

Cwm Taf NHS Trust

Foreword

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

INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

		6 months to 30 September 2009	12 months 2008-09
	Note	£000	£000
Revenue from patient care activities	2	177,582	336,079
Other operating revenue	3	9,164	20,256
Operating expenses	4	(186,097)	(353,515)
Operating surplus/(deficit)		649	2,820
Investment revenue	5	52	740
Other gains and losses	6	0	(25)
Finance costs	7	(183)	(394)
Surplus/(deficit)		518	3,141
Dividends payable on Public Dividend Capital		(5,105)	(9,741)
Retained surplus/(deficit)		(4,587)	(6,600)

The notes on pages 6 to 59 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2009

		30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
	Note			
Non-current assets				
Property, plant and equipment	12	307,626	302,551	296,457
Intangible assets	13	0	0	0
Trade and other receivables	20	450	315	3,877
Other financial assets	17	0	0	0
Other assets	18	0	0	0
Total non-current assets		308,076	302,866	300,334
Current assets				
Inventories	19	3,123	3,054	2,812
Trade and other receivables	20	51,313	36,466	22,236
Other financial assets	17	0	0	0
Other current assets	18	0	0	0
Cash and cash equivalents	21	2,956	15,727	3,717
		57,392	55,247	28,765
Non-current assets held for sale	12	150	0	0
Total current assets		57,542	55,247	28,765
Total assets		365,618	358,113	329,099
Current liabilities				
Trade and other payables	22	(28,373)	(28,127)	(23,569)
Borrowings	23	(252)	(279)	(435)
Other financial liabilities	24	0	0	0
Provisions	26	(22,612)	(23,820)	(14,689)
Other liabilities	25	0	0	0
Total current liabilities		(51,237)	(52,226)	(38,693)
Net current assets/(liabilities)		6,305	3,021	(9,928)
Total assets less current liabilities		314,381	305,887	290,406
Non-current liabilities				
Trade and other payables	22	(25)	(48)	(701)
Borrowings	23	(2,770)	(2,852)	(3,064)
Other financial liabilities	24	0	0	0
Provisions	26	(4,165)	(4,157)	(7,108)
Other liabilities	25	0	0	0
Total non-current liabilities		(6,960)	(7,057)	(10,873)
Total assets employed		307,421	298,830	279,533
Financed by:				
Taxpayers' equity				
Public dividend capital		301,904	294,054	277,694
Retained earnings		(11,993)	(7,408)	(805)
Revaluation reserve		14,902	9,667	0
Donated asset reserve		2,608	2,517	2,644
Government grant reserve		0	0	0
Other reserves		0	0	0
Total taxpayers' equity		307,421	298,830	279,533

The financial statements on pages 1 to 59 were approved by the Board on 22nd February 2010 and signed on its behalf by

Chief Executive: Mrs. M S Foster

Date: 22nd February 2010

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Government Grant Reserve £000	Other reserves £000	Total £000
Balance at 31 March 2009							
As previously stated	294,054	(7,408)	9,667	2,517	0	0	298,830
Prior Period Adjustment	0	0	0	0	0	0	0
Restated balance	294,054	(7,408)	9,667	2,517	0	0	298,830
Changes in taxpayers' equity for 2009							
Net gain/(loss) on revaluation of property, plant and equipment		0	5,236	61	0	0	5,297
Net gain/(loss) on revaluation of intangible assets		0	0	0	0	0	0
Net gain/(loss) on revaluation of available for sale financial assets		0	0	0	0	0	0
Receipt of donated/government granted assets		0	0	122	0	0	122
Release of reserves to the income statement		0	0	(91)	0	0	(91)
Movements on other reserves (specify)		0	0	0	0	0	0
Transfers between reserves		2	(1)	(1)	0	0	0
Retained surplus/(deficit) for the year		(4,587)	0	0	0	0	(4,587)
Reserves eliminated on dissolution		0	0	0	0	0	0
New Public Dividend Capital received	7,850						7,850
Public Dividend Capital repaid in year	0						0
Public Dividend Capital written off	0						0
Other movements in PDC in year	0						0
Balance at 30 September 2009	301,904	(11,993)	14,902	2,608	0	0	307,421

The notes on pages 6 to 59 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Government Grant Reserve £000	Other reserves £000	Total £000
Balance at 31 March 2008							
As previously stated	171,853	20	105,821	2,644	0	0	280,338
Prior Period Adjustment	105,841	(825)	(105,821)	0	0	0	(805)
Restated balance at 1 April 2008	277,694	(805)	0	2,644	0	0	279,533
Changes in taxpayers' equity for 2008							
Net gain/(loss) on revaluation of property, plant and equipment		0	9,663	(90)	0	0	9,573
Net gain/(loss) on revaluation of intangible assets		0	0	0	0	0	0
Net gain/(loss) on revaluation of available for sale financial assets		0	0	0	0	0	0
Receipt of donated/government granted assets		0	0	150	0	0	150
Release of reserves to the income statement		0	0	(186)	0	0	(186)
Movements on other reserves (specify)		0	0	0	0	0	0
Transfers between reserves		(3)	4	(1)	0	0	0
Retained surplus/(deficit) for the year		(6,600)	0	0	0	0	(6,600)
Reserves eliminated on dissolution		0	0	0	0	0	0
New Public Dividend Capital received	25,520						25,520
Public Dividend Capital repaid in year	(9,160)						(9,160)
Public Dividend Capital written off	0						0
Other movements in PDC in year	0						0
Balance at 31 March 2009	294,054	(7,408)	9,667	2,517	0	0	298,830

The notes on pages 6 to 59 form part of these accounts.

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

		6 months to 30 September 2009	12 months 2008-09
	Note	£000	£000
Cash flows from operating activities			
Operating surplus/(deficit)		649	2,820
Depreciation and amortisation		8,477	21,461
Impairments and reversals		12,659	6,498
Net foreign exchange (gain)/loss		0	0
Release of PFI deferred credits		0	0
Transfer from donated asset reserve		(91)	(186)
Transfer from government grant reserve		0	0
Interest paid		(52)	(139)
Dividend paid		(4,077)	(10,032)
(Increase)/decrease in inventories		(69)	(242)
(Increase)/decrease in trade and other receivables		(15,941)	(9,019)
(Increase)/decrease in other current assets		0	0
Increase/(decrease) in trade and other payables		(2,123)	2,260
Increase/(decrease) in other current liabilities		0	0
Increase/(decrease) in provisions		(1,200)	6,180
Net cash inflow/(outflow) from operating activities		(1,768)	19,601
Cash flows from investing activities			
Interest received		55	748
(Payments) for property, plant and equipment		(18,848)	(24,572)
Proceeds from disposal of property, plant and equipment		0	181
(Payments) for intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
(Payments) for other investments with WAG		0	0
(Payments) for other investments		0	0
Proceeds from disposal of other investments with WAG		0	0
Proceeds from disposal of other investments		0	0
Rental proceeds		0	0
Net cash inflow/(outflow) from investing activities		(18,793)	(23,643)
Net cash inflow/(outflow) before financing		(20,561)	(4,042)
Cash flows from financing activities			
Public Dividend Capital received		7,850	25,520
Public Dividend Capital repaid		0	(9,160)
Loans received from WAG		0	0
Other loans received		0	0
Loans repaid to WAG		0	0
Other loans repaid		0	0
Other capital receipts		48	60
Capital elements of finance leases and on-balance sheet PFI		(108)	(368)
Cash transferred (to)/from other NHS bodies		0	0
Net cash inflow/(outflow) from financing activities		7,790	16,052
Net increase/(decrease) in cash and cash equivalents		(12,771)	12,010
Cash and cash equivalents and bank overdrafts at the beginning of the financial year	21	15,727	3,717
Cash and cash equivalents and bank overdrafts at the end of the financial year	21	2,956	15,727

The notes on pages 6 to 59 form part of these accounts.

Accounting policies

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

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Pooled budgets

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

1.4 Revenue

The main source of revenue for the trust is from Local Health Boards, which are Welsh Assembly Government funded commissioners of NHS health and patient care. Revenue is recognised in the period in which services are provided.

