consequence it is not possible for the trust to identify its share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period.

The Scheme is subject to a full valuation for FRS17 purposes every four years. The last valuation took place as at 31 March 2003. The scheme is also subject to a full valuation by the Government Actuary to assess the scheme's assets and liabilities to allow a review of the employers contribution rates, this valuation took place as at 31 March 2004 and has yet to be finalised. The last published valuation on which contributions are based covered the period 1 April 1994 to 31 March 1999. The next FRS17 valuation will be in 2008, in line with the Government Actuary full valuation review for employers' contribution rates. Between valuations, the Government Actuary provides an update of the scheme liabilities. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the Business Service Agency - Pensions Division website at www.nhs.gov.uk. Copies can also be obtained from The Stationery Office".

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

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

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

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

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

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

1.18 Liquid resources

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

1.19 Value added tax

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

1.20 Foreign Exchange

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

1.21 Third party assets

Assets belonging to third parties (such as money held on behalf of Patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in note 27 to the accounts.

1.22 Public Dividend Capital Dividends

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

1.23 EU Emission Trading Scheme

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

2. Segmental reporting

The Trust has no business segments as defined in SSAP25 - Segmental Reporting.

3. Income from activities

	£000	2005-06 £000
Local health boards	1,737	1,561
Health Commission Wales	80,015	81,244
NHS trusts	16,010	15,578
Strategic health authorities and primary care trusts	0	0
Foundation Trusts	0	0
Local authorities	0	0
National Assembly for Wales	2,539	8,748
Non NHS:		
Private patient income	2	6
Overseas patients (non-reciprocal)	0	0
Road Traffic Act charges/NHS Injury Costs Recovery (ICR) Scheme	9	0
Other income from activities	521	636
Total	100,833	107,773

RTA/ICR income is subject to a provision for doubtful debts of 7.7% to reflect expected rates of collection.

4. Other operating income

	£000	2005-06 £000
Patient transport services	0	0
Education, training and research	1,473	1,362
Charitable and other contributions to expenditure	2,271	1,375
Transfer from the donated asset reserve	7	7
Transfer from the government grant reserve	0	0
Non-patient care income generation schemes	346	582
Other income:		
Provision of laundry, pathology, payroll services	0	0
Accommodation and catering charges	0	0
Mortuary fees	0	0
Staff payments for use of cars	244	204
Business unit (please state)	0	0
Other	6,330	3,252
Total	10,671	6,782

Other income of £6,330k includes the following sources:

Non-ambulance transport for other NHS Trusts	2,675	2,474
Other minor services income	2,321	778
ARRP	1,334	0
	0	0
	0	0
	0	0
Total	6,330	3,252

5. Operating expenses

5.1 Operating expenses comprise

	£000	2005-06 £000
Goods and services from other NHS bodies	773	714
Goods and services from other NHS Foundation Trusts	0	0
Purchase of healthcare from non-NHS bodies	481	104
Directors' costs	779	528
Staff costs	81,651	84,880
Supplies and services - clinical	2,005	1,691
Supplies and services - general	446	842
Establishment	3,713	3,549
Transport	16,558	14,440
Premises	3,333	3,398
Depreciation	4,054	3,575
Amortisation	0	0
Fixed asset impairments and reversals	989	666
Audit fees	113	106
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	786	(990)
Other operating expenses	1,893	403
Total	117,574	113,906

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

	£000	2005-06 £000
Increase/decrease in provision for future payments:		
Clinical negligence	375	(567)
Personal injury	596	16
All other losses and special payments	141	191
Defence legal fees and other administrative costs	330	(2)
Gross increase/decrease in provision for future payments	1,442	(362)
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	49	(97)
Less: income received/ due from Welsh Risk Pool	(705)	(531)
Total charge	786	(990)

Personal injury includes £124,758 (2005-06 £(1,189,792)) in respect of permanent injury benefits

5.3 Commitments under non-cancellable operating leases

	Land and buildings		Other leases	
	£000	2005-06 £000	£000	2005-06 £000
Operating leases which expire:				
Within 1 year	0	0	348	334
Between 1 and 5 years	0	0	1,226	1,782
After 5 years	36	0	0	201
Total	36	0	1,574	2,317

Operating expenses include £3,672,969 for operating lease rentals (2005-06 £4,276,185) and £nil for hire of plant/machinery (2005-06 £ nil).

5.4 Directors' remuneration

	Remuneration as Director £000	Other remuneration £000	Total £000	2005-06 £000
Non-executive directors' remuneration	81	0	81	79
Executive directors' remuneration:				
basic salaries	533	0	533	434
benefits	11	0	11	9
performance related bonuses	0	0	0	0
pension contributions paid	68	0	68	61
Sub-total	693	0	693	583
Compensation for loss of office	0	0	0	0
Pensions for directors and former directors (other than from the NHS pension scheme)	0	0	0	0
Total	693	0	693	583

No performance related bonuses were paid to any Director of the Trust during the financial year 2006-07