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

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

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

1.5 Employee Benefits

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

Retirement benefit costs

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

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

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

1.6 Other expenses

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

1.7 Property, plant and equipment

Property, plant and equipment is capitalised if:

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

broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

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

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

Valuation

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

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

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

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

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

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

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

Subsequent expenditure

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

1.8 Intangible assets

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

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

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

Measurement

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

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

1.9 Depreciation, amortisation and impairments

Freehold land and properties under construction are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period

over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives

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

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

1.10 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.11 Donated assets

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

1.12 Government grants

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

1.13 Non-current assets held for sale

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

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

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

1.14 Leases

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

The trust as lessee

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

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

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

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

The trust as lessor

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

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

1.15 Private Finance Initiative (PFI) transactions

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

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

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

Services received

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

PFI asset

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

PFI liability

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

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

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

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

Lifecycle replacement

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

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

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

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

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

Other assets contributed by the Trust to the operator

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

1.16 Inventories

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

1.17 Cash and cash equivalents

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

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

1.18 Provisions

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

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

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

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

1.19 Clinical Negligence Costs

The Welsh Risk Pool operates a risk pooling scheme which is currently funded by the Welsh Assembly Government. The WRP is hosted by North Wales NHS Trust.

1.20 EU Emissions Trading Scheme

EU Emission Trading Scheme allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the NHS body makes emissions, a provision is recognised with an offsetting transfer from the government grant reserve. The provision is settled on surrender of the allowances. The asset, provision and government grant reserve are valued at fair value at the end of the reporting period.

1.21 Contingencies

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

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

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

1.22 Financial assets

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

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the trust's surplus or deficit for the accounting period. The net gain or loss incorporates any interest earned on the financial asset.

Held to maturity investments

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

Available for sale financial assets

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

Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques

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

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

1.23 Financial liabilities

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

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

Financial guarantee contract liabilities

Financial guarantee contract liabilities are subsequently measured at the higher of:

- The premium received (or imputed) for entering into the guarantee less cumulative amortisation.
- The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets

1.24 Value Added Tax

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

1.25 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 30 September. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the period in which they arise.

1.26 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them.

1.27 Public Dividend Capital (PDC) and PDC dividend

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

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

1.28 Losses and Special Payments

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

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

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

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

1.29 Critical Accounting Judgements and key sources of estimation uncertainty

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

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

1.30 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Significant estimations are made in relation to on going clinical negligence claims. Assumptions as to the likely outcome, the potential liabilities and the timings of these litigation claims are provided by independent legal advisors. Any material changes in liabilities associated with these claims would be recoverable through the Welsh Risk Pool.

Cwm Taf NHS Trust Accounts to 30 September 2009

	6 months to 30 September 2009 £000	12 Months 2008-09 £000
2. Revenue from patient care activities		
Local health boards	151,698	307,724
Health Commission Wales	3,510	6,112
NHS trusts	1,696	2,794
Strategic health authorities and primary care trusts	369	504
Foundation Trusts	0	0
Local authorities	2,243	4,488
Welsh Assembly Government	16,896	11,997
Non NHS:		
Private patient income	127	150
Overseas patients (non-reciprocal)	0	30
Injury Costs Recovery (ICR) Scheme	891	2,138
Other revenue from activities	152	142
Total	177,582	336,079

ICR income is subject to a provision for doubtful debts of 7.8% to reflect expected rates of collection.

	6 months to 30 September 2009 £000	12 Months 2008-09 £000
3. Other operating revenue		
Patient transport services	0	0
Education, training and research	4,728	9,613
Charitable and other contributions to expenditure	137	441
Transfer from the donated asset reserve	91	186
Transfer from the government grant reserve	0	0
Non-patient care services to other bodies	196	612
Income generation	0	0
Rental revenue	0	0
Other revenue:		
Provision of laundry, pathology, payroll services	412	1,259
Accommodation and catering charges	839	1,664
Mortuary fees	66	132
Staff payments for use of cars	182	361
Business unit (please state)	1,834	3,329
Other	679	2,659
Total	9,164	20,256

Other revenue of £x'000 includes the following sources:

	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
Total	0	0

4. Operating expenses

4.1 Operating expenses	6 months to 30 September 2009 £000	12 Months 2008-09 £000
Goods and services from other NHS Wales bodies	2,206	4,458
Goods and services from other NHS bodies	0	0
Purchase of healthcare from non-NHS bodies	6	461
Directors' costs	531	1,031
Staff costs	133,901	259,705
Supplies and services - clinical	16,393	33,701
Supplies and services - general	2,074	4,067
Consultancy Services	316	471
Establishment	2,795	5,515
Transport	224	554
Provision for impairment of receivables	129	181
Premises	5,264	12,262
Depreciation	8,477	21,461
Amortisation	0	0
Impairments and reversals of property, plant and equipment	12,659	6,498
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets	0	0
Audit fees	162	318
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	551	1,180
Research and development	0	0
Other operating expenses	409	1,652
Total	186,097	353,515

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

Increase/(decrease) in provision for future payments:	6 months to 30 September 2009 £000	12 Months 2008-09 £000
Clinical negligence	(110)	8,883
Personal injury	330	417
All other losses and special payments	36	53
Defence legal fees and other administrative costs	231	8
Gross increase/(decrease) in provision for future payments	487	9,361
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	0	0
Less: income received/ due from Welsh Risk Pool	64	(8,181)
Total charge	551	1,180

Personal injury includes £201,784 (2008-09 £145,687) in respect of permanent injury benefits.

Cwm Taf NHS Trust Accounts to 30 September 2009

	6 months to 30 September 2009	12 Months 2008-09
	£000	£000
5. Investment revenue		
Rental revenue :		
PFI finance lease revenue:		
Planned	0	0
Contingent	0	0
Other Finance lease contingent rental revenue	0	0
Operating lease contingent rental revenue	0	0
Interest revenue:		
Bank accounts	52	740
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	52	740

	6 months to 30 September 2009	12 Months 2008-09
	£000	£000
6. Other gains and losses		
Gain/(loss) on disposal of property, plant and equipment	0	(25)
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of financial assets	0	0
Gains/(loss) on foreign exchange	0	0
Change in fair value of financial assets at fair value through profit and loss	0	0
Change in fair value of financial liabilities at fair value through profit and loss	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	0	(25)

	6 months to 30 September 2009	12 Months 2008-09
	£000	£000
7. Finance costs		
Interest on loans	0	0
Interest on obligations under finance leases	4	32
Interest on obligations under PFI contracts:		
Main finance cost	51	107
Contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	0	0
Other finance costs	128	255
Total	183	394

8. Operating leases

As lessee

The lease information below relates to various vehicle leases. There are no significant leasing arrangements that require further disclosure.

	6 months to	12 Months
	30 September 2009	2008-09
	£000	£000
Payments recognised as an expense		
Minimum lease payments	424	859
Contingent rents	0	0
Sub-lease payments	0	0
Total	424	859
Total future minimum lease payments	6 months to	12 Months
	30 September 2009	2008-09
	£000	£000
Payable:		
Not later than one year	450	358
Between one and five years	307	165
After 5 years	0	0
Total	757	523
Total future sublease payments expected to be received	0	0

As lessor

	6 months to	12 Months
	30 September 2009	2008-09
	£000	£000
Rental revenue		
Contingent rent	0	0
Other	0	0
Total revenue rental	0	0
Total future minimum lease payments	6 months to	12 Months
	30 September 2009	2008-09
	£000	£000
Receivable:		
Not later than one year	0	0
Between one and five years	0	0
After 5 years	0	0
Total	0	0

9. Employee costs and numbers

9.1 Employee costs	Permanently Employed	6 months to 30 September 2009		12 Months 2008-09
		Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	111,909	1,214	113,123	219,684
Social security costs	7,990	0	7,990	15,585
Employer contributions to Pensions Schemes	13,583	0	13,583	26,252
Other pension costs	0	0	0	0
Other post-employment benefits	0	0	0	0
Termination benefits	0	0	0	0
Total	133,482	1,214	134,696	261,521
Of the total above:				
Charged to capital			316	895
Charged to revenue			134,380	260,626
			134,696	261,521

9.2 Average number of employees

9.2 Average number of employees	Permanently Employed	6 months to 30 September 2009		12 Months 2008-09
		Other	Total	Total
	Number	Number	Number	Number
Medical and dental	594	10	604	621
Ambulance staff	0	0	0	0
Administrative and estates	1,377	2	1,379	1,389
Healthcare assistants and other support staff	1,544	0	1,544	1,520
Nursing, midwifery and health visiting staff	2,501	3	2,504	2,503
Nursing, midwifery and health visiting learners	14	0	14	18
Scientific, therapeutic and technical staff	957	1	958	955
Social care staff	0	0	0	0
Other	0	0	0	0
Total	6,987	16	7,003	7,006

9.3 Employee benefits

The trust does not have an employee benefit scheme.

10. Pension costs

10.1 Retirement costs due to ill-health

In the period to 30 September 2009 there were 12 early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements will be £655,336.62. The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

11. Public Sector Payment Policy - Measure of Compliance

11.1 Prompt payment code - measure of compliance

The 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 later.

	Number	£000
NHS		
Total bills paid to 30 September 2009	1,489	6,378
Total bills paid within target	1,426	6,015
Percentage of bills paid within target	95.8%	94.3%
Non-NHS		
Total bills paid to 30 September 2009	48,019	49,336
Total bills paid within target	44,827	46,995
Percentage of bills paid within target	93.4%	95.3%
Total		
Total bills paid to 30 September 2009	49,508	55,714
Total bills paid within target	46,253	53,010
Percentage of bills paid within target	93.4%	95.1%

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

	£
Amounts included within finance costs (note 9) from claims made under this legislation	0
Compensation paid to cover debt recovery costs under this legislation	0
Total	<u>0</u>

12. Property, plant and equipment :

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2009	39,235	226,008	6,443	58,890	49,361	253	7,494	3,160	390,844
Indexation	0	0	0	0	958	5	0	61	1,024
Additions - purchased	0	626	0	19,077	1,035	0	194	11	20,943
Additions - donated	0	13	0	109	0	0	0	0	122
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	(6,292)	(28,479)	(2,200)	0	0	0	0	0	(36,971)
Reclassified as held for sale	(136)	(446)	0	0	(1,002)	0	0	0	(1,584)
Disposals other than by sale	0	0	0	0	0	0	0	0	0
At 30 September 2009	32,807	197,722	4,243	78,076	50,352	258	7,688	3,232	374,378
Depreciation									
At 1 April 2009	0	45,773	481	96	35,241	210	4,170	2,322	88,293
Indexation	0	0	0	0	684	4	0	45	733
Reclassifications	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	(28,822)	(495)	0	0	0	0	0	(29,317)
Reclassified as held for sale	0	(432)	0	0	(1,002)	0	0	0	(1,434)
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Provided during the year	0	5,936	59	0	1,873	4	466	139	8,477
At 30 September 2009	0	22,455	45	96	36,796	218	4,636	2,506	66,752
Net book value at 1 April 2009	39,235	180,235	5,962	58,794	14,120	43	3,324	838	302,551
Net book value at 30 September 2009	32,807	175,267	4,198	77,980	13,556	40	3,052	726	307,626
Net book value at 30 September 2009 comprises :									
Purchased	32,198	174,135	4,198	77,611	13,073	32	3,045	726	305,018
Donated	609	1,132	0	369	483	8	7	0	2,608
Government Granted	0	0	0	0	0	0	0	0	0
NBV 30 Sept 2009	32,807	175,267	4,198	77,980	13,556	40	3,052	726	307,626
Asset Financing									
Owned	32,657	173,290	884	77,980	13,203	40	3,052	726	301,832
Held on finance lease	0	0	0	0	353	0	0	0	353
On-balance sheet PFI contract	150	1,977	3,314	0	0	0	0	0	5,441
PFI residual interest	0	0	0	0	0	0	0	0	0
NBV 30 Sept 2009	32,807	175,267	4,198	77,980	13,556	40	3,052	726	307,626
The net book value of land, buildings and dwellings at 30 September 2009 comprises :									
Freehold									£'000
Long Leasehold									212,272
Short Leasehold									0
									212,272

12. Property, plant and equipment :

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2008	45,929	214,945	4,952	40,489	46,820	230	6,850	2,921	363,136
Indexation	(6,647)	6,207	192	1,203	1,405	7	0	88	2,455
Additions - purchased	0	2,290	0	18,690	2,605	7	831	112	24,535
Additions - donated	0	0	0	95	0	9	7	39	150
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	1,587	0	(1,587)	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	979	1,433	0	0	0	0	0	2,412
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	(47)	0	(134)	0	(1,469)	0	(194)	0	(1,844)
At 31 March 2009	39,235	226,008	6,443	58,890	49,361	253	7,494	3,160	390,844
Depreciation									
At 1 April 2008	0	28,179	345	96	32,320	193	3,553	1,993	66,679
Indexation	0	744	10	0	970	6	0	60	1,790
Reclassifications	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	(4)	0	(1,444)	0	(190)	0	(1,638)
Provided during the year	0	16,850	130	0	3,395	11	807	269	21,462
At 31 March 2009	0	45,773	481	96	35,241	210	4,170	2,322	88,293
Net book value									
at 1 April 2008	45,929	186,766	4,607	40,393	14,500	37	3,297	928	296,457
at 31 March 2009	39,235	180,235	5,962	58,794	14,120	43	3,324	838	302,551
Net book value at 31 March 2009 comprises :									
Purchased	38,432	179,340	5,962	58,534	13,577	34	3,316	838	300,033
Donated	803	895	0	260	543	9	8	0	2,518
Government Granted	0	0	0	0	0	0	0	0	0
	39,235	180,235	5,962	58,794	14,120	43	3,324	838	302,551
Asset Financing									
Owned	39,107	178,511	2,587	58,794	13,656	43	3,324	838	296,860
Held on finance lease	0	0	0	0	464	0	0	0	464
On-balance sheet PFI contract	128	1,724	3,375	0	0	0	0	0	5,227
PFI residual interest	0	0	0	0	0	0	0	0	0
	39,235	180,235	5,962	58,794	14,120	43	3,324	838	302,551
The net book value of land, buildings and dwellings at 31 March 2009 comprises :									
Freehold									£'000
									225,432
Long Leasehold									0
Short Leasehold									0
									225,432

Disclosures:

i) Assets totalling £122k were purchased with donated funds.

		£'000
Arts Council for Wales	Art Works	15
Macmillan	Chemotherapy Day Unit	107

ii) Assets are restated to current value annually using indices provided by the District Valuer via the Assembly. At five yearly intervals an independent professional valuation is undertaken of Land and Buildings.

- The last valuation was carried out as at 1st April 2009.
- The valuation was carried out by the Valuation Office Agency
- The April 2009 valuation restated the Trust estate to Modern Equivalent Asset basis for specialised operational property and existing use value for non-specialised property.

iii) Asset valuations have been updated in line with the valuation exercise carried out on 1st April 2009. The effect of the adjustment is a reduction of £1,362,537 on Buildings and £6,291,699 on Land.

iv) The sum of £10,809,000 impairment income has been included in the income statement as agreed by the Welsh Assembly Government.

v) The Trust Board has deemed that Gilfach Goch and Tonypany Health Centres will become surplus to requirements in 2009 upon completion of new builds. The District Valuer's assessment of open market value in 2009 for Gilfach Goch is £150k and for Tonypany £250k. Depreciation has been accelerated accordingly to achieve open market value at the disposal date.

The Trust Board has deemed that Llwynypia Hospital will become surplus to requirements in 2009 upon completion of Ysyby Cwm Rhondda Hospital. The District Valuer's assessment of open market value in 2009 is £1.5million. Depreciation has been accelerated accordingly to achieve open market value at the disposal date.

The Trust Board has deemed that Aberdare Hospital and Mountain Ash Hospital will become surplus to requirements in 2011 upon completion of Cynon Valley Neighbourhood Hospital. The District Valuer's assessment of open market value in 2011 for Aberdare Hospital is £4million and for Mountain Ash Hospital £850k. Depreciation has been accelerated accordingly to achieve open market value at the disposal date.

12.2 Non-current assets held for sale

	Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance b/f 1 April 2008	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0
Balance c/f 31 March 2009	0	0	0	0	0	0
Balance b/f 1 April 2009	0	0	0	0	0	0
Plus assets classified as held for sale in year	150	0	0	0	0	150
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0
Balance c/f 30 Sept 2009	150	0	0	0	0	150

The Trust Board has deemed that Gilfach Goch Health Centre will become surplus to requirements in 2009/10 upon completion of a new build.