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

5.4 Directors' remuneration (continued):

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

	Remuneration as director £000	Other remuneration £000	Total £000	2005-06 £000
Chairman				
Basic remuneration	39	0	39	39
Benefits	0	0	0	0
	<u>39</u>	<u>0</u>	<u>39</u>	<u>39</u>
Chief Executive				
Total				
Basic salaries	168	0	168	118
Benefits	0	0	0	0
Performance related bonuses	0	0	0	0
	<u>168</u>	<u>0</u>	<u>168</u>	<u>118</u>
Pension contributions	20	0	20	179
	<u>188</u>	<u>0</u>	<u>188</u>	<u>297</u>
1				
Basic salaries	75	0	75	0
Benefits	0	0	0	0
Performance related bonuses	0	0	0	0
	<u>75</u>	<u>0</u>	<u>75</u>	<u>0</u>
Pension contributions	10	0	10	0
	<u>85</u>	<u>0</u>	<u>85</u>	<u>0</u>
2				
Basic salaries	61	0	61	0
Benefits	0	0	0	0
Performance related bonuses	0	0	0	0
	<u>61</u>	<u>0</u>	<u>61</u>	<u>0</u>
Pension contributions	6	0	6	0
	<u>67</u>	<u>0</u>	<u>67</u>	<u>0</u>
3				
Basic salaries	15	0	15	0
Benefits	0	0	0	0
Performance related bonuses	0	0	0	0
	<u>15</u>	<u>0</u>	<u>15</u>	<u>0</u>
Pension contributions	2	0	2	0
	<u>17</u>	<u>0</u>	<u>17</u>	<u>0</u>
4				
Basic salaries	17	0	17	0
Benefits	0	0	0	0
Performance related bonuses	0	0	0	0
	<u>17</u>	<u>0</u>	<u>17</u>	<u>0</u>
Pension contributions	2	0	2	0
	<u>19</u>	<u>0</u>	<u>19</u>	<u>0</u>
Highest paid director*				
Basic salaries	0	0	0	0
Benefits	0	0	0	0
Performance related bonuses	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Pension contributions	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

* the chief executive was the highest paid director during the financial year 2006-07.

During 2006/07 the Trust's Chief Executive Mr Don Page was on long term sick until 30/09/06 when he retired. During that period the Trust employed two interim Chief Executive's; Mr Roger Thayne (01/04/06-31/05/06) and Dr Anton van Dellen (01/06/06 - 07/08/06), until Mr Alan Murray was appointed on 07/08/06. Mr D Griffin also acted as Chief Executive from 31/7/06 until 11/8/06 but received no remuneration.

6. Employee costs and numbers

6.1 Employee costs	Permanent Staff	Staff on inward secondment	Agency temporary and contract staff	Total	2005-06
	£000	£000	£000	£000	£000
Salaries and wages	66,799	0	0	66,799	71,134
Social security costs	6,465	0	0	6,465	5,660
Pension costs	8,910	0	0	8,910	8,347
Other pension costs	171	0	0	171	180
Total	82,345	0	0	82,345	85,321

6.2 Average number of employees

6.2 Average number of employees	Permanent Staff	Staff on inward secondment	Agency temporary and contract staff	Total	2005-06
	Number	Number	Number	Number	Number
Medical and dental	1	0	0	1	1
Ambulance staff	2,164	0	0	2,164	2,070
Administrative and estates	179	0	0	179	217
Healthcare assistants and other support staff	112	0	0	112	122
Nursing, midwifery and health visiting staff	0	0	0	0	0
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and technical staff	0	0	0	0	0
Social care staff	0	0	0	0	0
Other	0	0	0	0	0
Total	2,456	0	0	2,456	2,410

6.3 Employee benefits

The trust does not have an employee benefit scheme.

6.4 Trust management costs

	£000	Percentage of total income	2005-06	
			£000	Percentage of total income
Trust management costs	5,128	4.6%	4,369	3.8%
Income	111,504		114,555	

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

6.5 Retirement costs due to ill-health

During 2006-07 (prior year 2005-06) there were 10 (10) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Business Services Authority - Pensions Division) will be £815,374.40 (£1,084,923).

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

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

	Number	£000	2005-06 £000
NHS			
Total bills paid 2006-07	1,029	1,747	1,445
Total bills paid within target	996	1,632	1,402
Percentage of bills paid within target	96.8%	93.4%	97.0%
Non-NHS			
Total bills paid 2006-07	32,468	36,884	24,420
Total bills paid within target	31,069	35,603	23,753
Percentage of bills paid within target	95.7%	96.5%	97.3%
Total			
Total bills paid 2006-07	33,497	38,631	25,865
Total bills paid within target	32,065	37,235	25,155
Percentage of bills paid within target	95.7%	96.4%	97.3%

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

	2005-06	
	£	£
Amounts included within Interest Payable (note 9) arising from claims made under this legislation and compensation paid to cover debt recovery costs.	0	0

8. Profit (loss) on disposal of fixed assets

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

	£000	2005-06 £000
Profit on disposal of land and buildings	0	132
Loss on disposal of land and buildings	0	0
Profit on disposal of plant and equipment	0	7
Loss on disposal of plant and equipment	(18)	0
Profit on disposal of intangible fixed assets	0	0
Loss on disposal of intangible fixed assets	0	0
	(18)	139

9. Interest payable

	£000	2005-06 £000
Government borrowing	0	0
Finance leases and PFI schemes	212	227
Other	0	0
	212	227

10. Intangible fixed assets

	Software licences £000	Licenses and trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross cost at 1 April 2006	0	0	0	0	0
Indexation	0	0	0	0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Other revaluations	0	0	0	0	0
Additions	82	0	0	0	82
Disposals	0	0	0	0	0
Gross cost at 31 March 2007	82	0	0	0	82
Accumulated amortisation at 1 April 2006	0	0	0	0	0
Indexation	0	0	0	0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Other revaluations	0	0	0	0	0
Provided during the year	0	0	0	0	0
Disposals	0	0	0	0	0
Accumulated amortisation at 31 March 2007	0	0	0	0	0
Net book value at 1 April 2006	0	0	0	0	0
Net book value at 31 March 2007	82	0	0	0	82