It is anticipated that the sale of the Health Centre will be completed by 31st March 2010. The District Valuer's assessment of open market value in 2009 for Gilfach Goch is £150k. Depreciation has been accelerated accordingly to achieve open market value at disposal date.

It is anticipated that the sale of the Health Centre will result in neither a gain or a loss.

13. Intangible fixed assets

	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	EU Emissions trading scheme allowances	Total
Cost or valuation	£000	£000	£000	£000	£000		£000
At 1 April 2009	0	0	0	0	0	0	0
Revaluation					0	0	0
Reclassifications	0	0	0	0	0	0	0
Additions							
- purchased	0	0	0	0	0	0	0
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Gross cost at 30 September 2009	0	0	0	0	0	0	0
Accumulated amortisation at 1 April 2009	0	0	0	0	0	0	0
Revaluation					0	0	0
Impairments	0	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0
Accumulated amortisation at 30 September 2009	0	0	0	0	0	0	0
Net book value at 1 April 2009	0	0	0	0	0	0	0
Net book value at 30 September 2009	0	0	0	0	0	0	0
Net book value							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
Total at 30 September 2009	0	0	0	0	0	0	0

13. Intangible fixed assets

	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	EU Emissions trading scheme allowances	Total
Cost or valuation	£000	£000	£000	£000	£000		£000
At 1 April 2008	0	0	0	0	0	0	0
Revaluation					0	0	0
Reclassifications	0	0	0	0	0	0	0
Additions							
- purchased	0	0	0	0	0	0	0
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
sale	0	0	0	0	0	0	0
sale	0	0	0	0	0	0	0
Gross cost at 31 March 2009	0	0	0	0	0	0	0
Accumulated amortisation at 1 April 2008	0	0	0	0	0	0	0
Revaluation					0	0	0
Impairments	0	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	0
sale	0	0	0	0	0	0	0
sale	0	0	0	0	0	0	0
Accumulated amortisation at 31 March 2009	0	0	0	0	0	0	0
Net book value at 1 April 2009	0	0	0	0	0	0	0
Net book value at 31 March 2009	0	0	0	0	0	0	0
Net book value							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
Total at 31 March 2009	0	0	0	0	0	0	0

14. Revaluation reserve balance for intangible assets

	£000
At 1 April 2009	0
Changes	0
At 30 September 2009	<u>0</u>

15. Impairments

Impairments in the period arose from:

	Intangible 30 September 2009 £000	Tangible 30 September 2009 £000
Loss or damage from normal operations	0	0
Loss as a result of a catastrophe	0	0
Abandonment of assets in the course of construction	0	0
Unforeseen obsolescence	0	0
Over-specification of assets	0	0
Changes in market price	0	10,809
Other (specify)	0	0
Total	<u>0</u>	<u>10,809</u>

£10,809k impairment arose following a revaluation of land and buildings as at 1st April 2009. The exercise restated the Trust's estate to Modern Equivalent Asset valuation in line with International Financial Reporting Standards. This is also as a consequence of the latest accounting guidance prohibiting a negative revaluation reserve.

16. Capital commitments

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

	30 September 2009
	£000
Property, plant and equipment	71453
Intangible assets	0
Total	<u>71,453</u>

Commitments relating to capital expenditure contracts at the balance sheet date were £71.453m (2008/09: £84.47m). The majority of commitments comprise the Cynon Valley Neighbourhood Hospital Scheme and the Prince Charles Hospital Ward Refurbishment Scheme. The Cynon Valley build commenced in November 2008 and is due for completion in the Autumn of 2011. The planned spend on this scheme is £78.907m, the funding for which has been approved by the Welsh Assembly Government. The refurbishment of the wards at Prince Charles Hospital commenced in 2008 and is due for completion in the Autumn of 2012. The planned spend on this scheme is £53.267m and is also funded by the Welsh Assembly Government.

19. Inventories

19.1 Inventories

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Drugs	1,086	997	1,026
Consumables	1,982	2,025	1,760
Energy	55	32	26
Work in progress	0	0	0
Other	0	0	0
Total	<u>3,123</u>	<u>3,054</u>	<u>2,812</u>
Of which held at net realisable value:	<u>0</u>	<u>0</u>	<u>0</u>

19.2 Inventories recognised in expenses

	30 September 2009 £000	31 March 2009 £000
Inventories recognised as an expense in the period	12,864	24,283
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	<u>12,864</u>	<u>24,283</u>

20. Trade and other receivables

20.1 Trade and other receivables

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Current			
Welsh Risk Pool	19,374	21,448	10,803
NHS receivables	23,071	7,278	5,581
Public Dividend Capital dividend receivables	0	756	465
Other trade receivables	5,708	5,913	5,458
Pre-payments PFI lifecycle items received later than planned	0	0	0
Provision for impairment of receivables	(427)	(464)	(426)
Other prepayments and accrued income	3,587	1,535	355
Sub-total	<u>51,313</u>	<u>36,466</u>	<u>22,236</u>
Non-current			
Welsh Risk Pool	202	60	3,608
NHS receivables	0	0	0
Other trade receivables	0	0	0
Pre-payments PFI lifecycle items received later than planned	0	0	0
Provision for impairment of receivables	0	0	0
Other prepayments and accrued income	248	255	269
Other trade receivables	0	0	0
Sub-total	<u>450</u>	<u>315</u>	<u>3,877</u>
Total trade and other receivables	<u>51,763</u>	<u>36,781</u>	<u>26,113</u>

No interest is charged on trade receivables.

The value of trade receivables that are past their due payment date but not impaired is £1,965k. The average age of these receivables is 2-3 months. The Trust does not hold any collateral over the balances.

17. Other financial assets

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Non-current			
Finance lease receivables	0	0	0
Financial assets carried at fair value through profit and loss	0	0	0
Held to maturity investments carried at amortised cost	0	0	0
Available for sale financial assets carried at fair value	0	0	0
Loans carried at amortised cost	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>
Current			
Finance lease receivables	0	0	0
Financial assets carried at fair value through profit and loss	0	0	0
Held to maturity investments carried at amortised cost	0	0	0
Available for sale financial assets carried at fair value	0	0	0
Loans carried at amortised cost	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>

18. Other assets

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Non-current			
EU Emissions trading scheme allowances	0	0	0
Prepayments	0	0	0
Other assets	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>
Current			
EU Emissions trading scheme allowances	0	0	0
Prepayments	0	0	0
Other assets	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>

20.2 Receivables past their due date but not impaired

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
By up to 3 months	1,802	1,778	0
By 3 to 6 months	109	0	0
By more than 6 months	54	0	0
Balance at end of financial year/period	<u>1,965</u>	<u>1,778</u>	<u>0</u>

20.3 Provision for the impairment of receivables

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Balance at beginning of the year	464	426	0
Amount written off during the year	0	(8)	0
Amount recovered during the year	(94)	(170)	0
(Decrease)/increase in allowance recognised in income statement	56	216	0
Balance at end of financial year/period	<u>426</u>	<u>464</u>	<u>0</u>

The most significant factor used to determine the impairment is the length of time the debts have remained outstanding.

In 2007-08 this additional information on the organisation's debtor profile was not required and therefore the prior period figures for 1 April 2008 are not available.

Cwm Taf NHS Trust Accounts to 30 September 2009

21. Cash and cash equivalents

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Opening Balance	15,727	3,717	3,525
Net change in year	(12,771)	12,010	192
Closing Balance	<u>2,956</u>	<u>15,727</u>	<u>3,717</u>
Made up of:			
Cash with GBS	2,877	3,650	3,464
Commercial banks	60	58	253
Cash in hand	19	19	0
Current investments	0	12,000	0
Cash and cash equivalents as in balance sheet	<u>2,956</u>	<u>15,727</u>	<u>3,717</u>
Bank overdraft - GBS	0	0	0
Bank overdraft - Commercial	0	0	0
Cash and cash equivalents	<u>2,956</u>	<u>15,727</u>	<u>3,717</u>

22. Trade and other payables

22.1 Trade and other payables at the balance sheet date consist of:

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Current			
Interest payable	0	0	0
NHS payables	2,294	3,114	2,225
Non-NHS trade payables - revenue	3,074	3,723	4,533
Non-NHS trade payables - capital	5,085	3,117	1,118
Non-NHS trade payables - losses and special payments	0	0	0
Tax and social security costs	5,601	5,439	5,364
Public Dividend Capital dividend payable	272	0	0
Other liabilities - superannuation	3,331	3,220	3,065
Other liabilities - all other payables	8,716	9,514	7,264
Sub-total	<u>28,373</u>	<u>28,127</u>	<u>23,569</u>
Non-current			
Trade and other payables	0	0	0
NHS payables	0	0	0
Non-NHS trade payables - revenue	0	0	0
Non-NHS trade payables - capital	25	48	701
Non-NHS trade payables - losses and special payments	0	0	0
Deferred income	0	0	0
Other	0	0	0
Sub-total	<u>25</u>	<u>48</u>	<u>701</u>
Total	<u>28,398</u>	<u>28,175</u>	<u>24,270</u>

Expected dates of settlement for non-current payables are:

£11k : December 2010

£14k : February 2011

22.2 Loan advance/strategic assistance funding

	30 September	31 March	1 April
	2009	2009	2008
Amounts falling due:	£000	£000	£000
In one year or less	0	0	0
Between one and two years	0	0	0
Between two and five years	0	0	0
In five years or more	0	0	0
Sub-total	<u>0</u>	<u>0</u>	<u>0</u>
Wholly repayable within five years	0	0	0
Wholly repayable after five years, not by instalments	0	0	0
Wholly or partially repayable after five years by instalments	0	0	0
Sub-total	<u>0</u>	<u>0</u>	<u>0</u>
Total repayable after five years by instalments	0	0	0

23. Borrowings

Current

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Bank overdraft - GBS	0	0	0
Bank overdraft - Commercial bank	0	0	0
Loans from:			
Welsh Assembly Government	0	0	0
Other entities	0	0	0
PFI liabilities:			
Main liability	96	97	91
Lifecycle replacement received in advance	0	0	0
Finance lease liabilities	156	182	344
Other (describe)	0	0	0
Total	252	279	435

Non-current

Bank overdraft - GBS	0	0	0
Bank overdraft - Commercial bank	0	0	0
Loans from:			
Welsh Assembly Government	0	0	0
Other entities	0	0	0
PFI liabilities:			
Main liability	2,694	2,732	2,829
Lifecycle replacement received in advance	0	0	0
Finance lease liabilities	76	120	235
Other (describe)	0	0	0
Total	2,770	2,852	3,064

Further details on the PFI liabilities is provided on page 46 within Note 29.2. The finance lease liabilities relate to equipment leases with payments due to cease in December 2010.

24. Other financial liabilities

Current

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Financial liabilities carried at fair value through profit and loss	0	0	0

Non-current

Financial liabilities carried at fair value through profit and loss	0	0	0
---	---	---	---

25. Other liabilities

Current

	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Lease incentives	0	0	0
PFI asset - deferred credit	0	0	0
Other	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

Non-current

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

26. Provisions

	At 31 March 2009	Structured settlement cases transferr-ed to Risk Pool	Transfer of provisions to creditors	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 30 September 2009
Current								
Clinical negligence	20,061	0	0	2,210	(926)	(2,535)	0	18,810
Personal injury	1,080	0	0	235	(167)	(142)	46	1,052
All other losses and special payments	109	0	0	0	(42)	0	0	67
Defence legal fees and other administration	730	0	0	290	(441)	(19)		560
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	208			0	(53)	(16)	82	221
Restructurings	0			0	0	0		0
Other	1,632			306	(36)	0		1,902
Total	23,820	0	0	3,041	(1,665)	(2,712)	128	22,612
Non Current								
Clinical negligence	0	0	0	215	0	0	0	215
Personal injury	1,956	0	0	237	0	0	0	2,193
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	71	0	0	31	0	(71)		31
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	2,130			0	0	(404)	0	1,726
Restructurings	0			0	0	0		0
Other	0			0	0	0		0
Total	4,157	0	0	483	0	(475)	0	4,165
TOTAL								
Clinical negligence	20,061	0	0	2,425	(926)	(2,535)	0	19,025
Personal injury	3,036	0	0	472	(167)	(142)	46	3,245
All other losses and special payments	109	0	0	0	(42)	0	0	67
Defence legal fees and other administration	801	0	0	321	(441)	(90)		591
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	2,338			0	(53)	(420)	82	1,947
Restructurings	0			0	0	0		0
Other	1,632			306	(36)	0		1,902
Total	27,977	0	0	3,524	(1,665)	(3,187)	128	26,777

Expected timing of cash flows:

	Within 1 year	2 and 5 years	6 and 10 years	After 10 years	After 50 years	After 75 years	Totals
				£000	£000	£000	£000
Clinical negligence	18,810	215	0	0	0	0	19,025
Personal injury	1,185	768	960	332	0	0	3,245
All other losses and special payments	67	0	0	0	0	0	67
Defence legal fees and other administration	560	31	0	0	0	0	591
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	221	880	846	0	0	0	1,947
Restructuring	0	0	0	0	0	0	0
Other	1,902	0	0	0	0	0	1,902
Total	22,745	1,894	1,806	332	0	0	26,777

The provisions for litigation claims are based on independent legal advice at the time of preparing the accounts. The amounts and timings are best estimates and can change in future periods as further information becomes available. The Pension provision relates to estimates for amounts payable to the NHS Pension Scheme to cover the costs of staff given early retirement. The liability is based on estimates received from the NHS Pension Agency discounted to present value. Other provisions relate to estimates for settling outstanding Agenda for Change costs.

Of the clinical negligence and personal injury provision £19.576m is recoverable from the Welsh Risk Pool and is included within Note 20.1 Trade and Other Receivables.

26. Provisions

	At 1 April 2008	Structured settlement cases transferr-ed to Risk Pool	Transfer of provisions to creditors	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2009
Current								
Clinical negligence	10,373	0	0	13,223	(2,489)	(1,046)	0	20,061
Personal injury	1,890	0	0	628	(1,162)	(278)	2	1,080
All other losses and special payments	139	0	0	53	(83)	0	0	109
Defence legal fees and other administration	789	0	0	591	(181)	(469)		730
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	200			0	(154)	0	162	208
Restructurings	0			0	0	0		0
Other	1,298			820	(486)	0		1,632
Total	14,689	0	0	15,315	(4,555)	(1,793)	164	23,820
Non Current								
Clinical negligence	3,409	0	0	0	(115)	(3,294)	0	0
Personal injury	1,169	0	0	67	629	0	91	1,956
All other losses and special payments	43	0	0	0	(43)	0	0	0
Defence legal fees and other administration	303	0	0	47	(118)	(161)		71
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	2,184			0	(54)	0	0	2,130
Restructurings	0			0	0	0		0
Other	0			0	0	0		0
Total	7,108	0	0	114	299	(3,455)	91	4,157
TOTAL								
Clinical negligence	13,782	0	0	13,223	(2,604)	(4,340)	0	20,061
Personal injury	3,059	0	0	695	(533)	(278)	93	3,036
All other losses and special payments	182	0	0	53	(126)	0	0	109
Defence legal fees and other administration	1,092	0	0	638	(299)	(630)		801
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	2,384			0	(208)	0	162	2,338
Restructurings	0			0	0	0		0
Other	1,298			820	(486)	0		1,632
Total	21,797	0	0	15,429	(4,256)	(5,248)	255	27,977

Expected timing of cash flows:

	Within 1 year	2 and 5 years	6 and 10 years	After 10 years	After 50 years	After 75 years	Totals
				£000	£000	£000	£000
Clinical negligence	20,061	0	0	0	0	0	20,061
Personal injury	1,080	1,956	0	0	0	0	3,036
All other losses and special payments	109	0	0	0	0	0	109
Defence legal fees and other administration	730	71	0	0	0	0	801
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	208	832	1,298	0	0	0	2,338
Restructuring	0	0	0	0	0	0	0
Other	1,632	0	0	0	0	0	1,632
Total	23,820	2,859	1,298	0	0	0	27,977

The provisions for litigation claims are based on independent legal advice at the time of preparing the accounts. The amounts and timings are best estimates and can change in future periods as further information becomes available. The Pension provisions relate to estimates for amounts payable to NHS Pension to cover the costs of staff awarded early retirement. The liability is based on estimates received from the NHS Pensions at the time of retirement and then discounted to present value. Other provisions relate to estimates for settling outstanding Agenda for Change costs.