11. Tangible fixed assets

11.1 Tangible assets at the balance sheet date:

Cost or valuation	Buildings, excluding		Assets under construction and payments on account		Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	Land	dwellings	Dwellings	on account					
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2006	5,502	22,636	0	3,643	14,498	12,262	2,378	161	61,080
Indexation	295	1,824	0	103	400	338	0	4	2,964
Additions									
- purchased	0	1,374	0	10,404	634	4,352	499	5	17,268
- donated	0	0	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	514	0	(3,828)	889	1,937	488	0	0
Impairments	0	(2,536)	0	0	(195)	0	(475)	0	(3,206)
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(948)	(1,452)	0	0	(2,400)
At 31 March 2007	5,797	23,812	0	10,322	15,278	17,437	2,890	170	75,706
Depreciation									
At 1 April 2006	0	3,075	0	0	11,447	7,353	1,683	51	23,609
Indexation	0	248	0	0	316	203	0	1	768
Reclassifications	0	0	0	0	0	0	0	0	0
Impairments	0	(521)	0	0	(145)	0	(71)	0	(737)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(914)	(1,452)	0	0	(2,366)
Provided during the year	0	1,051	0	0	910	1,675	384	34	4,054
At 31 March 2007	0	3,853	0	0	11,614	7,779	1,996	86	25,328
Net book value at 1 April 2006	5,502	19,561	0	3,643	3,051	4,909	695	110	37,471
Net book value at 31 March 2007	5,797	19,959	0	10,322	3,664	9,658	894	84	50,378
Net book value of assets held under finance leases and hire purchase contracts									
Total	0	2,338	0	0	0	0	0	0	2,338
The total amount of depreciation charged in the Income and Expenditure account in respect of assets held under finance leases and hire purchase contracts:									
Total	0	128	0	0	0	0	0	0	128

Of the totals at 31 March 2007, £nil related to land valued at open market value and £nil related to buildings, installations and fittings valued at open market value.

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

11.2 Fixed asset investments at the balance sheet included in Note 11.1 comprise:

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

11.3 The net book value of land and buildings at the balance sheet date comprise:	31 March	
	2006	
	£000	£000
Freehold	20,707	19,181
Long leasehold	5,048	5,882
Short leasehold	0	0
Total	25,755	25,063

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

The Trust has no fixed asset investments.

12. Stocks and work-in-progress

	31 March	
	2006	
	£000	£000
Raw materials and consumables	197	200
Work-in-progress	0	0
Finished processed goods	0	0
Total	197	200

13. Debtors

	31 March	
	2006	
	£000	£000
Amounts falling due within one year:		
Welsh Risk Pool	6,183	5,686
NHS debtors	2,620	4,905
PDC dividend debtors	152	505
Other debtors	1,022	1,562
Provision for irrecoverable debts	(138)	(88)
Other prepayments and accrued income	2,061	2,174
Sub-total	11,900	14,744
Amounts falling due after more than one year:		
Welsh Risk Pool	0	0
NHS debtors	0	0
Other prepayments and accrued income	0	0
Other debtors	0	0
Sub-total	0	0
Total	11,900	14,744

Other debtors include £nil prepaid pension contributions at 31st March 2007 (2005-06 £nil)

14. Current Asset Investments

		31 March 2006 £000
Government securities	5,000	15,000
Local authorities	0	0
Other	0	0
Total	5,000	15,000

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

		31 March 2006 £000
Amounts falling due within one year:	£000	£000
Bank overdrafts	0	0
Interest payable	0	0
Loan advance/brokerage	0	0
Payments received on account	0	0
NHS creditors	244	393
Non-NHS trade creditors - revenue	1,401	1,872
Non-NHS trade creditors - capital	3,516	906
Non-NHS trade creditors - losses and special payments	0	0
Tax and social security costs	1,829	1,340
PDC dividend payable	0	0
Obligations under finance leases and hire purchase contracts	128	119
Obligations under PFI schemes	0	0
Other creditors - superannuation	964	792
Other creditors - all other creditors	1,767	5
Accruals	1,481	1,151
Deferred income	0	0
Sub-total	11,330	6,578
Amounts falling due after more than one year:		
Loan advance/brokerage	0	0
Obligations under finance leases and hire purchase contracts	758	1,249
Obligations under PFI schemes	0	0
NHS creditors	0	0
Non-NHS trade creditors - losses and special payments	0	0
Deferred income	0	0
Other	0	0
Sub-total	758	1,249
Total	12,088	7,827

NHS creditors include:

£nil for payments due in future years under arrangements to buy out the liability for no early retirements over 5 instalments; and £nil outstanding pensions contributions at 31 March 2007 (£nil at 31 March 2006).

15.2 Loan advance/strategic assistance funding

31 March

2006

Amounts falling due:**£000****£000**

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

The Trust has no loans/brokerage.

15.3 Finance lease obligations

31 March

Payable:**Total**

2006

£000**£000**

Within one year	340	346
Between one and two years	340	0
Between two and five years	730	1,384
After five years	3,157	5,745
Sub-total	<u>4,567</u>	<u>7,475</u>
Less finance charges allocated to future periods	(3,681)	(6,107)
Total	<u>886</u>	<u>1,368</u>

15.4 Finance lease commitments

The Trust has entered into no new contracts to lease (building assets) under finance leases during the financial year 2006/07.