Of the clinical negligence and personal injury provision £21.508m is recoverable from the Welsh Risk Pool and is included within Note 20.1 Trade and Other Receivables.

27. Finance leases

27.1 Finance leases obligations (as lessee)

The finance leases reported on page 43 relate to equipment leases. There are no significant leasing arrangements which require further disclosure.

Amounts payable under finance leases:

LAND	30 September 2009 £000	31 March 2009 £000	1 April 2008 £000
Minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

27.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

BUILDINGS	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
OTHER	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
Minimum lease payments			
Within one year	165	192	376
Between one and five years	80	123	248
After five years	0	0	0
Less finance charges allocated to future periods	(13)	(13)	(45)
Minimum lease payments	<u>232</u>	<u>302</u>	<u>579</u>
Included in:			
Current borrowings	156	182	344
Non-current borrowings	76	120	235
	<u>232</u>	<u>302</u>	<u>579</u>
Present value of minimum lease payments			
Within one year	165	192	376
Between one and five years	80	123	248
After five years	0	0	0
Less finance charges allocated to future periods	(13)	(13)	(45)
Present value of minimum lease payments	<u>232</u>	<u>302</u>	<u>579</u>
Included in:			
Current borrowings	156	182	344
Non-current borrowings	76	120	235
	<u>232</u>	<u>302</u>	<u>579</u>

27.2 Finance lease receivables (as lessor)

The Trust has no Finance leases where the Trust acts as a lessor

Amounts receivable under finance leases:

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

Cwm Taf NHS Trust Accounts to 30 September 2009

27.3 Rental Revenue	30 September 2009	31 March 2009	1 April 2008
	£000	£000	£000
Contingent rent	0	0	0
Other	0	0	0
Total rental revenue	0	0	0

28. Finance lease commitments

Cwm Taf NHS Trust has not entered into any new contracts to lease assets under finance leases during the financial period 2009.

29. Other / Private finance transactions

29.1 The Trust has no PFI operational schemes deemed to be off-balance sheet

29.2 The Trust has two PFI operational schemes deemed to be on-balance sheet

Details of the scheme are :

	30 September 2009
	£000
Amounts included within operating expenses in respect of the service element of <u>PFI transactions deemed to be on-balance</u> sheet	147
Amortisation of PFI deferred asset	0
Operating expenses	147

	31 March 2009	30 September 2009
	£000	£000
Imputed finance lease obligations comprise:		
Within one year	198	217
Between one and two years	199	198
Between two and five years	596	596
After five years	2,834	2,735
Sub-total	3,827	3,746
Less interest element	(998)	(956)
Total	2,829	2,790

The Trust is committed to make the following **service** payments during the next year:

PFI scheme which expires:

Within one year	0	0
Years 2-5 (inclusive)	0	0
Years 6-10 (inclusive)	0	0
Years 11-15 (inclusive)	0	0
Years 16-20 (inclusive)	294	147
Years 21-25 (inclusive)	0	0

Finance charges of £36k were charged on the staff residence scheme and £15k on the combined heat and power plant scheme.

Capital value of scheme included in Fixed Assets Note 12

	£000
Staff Residences - Royal Glamorgan Hospital	3,464
Contract start date:	09/10/1998
Contract end date:	21/09/2028

Scheme Description

The staff residences scheme covers the design, build, financing and operation of staff accommodation on the Royal Glamorgan Hospital site. The Trust entered into a project agreement with Charter Housing Association on the 9th October 1998.

	£000
Combined Heat and Power Plant-Prince Charles Hospital	1,977

Contract start date:	01/04/2004
Contract end date:	31/03/2029

Scheme Description

The contract is for the installation, operation, maintenance and ownership of a Combined Heat and Power plant and the complete management and operation of a central boiler plant installation, light fittings and building management system on the Prince Charles Hospital site.

The contract includes performance guarantees for the supply of hot water and electricity.

The charging structure requires the Trust to pay for heat (in the form of hot water) created from the electricity generated by the Combined Heat and Power plant being supplied free of charge to the Trust.

29.3 The Trust has no Public Private Partnerships

30. Financial risk

IFRS 7, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationships that Cwm Taf 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, Cwm Taf Trust is not exposed to the degree of financial risk faced by business entities.

Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. Cwm Taf NHS Trusts has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing Cwm Taf NHS Trust in undertaking its activities.

Cwm Taf NHS Trust's treasury management operations are carried out by the finance department within parameters defined formally within Cwm Taf NHS Trust's standing financial instructions and policies agreed by the board of directors. Cwm Taf NHS Trust treasury activity is subject to review by the Trust's internal auditors.

Liquidity risk

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

Interest-rate risks

The great majority of Cwm Taf NHS Trust's financial assets and financial liabilities carry nil or fixed rates of interest. Cwm Taf NHS Trust is not, therefore, exposed to significant interest-rate risk.

Foreign currency risk

Cwm Taf NHS Trust has no or negligible foreign currency income or expenditure and therefore are not exposed to significant foreign currency risk.

Credit Risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 30 September 2009 are in receivables from customers as disclosed in the Trade and other receivables note.

General

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

31. Financial instruments

	30 September	31 March	1 April
	2009	2009	2008
	£000	£000	£000
<u>Financial assets</u>			
Fair value through profit and loss	0	0	0
Held to maturity assets	0	0	0
Available for sale financial assets	0	0	0
Loans and receivables (including cash and cash equivalents)	52869	52508	29830
<u>Financial liabilities</u>			
Fair value through profit and loss	0	0	0
Amortised cost	0	0	0
Other financial liabilities	31420	31306	27769

Financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies. The NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Trust in undertaking its activities.

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

32. Contingencies

32.1 Contingent liabilities

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

30 September

2009

£000

Legal claims for alleged medical or employer negligence	75,193
Doubtful debts	0
Equal pay cases	0
Other [specify]	0
Total value of disputed claims	<u>75,193</u>
Amount recovered under insurance arrangements in the event of these claims being successful	<u>(71,557)</u>
Net contingent liability	<u>3,636</u>

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

32.2 Contingent assets

The Trust has no contingent assets.

33. Third party assets

The Trust held £134,255 cash at bank and in hand at 30 September 2009 (31 March 2009: £97,100) which relates to monies held by the Trust on behalf of patients. The Trust also opens accounts in the name of individual patients, the balance of these accounts being £61,953 as at 30th September 2009 (31 March 2009:£87,735). This has been excluded from cash at bank and in hand figure reported in the accounts.

34. Events after reporting period

In 2008 the Health and Social Services Minister in the Welsh Assembly Government gave approval for the merger of NHS Trusts and LHBs to create 6 new LHBs at 1st October 2009.

These six month financial statements from 1st April 2009 to 30th September 2009 are the final financial statements of Cwm Taf NHS Trust. On 1st October 2009 the Trust merged with Rhondda Cynon Taf and Merthyr Tydfil LHB's to form Cwm Taf LHB. All of the assets and liabilities of the Trust transferred to the new LHB at that date and all operations are continuing.

35. Related Party transactions

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

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

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

	30 September 2009	30 September 2009	30 September 2009	30 September 2009
	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Assembly Government	0	22,720	0	15,210
Health Commission Wales	0	3,515	0	259
Abertawe Bro Morgannwg University Hospital NHS Trust	2,494	1,458	867	544
Velindre NHS Trust	246	1,133	75	247
Bridgend Local Health Board	0	1,416	0	111
Caerphilly Local Health Board	0	9,918	0	618
Cardiff Local Health Board	323	1,673	303	223
Merthyr Local Health Board	100	26,941	76	706
Rhondda Cynon Taf Local Health Board	260	108,702	245	2,113
University of Wales College of Medicine	122	177	0	58
TOTAL	3,545	177,653	1,566	20,089

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

Rhondda Cynon Taf County Borough Council	1,071	1,453	442	327
--	-------	-------	-----	-----

Mr Russell Roberts Chairman of Cwm Taf NHS Trust is also the Leader of Rhondda Cynon Taf County Borough Council

The Trust has also received revenue and capital payments from Cwm Taf NHS Trust Charitable Funds totalling £0.136m (£0.419m in 2008-09) the Trustees for which are also members of the Trust Board.

	31 March 2009	31 March 2009	31 March 2009	31 March 2009
	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Assembly Government	0	23,712	0	1,137
Health Commission Wales	0	6,124	0	60
Abertawe Bro Morgannwg University Hospital NHS Trust	4,671	3,352	803	429
Velindre NHS Trust	569	2,171	134	111
Bridgend Local Health Board	70	2,827	70	38
Caerphilly Local Health Board	47	18,943	9	31
Cardiff Local Health Board	626	3,403	310	219
Merthyr Local Health Board	113	53,920	63	473
Rhondda Cynon Taf Local Health Board	557	223,875	300	4,038
University of Wales College of Medicine	307	562	63	32
Rhondda Cynon Taf County Borough Council	1,778	3,014	60	460
TOTAL	8,738	341,903	1,812	7,028

36. Intra Government balances

	Receivables: Amounts falling due within one year £000	Receivables: Amounts falling due after more than one year £000	Payables: Amounts falling due within one year £000	Payables: Amounts falling due after more than one year £000
To 30 September 2009:				
Welsh Assembly Government	17,060	0	272	0
Welsh Local Health Boards	4,634	0	782	0
Welsh NHS Trusts	1,902	0	1,495	0
Health Commission Wales	259	0	0	0
All English Health Bodies	340	0	3,348	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	7	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	(346)	0	0	0
Sub total	23,856	0	5,897	0
Other Central Government Bodies				
Other Government Departments	15	0	2	0
Revenue & Customs	181	0	5,601	0
Local Authorities	1,387	0	577	0
Balances with Public Corporations and trading funds	0	0	41	0
Balances with bodies external to Government	25,874	450	16,255	25
TOTAL	51,313	450	28,373	25
	Receivables: falling due £000	Receivables: falling due £000	Payables: falling due £000	Payables: falling due £000
2008-09:				
Welsh Assembly Government	1,953	0	0	0
Welsh Local Health Boards	5,285	0	935	0
Welsh NHS Trusts	2,244	0	2,008	0
Health Commission Wales	60	0	0	0
All English Health Bodies	246	0	3,391	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	8	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	(127)	0	0	0
Sub total	9,669	0	6,334	0
Other Central Government Bodies				
Other Government Departments	35	0	1	0
Revenue & Customs	644	0	5,439	0
Local Authorities	797	0	64	0
Balances with Public Corporations and trading funds	0	0	209	0
Balances with bodies external to Government	25,321	315	16,080	48
TOTAL	36,466	315	28,127	48

37. Losses and special payments

Losses and special payments are charged to the Income statement in accordance with IFRS but are recorded in the losses and special payments register when payment is made. Therefore this note is prepared on a cash basis.

Gross loss to the Exchequer

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

	Amounts paid out during period to 30 Sept 2009		Approved to write-off to 30 Sept 2009	
	Number	£	Number	£
Clinical negligence	27	909,703	4	108,630
Personal injury	26	116,823	7	28,302
All other losses and special payments	85	36,127	85	36,127
Total	138	1,062,653	96	173,059

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

Cases exceeding £250,000	Case reference	Case type	Amounts	Cumulative	Approved to
			paid out in year £	amount £	write-off in year £
	01RRSMN0016	CN	70,000	420,560	0
	02RRSMN0012	CN	0	714,726	0
	05RRSMN0043	CN	85,000	1,085,000	0
	06RVEMN0021	CN	320,283	333,644	0
	04RRSMN0039	CN	120,000	448,882	0
			0	0	0
			0	0	0
			0	0	0
			0	0	0
			0	0	0
			0	0	0
			0	0	0
Sub-total			595,283	3,002,812	0
All other cases			467,370	1,694,429	173,059
Total cases			1,062,653	4,697,241	173,059

38. Pooled budgets

The Trust has no pooled budgets.

39. Transition to IFRS

Under UKGAAP the Trust reported a surplus of £7k in 2008-09 this changed significantly to a deficit of £6600k on transition to IFRS. Details of changes and the impact on reserves are provided on the reconciliation below.

	Retained earnings	Revaluation reserve	Donated asset reserve	Govt grant reserve
	£'000	£'000	£'000	£'000
Taxpayers' equity at 31/03/09 under UK GAAP	4	615	2517	0
Adjustment to remove negative revaluation reserve balances	-6498	6498	0	0
Adjusted taxpayers' equity at 31/03/09	-6494	7113	2517	0
Adjustments for IFRS changes:				
PFI	-493	2534	0	0
Leases	-134	20	0	0
Others (specify)	-287	0	0	0
Taxpayers' equity at 31/03/09 under IFRS	-7408	9667	2517	0
Surplus/(deficit) for 2008-09 under UK GAAP	7	0	0	0
Adjustments for:				
PFI	-139	0	0	0
Leases	30	0	0	0
Others (specify)	-6498	0	0	0
Surplus/(deficit) for 2008-09 under IFRS	-6600	0	0	0

The UK GAAP 2008-09 cash flow statement included net movements in liquid resources of £12,000,000. This net movement is included in the bottom line cash and cash equivalents figure in the 2008-09 cash flow statement under IFRS.

40. Operating segments

Under IFRS8 the Trust has no reportable operating segments as it considers that all its healthcare operating segments are sufficiently similar to treat as one, and therefore need not report them separately.

41. Remuneration Report

Salary and Pension entitlements of Senior Managers

Remuneration

Name and title	30-Sep-2009			31-Mar-2009		
	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in kind (Rounded to the nearest £00)	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in kind (Rounded to the nearest £00)
	£000	£000	£00	£000	£000	£00
Mrs M Foster <i>Chief Executive</i>	80-85	0	2	155-160	0	4
Mr P Hollard <i>Deputy Chief Executive & Director of Strategy</i>	55-60	0	0	115-120	0	0
Mr D H Lewis <i>Director of Finance & Information</i>	55-60	0	0	115-120	0	0
Mrs. S C Sullivan <i>Medical Director</i>	15-20	60-65	2	30-35	120-125	3
Mrs R J Walker <i>Nurse Director until 31st August 2009</i>	35-40	0	5	95-100	0	12
Ms A M Hopkins <i>Nurse Director from 1st September 2009</i>	5-10	0	0	0	0	0
Mrs A Phillimore <i>Director of Human Resources until 31st July 2009</i>	30-35	0	1	95-100	0	4
Mr S T James <i>Acting Director of Human Resources from 1st July 2009</i>	20-25	0	0	0	0	0
Non executive directors						
Mr R Roberts <i>Chairman</i>	20-25	0	0	10-15	5-10	0
Mrs M Williams <i>Non-Executive Director</i>	0-5	0	0	5-10	0	0
Dr. C B Turner <i>Non-Executive Director</i>	0-5	0	0	5-10	0	0
Professor J Wademan <i>Non-Executive Director</i>	0-5	0	0	5-10	0	0
Dr V Winckler <i>Non-Executive Director</i>	0-5	0	0	5-10	0	0
Mr Martyn Waygood <i>Non-Executive Director</i>	0-5	0	0	5-10	0	0
Mr J Hill-Tout <i>Non-Executive Director</i>	0-5	0	0	5-10	0	0

Other remuneration for Mrs S C Sullivan relates to payments for the performance of clinical duties.

Mr R Roberts was appointed Chairman on 1st January 2009. Other remuneration to 31st March 2009 relates to his non-executive director role to 31st December 2008.

Benefits in kind relates to mileage allowances received in excess of the Inland Revenue tax free rate (figures given in hundreds).

41. Remuneration Report continued

Salary and Pension entitlements of Senior Managers

Pension Benefits

Name and title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 30 Sept 2009 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 30 Sept 2009 (bands of £5,000) £000	Cash Equivalent Transfer Value at 30 Sept 2009 £000	Cash Equivalent Transfer Value at 31 March 2009 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £00
Mrs M Foster <i>Chief Executive</i>	0-2.5	5-7.5	70-75	210-215	1,674	1,551	59	0
Mr P Hollard <i>Deputy Chief Executive & Director of Strategy</i>	0-2.5	0-2.5	45-50	145-150	998	954	14	0
Mr D H Lewis <i>Director of Finance & Information</i>	0-2.5	0-2.5	45-50	140-145	1,068	1,017	18	0
Mrs. S C Sullivan <i>Medical Director</i>	2.5-5	10-12.5	65-70	195-200	1,660	1,459	116	0
Mrs R J Walker <i>Nurse Director until 31st August 2009</i>	(0-2.5)	(0-2.5)	25-30	80-85	454	423	12	0
Ms A M Hopkins <i>Nurse Director from 1st September 2009</i>	0-2.5	0-2.5	20-25	70-75	516	462	5	0
Mrs A Phillimore <i>Director of Human Resources until 31st July 2009</i>	0-2.5	0-2.5	15-20	55-60	380	343	13	0
Mr S T James <i>Acting Director of Human Resources from 1st July 2009</i>	0-2.5	0-2.5	10-15	40-45	222	150	24	0

The NHS Pension scheme which is open to all NHS employees requires all members to contribute on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings, with the employers contributing 14%. Pensionable pay is determined by the number of years pensionable service and is related to the level of earnings/final salary at the time of retirement. Pension benefits are calculated on the same basis for all members. The above Executive Directors all pay into the NHS Pension scheme.