16. Provisions for liabilities and charges

	At 1 April 2006 £000	Structured settlement cases trans- ferred to Risk Pool £000	Transfer of prov- isions to creditors £000	Arising during the year £000	Reversed unused £000	Utilised during the year £000	Unwinding of discount £000	At 31 March 2007 £000
Clinical negligence	4,257	0	0	475	(100)	(45)	0	4,587
Personal injury	5,384	0	0	1,091	(495)	(722)	83	5,341
All other losses and special payments	0	0	0	148	(7)	(141)	0	0
Defence legal fees and other administration	272	0	0	503	(173)	(267)		335
Sub-total	9,913	0	0	2,217	(775)	(1,175)	83	10,263
Pensions relating to:								
former directors	0			0	0	0	0	0
other staff	180			6	0	(18)	4	172
Restructurings	0			0	0	0		0
Other	19,428			3,291	0	(13,539)		9,180
Total	29,521	0	0	5,514	(775)	(14,732)	87	19,615

Expected timing of cash flows:

	Between			Totals £000
	Within 1 year £000	2 and 5 years £000	After 5 years £000	
	Clinical negligence	4,587	0	
Personal injury	1,785	789	2,767	5,341
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	335	0	0	335
Pensions - former directors	0	0	0	0
Pensions - other staff	18	67	87	172
Restructuring	0	0	0	0
Other	9,180	0	0	9,180
Total	15,905	856	2,854	19,615

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

"Other" Provisions include the following

£704,000 (2005-06 £646,000) which relates to the provision of unpaid annual leave entitlement to staff in respect of frozen holiday leave entitlement agreed a number of years ago for a proportion of Trust's employees. The whole of this provision is included within 1 year as this could be paid out at anytime.

£924,000 (2005-06 £511,000) relates to the provision for Excess Mileage which is the potential liability for mileage in excess of that anticipated within the lease agreements.

£6,595,000 (2005-06 £18,109,000) which relates to the expected costs relating to the Agenda for Change initiative which provides nationally agreed new standardised pay scales for most staff working in the NHS (Medical and Dental and some very senior staff are the main exclusions) less payments made on account. The accruals/provisions reflect the cost of these additional charges for the period 1/10/2004 (effective date) to 31/3/2007, which have not yet been paid to staff.

£957,000 (2005-06 £162,000) which relates to the provision for the capitalised cost of the premature retirement benefits of a number of staff. £162,000 relates to the former Chief Executive, which is still to be paid to the Pensions Agency.

17. Movements on reserves

Movements on reserves in the year comprised the following:

	Revaluation reserve £000	Donated asset reserve £000	Govern- ment grant reserve £000	Other reserves £000	Income & expenditure reserve £000	Total £000
At 1 April 2006 as previously stated	10,510	14	0	0	(1,447)	9,077
Prior period adjustment					0	0
At 1 April 2006 as restated	10,510	14	0	0	(1,447)	9,077
Transfer from income and expenditure account					(6,341)	(6,341)
Impairments	(1,124)	0	0			(1,124)
Surplus (deficit) on revaluation / indexation of fixed assets	2,196	0	0			2,196
Transfer of realised profits/ (losses)	0	0	0		0	0
Receipt of donated/government granted assets		0	0			0
Depreciation, impairment and disposal of donated/government granted assets		(7)	0			(7)
Other transfers between reserves	(94)	0	0	0	94	0
Other reserve movements				0		0
At 31 March 2007	11,488	7	0	0	(7,694)	3,801

18. Notes to the cash flow statement

18.1 Reconciliation of operating surplus to net cash inflow from operating activities:	£000	2005-06 £000
Total operating surplus/(deficit)	(6,070)	649
Depreciation charge	4,054	3,575
Fixed asset impairment and reversals	989	666
Transfer from the donated asset reserve	(7)	(7)
Transfer from the government grant reserve	0	0
(Increase)/decrease in stocks	3	(38)
(Increase)/decrease in debtors	2,491	(1,630)
Increase/(decrease) in creditors	1,059	123
Increase/(decrease) in provisions	(9,906)	16,758
Net cash inflow from operating activities before restructuring costs	(7,387)	20,096
Payments in respect of fundamental reorganisation/restructuring	0	0
Net cash inflow from operating activities	(7,387)	20,096

18.2 Reconciliation of net cash flow to movement in net debt	£000	2005-06 £000
Increase/(decrease) in cash in the period	0	0
Cash inflow from new debt	0	0
Cash inflow from loan advance/brokerage	0	0
Cash outflow from debt repaid and finance lease capital payments	128	119
Cash (inflow)/outflow from (decrease)/increase in liquid resources	(10,000)	15,000
Change in net debt resulting from cash flows	(9,872)	15,119
Non-cash changes in debt	354	0
Net debt at 1 April	13,958	(1,161)
Net debt at 31 March	4,440	13,958

18.3 Analysis of changes in net debt

	At 1 April 2006 £000	Cash flows £000	Non-cash changes £000	At 31 March 2007 £000
OPG cash at bank	700	(280)		420
Commercial Cash at bank and in hand	(374)	280		(94)
Bank overdrafts	0	0		0
Debt due within one year	0	0	0	0
Debt due after one year	0	0	0	0
Debt due from loan advance/brokerage	0	0	0	0
Finance leases	(1,368)	128	354	(886)
Current asset investments	15,000	(10,000)	0	5,000
	13,958	(9,872)	354	4,440

19. Capital commitments

Commitments under capital expenditure contracts at the balance sheet date were £3,246,265 (and in 2005-06 were £ 114,836).

20. Post balance sheet events

Management of NHS Direct Wales transferred to the Trust from Swansea NHS Trust with effect from April 2007. There is expected to be a transfer of approximately £400,000 of assets and Income in the region of £10M per annum.

21. Contingencies**Contingent Liabilities**

Provision has not been made in the 2006-07 accounts for the following amounts:	£000	31 March 2006 £000
Legal claims for alleged medical or employer negligence	2,523	2,359
Doubtful debts	0	0
Other	0	0
Total value of disputed claims	2,523	2,359
Amount recovered under insurance arrangements in the event of these claims being successful	(2,004)	(1,976)
Net contingent liability	519	383

The Trust has received 272 formal claims under equal pay legislation, following A4C assimilation. There is significant uncertainty regarding both the likelihood of success of any claims and the liability of the Trust if any claims were to be successful. 77 cases have been referred to employment tribunal. It is unlikely that any of these cases will be settled within the next two years.

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

Contingent assets

The Trust has no contingent assets.

22. Losses and special payments

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

Gross loss to the Exchequer

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

	<u>Amounts paid out in year</u>		<u>Approved to write-off in year</u>	
	Number	£	Number	£
Clinical negligence	1	45,000	0	0
Personal injury	101	722,299	31	220,159
All other losses and special payments	115	141,022	79	73,247
Total	217	908,321	110	293,406

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

	<u>Amounts paid out in year</u> £	<u>Cumulative amount</u> £	<u>Approved to write-off in year</u> £
Cases exceeding £250,000			
Include case reference	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
Sub-total	0	0	0
All other cases	908,321	2,362,374	293,406
Total cases	908,321	2,362,374	293,406

23.1 Movements in Government funds

2005-06

	£000	£000
Surplus/(deficit) for the financial year	(5,547)	794
Public dividend capital dividends	(794)	(787)
Subtotal	(6,341)	7
Gains/(losses) from revaluation/indexation of purchased fixed assets	2,196	841
Impairment of fixed assets	(1,124)	0
New public dividend capital	13,954	483
Public dividend capital repaid	(1,902)	(1,636)
Public dividend capital repayable	(989)	0
New loans from Government	0	0
Government loans repaid	0	0
Transfers from the donated asset reserve	0	0
Additions to/ transfers from the government grant reserve	0	0
Addition/(reduction) in other reserves	0	0
Net addition/(reduction) to Government funds	5,794	(305)
Opening Government funds at 1 April	30,529	30,834
Before deducting prior period adjustment of	0	0
Closing Government funds	36,323	30,529

23.2 Movements in public dividend capital

2005-06

	£000	£000
At 1 April 2006	21,316	22,469
New PDC issued in year	13,954	483
PDC due but not issued	0	0
PDC repaid in year	(1,902)	(1,636)
PDC repayable	(989)	0
At 31 March 2007	32,379	21,316

24. Financial performance targets

The Trust has met 2 out of its 3 of its financial targets. Details are given below:

24.1 Breakeven	£'000
Target retained surplus	0
Actual retained surplus	(6,341)
Variance	<u>6,341</u>

The Trust has not broken even in 2006-07.

There are 2 main contributory factors to this shortfall:

1. With effect from October 2004 the Trust has been required to implement new Pay Terms and Conditions for staff under the UK wide Agenda for Change (AFC) initiative.

As a result of the unsocial hours worked by Ambulance Staff, the implementation of AFC pay arrangements has particularly severe financial implications which are generic to Ambulance Service Trusts resulting in an increase of up to 30% in the total pay bill.

Significant additional funding to offset AFC has been made available by the Welsh Assembly Government to the NHS but Trust projections indicate a recurrent shortfall in funding of £5.2million for 2006/07.

2. In previous years, Ambulance leasing costs have been funded by a transfer of resources from the Trust's discretionary capital allocation to revenue. However, as a result of HM Treasury restrictions limiting capital/revenue transfers across the public sector, such a transfer was not permissible for 2006/07. Whilst a business case has been approved by WAG for additional capital and associated capital charges funding to move to a policy of vehicle purchase rather than lease and thereby begin to resolve this issue from 2007/08, the net £2.7m shortfall on revenue funding represents an additional cost pressure in the 2006/07 Financial Year.

The key cost pressures listed and others such as inflationary pressures have been partially offset by stringent management action in year resulting in the reduced net variance reported above.

The Trust's Service Change and Efficiency Plan (SCEP) of £6.4m was accepted by WAG Regional Office and main commissioner Health Commission Wales and accepted by the Chief Executive of NHS Wales in February 2007. This projects the following financial performance for the following years after making additional recurrent efficiencies of £5m to assist with main commissioner Health Commission Wales' own financial deficit:

2006/07 Planned deficit £6.4m (actual £6.3m)
 2007/08 Deficit £2.3m
 2008/09 Breakeven
 2009/10 Surplus £2.9m
 2010/11 Surplus £2.9m
 2011/12 Surplus £2.9m

At the end of this period the Trust will have recovered previous deficits in full.

In addition the Trust's Modernisation Plan - Time to Make a Difference - is intended to contribute significantly to improved operational performance and the development and modernisation of services. The Trust's philosophy in developing and progressing the SCEP will be that wherever possible the level of efficiencies planned should not only be met, but exceeded in order to release resources to develop and modernise services and create "head room" for development.'

No Strategic Assistance Funding has been received by the Trust.

24. Financial performance targets (continued)

24.2 External financing

			31 March
			2007
	£000	£000	£000
External financing limit set by the Assembly		11,924	1,272
Cash flow financing	11,924		1,272
Finance leases taken out in the year	0		0
Other capital receipts	0		0
External financing requirement		11,924	1,272
Undershoot (overshoot)		0	0

The Trust has achieved its external financing limit.

24.3 Creditor payment

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

	2006-07
Total number of non-NHS bills paid 2006-07	32,468
Total number of non-NHS bills paid within target	31,069
Percentage of non-NHS bills paid within target	95.7%

The Trust has met the target.

25. Related Party transactions

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

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

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

	INCOME RECEIVED/DUE £000 2006-07	INCOME RECEIVED/DUE £000 2005-06
Welsh Assembly Government	5,746	10,674
Health Commission Wales	80,015	81,244
Bro Morgannwg NHS Trust	1,380	2,003
Cardiff & Vale NHS Trust	3,997	3,843
Carmarthenshire NHS Trust	696	690
Ceredigion & Mid Wales NHS Trust	319	327
Conwy & Denbighshire NHS Trust	842	978
Gwent Healthcare NHS Trust	3,127	2,926
North East Wales NHS Trust	891	871
North Glamorgan NHS Trust	511	491
North West Wales NHS Trust	1,504	1,524
Pembrokeshire & Derwen NHS Trust	708	732
Pontypridd & Rhondda NHS Trust	812	779
Powys Healthcare NHS Trust	475	455
Swansea NHS Trust	2,265	2,081
Velindre NHS Trust	497	490
University of Wales College of Medicine LHB's/BSC	2,288	2,037
TOTAL	<u>106,073</u>	<u>112,145</u>

The Trust also incurred expenditure with the above health bodies and Trusts in 2006/07.

Seven (7) health bodies received more than £100,000 from the Trust during 2006/07, namely:

North East Wales NHS Trust (£315k) for Payroll and Occupational Health Services;
 North West Wales NHS Trust (£191k) for lease of Premises and Estates services and Conwy and Denbighshire NHS Trust (£156k), Cardiff and Vale NHS Trust (£136k), Gwent Healthcare NHS Trust (£187k) and Swansea NHS Trust (£127k) for services such as Works Admin, Drugs and Domestic;
 Bro Morgannwg NHS Trust (£538k) for services such as Stores issues and Drugs.

26. Other/ Private finance transactions

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

26. Other/ Private finance transactions continued

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

26. Other/ Private finance transactions continued

26.3 The Trust has no Public Private Partnerships

27. Third party assets

The Trust has no Third Party Assets.

28. Financial instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationships that the NHS Trust has previously had with Health Authorities and now with Health Commission Wales and Local Health Boards, and the way those Health bodies are financed, NHS Trusts are not exposed to the degree of financial risk faced by business entities.

Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. NHS Trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing NHS Trusts in undertaking its activities.

Liquidity Risk

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

Interest-rate risks

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

Foreign currency risk

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

The NHS Trust may hold any of the following financial assets and liabilities:

Assets: investments, long-term debtors and accrued income, short-term debtors and accrued income (not disclosed in this note as permitted by FRS 13), cash.

Liabilities: loans and overdrafts, long-term creditors, short-term creditors (not disclosed in this note as permitted by FRS 13), provisions arising from contractual arrangements, finance lease obligations, Public Dividend Capital

The powers of NHS Trusts to invest and borrow are limited. The Board has determined that in order to maximise income from cash balances held, any balance of cash which is not required will be invested. The amount of investment is capped by Direction of the Assembly at an average daily cleared balance of £50,000 and NHS Trusts may only invest in instruments and institutions approved by the Assembly. The Trust does not borrow from the private sector. All other financial instruments are held for the sole purpose of managing the cash flow of the Trust on a day to day basis or arise from the operating activities of the Trust. The management of risks around these financial instruments therefore relates primarily to the Trust's overall arrangements for managing risks to their financial position, rather than the Trust's treasury management procedures.

29. Intra Government balances

	Debtors: Amounts falling due within one year £000	Debtors: Amounts falling due after more than one year £000	Creditors: Amounts falling due within one year £000	Creditors: Amounts falling due after more than one year £000
2006-07:				
National Assembly for Wales	1,256	0	0	0
Welsh Local Health Boards	132	0	0	0
Welsh NHS Trusts	1,018	0	222	0
Health Commission Wales	0	0	0	0
All English Health Bodies	366	0	22	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	(152)	0		
Sub total	2,620	0	244	0
Other Central Government Bodies				
Other Government Departments*	0	0	0	0
Revenue & Customs	0	0	0	0
Local Authorities	0	0	0	0
Balances with Public Corporations and trading func	0	0	0	0
Balances with bodies external to Government	0	0	0	0
TOTAL	2,620	0	244	0
2005-06:				
National Assembly for Wales	1,187	0	0	0
Welsh Local Health Boards	144	0	78	0
Welsh NHS Trusts	1,010	0	315	0
Health Commission Wales	3,225	0	0	0
All English Health Bodies	255	0	0	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	(588)	0		
Sub total	5,233	0	393	0
Other Central Government Bodies				
Other Government Departments*	0	0	0	0
Revenue & Customs	0	0	0	0
Local Authorities	0	0	0	0
Balances with Public Corporations and trading func	0	0	0	0
Balances with bodies external to Government	0	0	0	0
TOTAL	5,233	0	393	0

30. Pooled budgets

The Trust has no pooled budgets.

31. Other

The Financial Report

Statement on Internal Control 2006-2007

1. Scope of Responsibility

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

The Trust's system of internal control is based on a continuous risk management process designed to identify the principal risks to the organisation's achieving its objectives, to assess the nature of those risks and to manage them effectively, efficiently and economically.

The organisation's responsibilities for internal control are also considered in the quarterly accountability reviews held with the Welsh Assembly Government.

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 risks of failure to achieve objectives and adhere to policies; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

- Identify and prioritise the risks to the achievement of organisational policies, aims and objectives
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically

The system of internal control has been in place in the organisation for the year ended 31 March 2007 and up to the date of approval of the accounts, and accords with Welsh Assembly Government Guidance.

3. Capacity to handle risk

The Trust's Risk Management Policy and Strategy as endorsed by the Board sets out the role and responsibilities of the Chief Executive in relation to Risk Management. The Chief Executive has overall responsibility for risk management and the Director of Operations has been designated the Executive Director with delegated responsibility for risk management and health and safety. The Trust's Governance Committee comprises three Non-Executive Directors with Executive Directors and other senior managers in attendance. The Governance Committee has three Sub-Committees: the Risk Management Sub-Committee, the Clinical Governance Sub-Committee and the Patients and Public Involvement Sub-Committee. This development promotes fuller integration of Clinical and Non-Clinical Governance and Controls Assurance. For the year to 31 March 2007 the Director of Operations was Chairman of the Trust's Risk Management Sub-Committee, and all the Executive Directors were members.

During 2007 the Trust developed and began to implement **Time to Make a Difference**, a comprehensive programme of modernisation which will impact on every aspect of its service and operations,

The Risk Management Sub-Committee was responsible for:

- a) Trust-wide co-ordination and prioritisation of risk management issues, including the co-ordination and implementation of the Risk Management Strategy
- b) The review of the Trust's compliance with the Welsh Risk Management Standards and the promotion of the Trust's compliance
- c) Overseeing the requirements of the Welsh Risk Pool Scheme
- d) Setting a programme to review practices within the Trust to ensure that risks are identified and managed
- e) Approving draft Health and Safety Policies, Procedures, Protocols and Guidance and overseeing the work of the National Joint Committee for Health, Safety and Welfare to ensure that Risk Management is properly co-ordinated across the Trust and to ensure also that managers and the Board are continually informed of significant risk issues
- f) Cascading requirements of Trust Policy and Strategy down to operational managers and ensuring local implementation

The various elements of the work of the Risk Management Committee are managed and co-ordinated by the Trust's Risk Manager.

Risk Management, Health and Safety and Adverse Incident Reporting are included in Corporate Induction and Departmental Induction Programmes for staff.

The Trust is an active part of networks with other Ambulance Services in England and Scotland, as well as all-Wales networking of Risk Managers and Health and Safety Managers, in order to "benchmark" and thereby maintain awareness of, and benefit from, information about best practice.

4. The Risk and Control Framework

The Risk Management framework is set out in the Risk Management Policy and Strategy approved by the Board. The key elements of the Strategy include:

- A Policy Statement setting out the Trust's commitment and approach to risk management and confirming that risk management is everyone's responsibility within the Trust
- A general overview that describes the way in which the Risk Management Strategy is fully consistent with the strategies, aims and objectives of the Trust and confirms that a co-ordinated and holistic attitude and approach towards Risk Management is integral to Management of the Trust
- Designated responsibilities of Committees and individuals

- Risk Management processes that include arrangements for risk identification, classification, risk profiling and the Risk Register, risk control and monitoring
- Communications and dissemination to key stakeholders
- Disaster recovery and contingency planning
- Training arrangements
- Principal Committees for managing risks, including terms of reference
- Clinical Governance Framework

- An internal audit function with specialist audit management support from the Mersey Internal Audit Agency (MIAA)

Risk assessment processes are included with the following policies:

- Adverse Incident and Hazard Reporting Policy
- Health and Safety Policy
- Moving and Handling Policy
- Violence and Aggression Policy
- Control of Infection Policy
- Lone Working Policy

The Assurance Framework agreed by the Board covers the following:

- Main activities of the Trust
- Objectives and targets which the Trust is striving to achieve or meet
- Identification of the risks to the achievement of objectives and achieving targets
- Identification and examination of the system of internal control in place to manage the risks
- Identification and examination of the review and assurance mechanisms which relate to the effectiveness of the system of internal control

Risk Management Framework

During the period covered by the Statement on Internal Control, the generic risk priorities for the Trust included: emergency ambulance response times, the condition of the Trust's Estate and environmental management, the I.T. infrastructure, the condition of the fleet and vehicle procurement arrangements, plans for the replacement of the radio communications system, lone working, violence and aggression against staff, moving and handling, and driving and safety.

During the period under review the Trust was subject to two major external audits, by the Auditor General for Wales and by the Healthcare Inspectorate Wales. Both audits/enquiries identified significant aspects of the Service, and its management arrangements, that required improvements and both enquiries made a number of specific recommendations.

These recommendations have been addressed by the 56 projects within the Trust's Time to Make a Difference programme. The projects have also been mapped across the Healthcare Standards against which the Trust has assessed its compliance for the review period.

The Welsh Risk Pool, in acknowledgement of the extensiveness of the two major external reviews to which the Trust has been subject, did not externally assess the Trust against the Welsh Risk Management Standards for 2006-2007 and has indicated that it is content to accept the recommendations of the Auditor General and the Healthcare Inspectorate Wales. The Welsh Risk Pool will obtain what reassurance it needs by reference to the Trust's progress in completing the Time To Make a Difference projects that are aimed at addressing the major risk issues identified by the two independent enquiries. During the current year the Trust will be making due progress in achieving completion of the projects.

Scores achieved on WRP core standards subject to independent review by Internal audit were:

Financial Management	98.10%
Governance	90.90%

The Trust has completed its self-assessment against the 32 Healthcare Standards in respect of 2006-2007, with due regard to the on-going respective Time to Make a Difference projects. The self-assessment process results in the preparation of a Healthcare Standards Improvement Plan (HSIP) for 2007-2008, which will feed into the Balanced Scorecard process and replace the three-year Clinical Governance Development Plan. Progress in relation to the HSIP will be closely monitored throughout the current year

5. Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Executive Officers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, the Governance Committee and its Sub-Committees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Head of Internal Audit's opinion indicates based on audit reviews undertaken during the financial year in question that **significant assurance** can be provided as to the adequacy of the operation of the Trust's system of internal control.

- The Board's role is to provide active leadership of the Trust within a framework of prudent and effective controls that enable risk to be assessed and managed.
- The Audit Committee, as part of an integrated committee structure, is pivotal in advising the Board on the effectiveness of the system of internal control.
- The Governance Committee and the Risk Management and Clinical Governance Sub-Committees are key components by which I am able to assess the effectiveness and assure the Board of risk management generally and clinical risk.
- The Internal Audit Department provides quarterly reports to the Audit Committee and full reports to the Director of Finance and Line Management. The Audit Committee also receives details of actions that remain outstanding following any follow-up of previous audit work. The Director of Finance also meets with the Audit Manager.
- The Trust's Executive and senior management team implement risk management policy as approved by the Board.
- The Trust also has procedures in place for the management of Health and Safety Executive Improvement Notices. These are regularly reviewed to ensure that the Trust complies with the requirements of Improvement Notices as soon as practicably possible and that the Trust is not placed in breach of Health and Safety for lengthy periods of time.

- 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

During the financial year in question, the Trust experienced significant changes in senior management. During 2006/07 the Trust's former Chief Executive Mr Don Page was absent as a result of illness until 30/09/06 when he retired. During that period the Trust employed two interim Chief Executives; Mr Roger Thayne (01/04/06-31/05/06) and Dr Anton van Dellen (01/06/06 - 07/08/06). I was appointed on 07/08/07. The Trust's Director of Finance, Mr M.F Webb has been absent as a result of illness from September 2006 until the present time, with Mr T. Woodhead being appointed as temporary Director of Finance in October 2006.

Significant challenges continued to be experienced in relation to areas such as the Trust's Service Change and Efficiency Programme (SCEP) and the Agenda for Change Assimilation process, as well as continuing efforts to improve Ambulance Response Times across Wales.

The organisation's overall arrangements for internal control and risk management provided assurance that these challenges were generally met and managed effectively.

In addition to the Trust's Internal arrangements, assurance can also be taken into account from a number of independent external sources, such as External Audit, Health and Safety Executive Reviews, professional accreditation of the Ambulance training school and the Trust's Finance Training programmes, CHC and non Executive visits at station level, Welsh Risk Pool reviews, the work of the Trust's Nominated Local Counter Fraud Specialist, and independent monitoring of the CHI Action Plan by the Welsh Assembly Government Regional Office.

The Trust also participated in revised Performance monitoring arrangements to the Welsh Assembly Government's Regional Office by means of Quarterly Balanced Scorecard Reporting.

6. Significant internal control issues

Any significant internal control issues would be reported to the Board via the Audit Committee.

During the year the following issues arose:

- Ambulance Vehicle Procurement. The Trust's external auditors reviewed the processes, procedures and accountability arrangements relating to the purchase of emergency ambulances in March 2005. This review led to a range of recommendations which have been incorporated into the Trust's procurement processes and project management arrangements.
- A further internal review was undertaken into the process leading to the procurement and subsequent impairment of the "Blue 8" PCS control system in 2002. Lessons learnt from this review have also been reflected in strengthened project management arrangements.

During the year, the Trust was subject to 2 major inquiries undertaken by the Auditor General for Wales and Healthcare Inspectorate Wales respectively, which resulted in a number of recommendations being made, all of which are being positively addressed by the Trust through its Modernisation plan, Time to Make a Difference. Lessons learnt from reviews during the year will help inform the further development of Internal Control arrangements within the Trust.

Signed:

Chief Executive

Date:.....

(On behalf of the Board)

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

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

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

Date: 2007 Chief Executive

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF
THE ACCOUNTS**

The directors are required under the National Health Service Act 1977 to prepare accounts for each financial year. The National Assembly for Wales, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure of the Trust for that period. In preparing those accounts, the directors are required to:

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

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

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

By Order of the Board

Signed:

Date:2007

Chairman:

Date:2007

Chief Executive:

Date:2007

Director of Finance:

Welsh Ambulance Services NHS Trust

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

I certify that I have audited the financial statements on pages 1 to 35 under Section 61 of the Public Audit (Wales) Act 2004. These financial statements have been prepared under the accounting policies set out on pages 6 to 12.

I certify that I have audited that part of the remuneration report to be audited.

Respective responsibilities of Directors, the Chief Executive and Auditor

As described on pages 43 to 44 the Directors and the Chief Executive are responsible for the preparation of the financial statements in accordance with Section 98(2) of the National Health Service Act 1977 and Welsh Ministers' directions made thereunder and for ensuring the regularity of financial transactions. The Directors and the Chief Executive are also responsible for the preparation of the Foreword and the contents of the Annual Report.

My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

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 the National Health Service Act 1977 and Welsh Ministers' directions made thereunder, and 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the 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 relevant authorities regarding remuneration and other transactions is not disclosed.

I have been unable to read the other information contained in the Annual Report and consider whether it was consistent with the audited financial statements as it was not available at the time of my audit.

I review whether the statement on pages 37 to 42 reflects the Board's compliance with the Treasury and Welsh Ministers' guidance on the Statement on Internal Control and I report if it does not, or if it is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An 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 the 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 appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned 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 that part of the remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity 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 have also evaluated the overall adequacy of the presentation of information in the financial statements and that part of the remuneration report to be audited.

Without qualifying my opinion, I draw your attention to note 24.1, which sets out the financial position of the Trust and the actions being taken to achieve financial balance.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Welsh Ambulance Services NHS Trust as at 31 March 2007 and of its deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the National Health Service Act 1977 and directions made thereunder by Welsh Ministers;
- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the National Health Service Act 1977 and directions made thereunder by Welsh Ministers; and
- 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.

I have no observations to make on these financial statements.

My conclusion on the Welsh Ambulance Services NHS Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2007 will be reported separately in the published Annual Audit Letter.

Jeremy Colman
Auditor General for Wales
2 July 2007

Wales Audit Office
2-4 Park Grove
Cardiff
CF10 3PA