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 capital 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 CETV figures and the other pension details include the value of any pension benefits 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 years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period. As a result of the Occupational Pension Scheme (Transfer Value Amendment) regulations the factors used to calculate CETV's changed on 1st October 2008.

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

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

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

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

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

By Order of the Board

Signed:

Date: 22nd February 2010

Chairman: Dr. C Jones

Date: 22nd February 2010

Chief Executive: Mrs. M S Foster

Date: 22nd February 2010

Director of Finance: Mr. D H Lewis

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

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

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

Date: 22nd February 2010 Chief Executive: Mrs. M S Foster

STATEMENT ON INTERNAL CONTROL

1. Context

This is the second operating year of Cwm Taf NHS Trust, which was established on 1 April 2008, following the integration of the former Pontypridd & Rhondda and North Glamorgan NHS Trusts. This statement on internal control relates to arrangements within the Cwm Taf NHS Trust during the final 6 months of the Trust, April to September 2009.

2. Scope of responsibility

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

Trust Chief Executives' performance in the discharge of these personal responsibilities is assessed by the Head, Department for Health & Social Services, Chief Executive, NHS Wales. In addition, the Trust's performance across a range of associated areas, including the management of risk, governance, financial and non-financial control, are monitored by the Welsh Assembly Government.

3. The purpose of the system of internal control

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

The system of internal control has been in place in the Trust for the period 1st April to 30th September 2009 and up to the date of approval of the accounts, and accords with Welsh Assembly Government guidance.

4. Capacity to handle risk

The Trust Board has overall responsibility and authority for the risk management programme through the receipt and evaluation of reports indicating the status and progress of Trust-wide risk management activities. The Audit, Clinical Governance and Corporate Risk Committees, comprising a variety of both Non Executive and Executive Directors, plus representatives from Local Health Boards and the Community Health Council, oversee the Trust's risk management arrangements, making recommendations for change as appropriate.

Operational responsibility in terms of regularly monitoring progress with specific risks is delegated to the various sub-groups of the Board Sub Committees who then report to the relevant Committee as required. These include the Trust's Integrated Governance Divisional Groups and the Trust Health & Safety Committee, which includes membership from Executive Directors and directorate representatives, specialist Risk Managers and staff safety representatives.

The Cwm Taf NHS Trust's Risk Management Policy, was identified as an essential Policy to help inform the Trust Integration agenda which reinforced the principle that effective risk management practice is dependent upon ownership of the management of risks throughout the whole of the organisation. Staff are encouraged to take a proactive role in the identification and reporting of risks, with an emphasis on not apportioning blame, but rather to promote a learning culture within the Trust. The Policy clearly defines the respective roles and responsibilities of the Trust Board, sub Committees, Managers and staff.

Staff awareness of the need to manage risks is encouraged through the provision of regular and on-going training programmes.

5. The risk and control framework

Performance against the Healthcare Standards for Wales.

For the first 6 months of 2009/10, the internal controls assurance assessment process is aligned to the Annual Healthcare Standards Self Assessment process.

Guidance for developing the Statement on Internal Control (SIC) is outlined in the NHS Trust Manual for Accounts Wales (2008/09) issued by the Welsh Assembly Government, which includes a requirement for the self assessment against the Healthcare Standards to form a key element of the internal controls assurance process.

The former document has identified the following four 'core' Healthcare Standards;

- Healthcare Standard 14 (Risk Management)
- Healthcare Standard 16 (Patient Safety)
- Healthcare Standard 27 (Governance)
- Healthcare Standard 28 (Clinical Governance)

The Trust has recently completed their Annual assessment of the Healthcare Standards for Wales for the period 2008/09. This assessment was positively validated by a number of mechanisms, including Internal Audit and Healthcare Inspectorate Wales (HIW) between March and September 2009 and provided good levels of accuracy and maturity in performance against many of the assessed 32 Standards. Between April and September 2009, the Trust has maintained continuity from the 2008/09 assessment and has worked with Internal Audit to review the four Core Standards so as to ensure that there has been continuity during the first part of the 2009/10 business year. The Trust has also used the outcome of the Annual Self Assessment to inform the development of the inaugural Cwm Taf Health Board Annual Healthcare Standards Improvement Plan (2009/10) the development of which is being monitored through Clinical Governance Committee and will be approved at the first meeting of the new Health Board in October 2009.

Progress against the 2008/09 Plan and development of the 2009/10 Plan was reported to South East Wales Regional Office in August 2009.

Towards the end of the first 6 months of the 2009/10 business year, the Trust has provided evidence to Internal Audit to demonstrate continued compliance against the four core Healthcare Standards. As part of their review of the process, including the level of Board engagement, Internal Audit found that the Trust has sufficient and necessary evidence to support their self assessed rating in respect of the 'Core' Healthcare Standards.

Performance against the 32 Healthcare Standards for Wales is self assessed against a Maturity Matrix ranging from level 1 (awareness) to level 5 (leading). This year's performance in relation to the four core Healthcare Standards is as follows.

2009/10 (April - September)				
Standard	Corporate	Operational	User Experience	Overall
14 (Risk Management)	4	4	4	4
16 (Patient safety)	4	3	4	4
27 (Governance)	4	4	4	4
28 (Clinical Governance)	4	4	4	4

Key: 1=Aware; 2=Responding; 3=Developing; 4=Practising; 5=Leading.

Note: The 2009/10 self assessed scores have been internally validated by Internal Audit.

Standard	2008/09			
	Corporate	Operational	User Experience	Overall
14 (Risk Management)	4	4	4	4
16 (Patient safety)	4	3	4	4
27 (Governance)	4	4	4	4
28 (Clinical Governance)	4	4	4	4

Cwm Taf NHS Trust's approach to the management of risk is outlined in their Risk Management Strategy and Policy. Between April and September 2009, the following specific measures were in place to support risk management:

- Fully established and functioning Committee structures to ensure risk management is regularly reviewed at a strategic level, operationally supported by working groups;
- Two of the Trust's eight Strategic Goals are
 - **to establish a regulatory framework and ensure compliance and**
 - **to ensure all healthcare services provided are clinically effective, safe and of a high quality**.
- Risk co-ordinators established in all directorates and departments with the responsibility for communicating and facilitating the risk management agenda within their respective areas;
- The establishment, review and maintenance of a Corporate Risk Register which identifies Corporate Risks and is informed by Divisional/Directorate Risk Registers/Profiles which are documented, maintained, updated and monitored;
- Action plans developed at departmental, directorate and Trust level to allocate responsibility and resources for improving controls and reducing risks;
- Trust Board received regular reports on progress made during the year in the management of key risks;
- The establishment of a risk based approach to the consideration and allocation of Trust resources; and
- The operational approach to risk management is supported by appropriate training and guidance for staff.

The process outlined in the Trust's Strategy for managing risk was applied to a broad spectrum of risk including clinical, non-clinical, corporate, business, environmental and health & safety related risks.

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.

The Trust worked closely with its external stakeholders to minimise the wider impact of any significant potential risks, and included Community Health Council, LHB and Local Authority representatives in its Committee structures.

6. 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 Directors of the Trust 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 Trust Board and the work of the Audit Committee, Clinical Governance Committee and the Corporate Risk Committee. Internal Audit has helped to inform this review from focused work throughout the period and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The scrutiny of these arrangements is in part informed through the internal mechanisms already referred to, but also through the independent and impartial views and opinions expressed by a range of bodies external to the Trust. These include:

- Welsh Assembly Government;
- Wales Audit Office;
- Internal Audit (Price Waterhouse Coopers)
- Healthcare Inspectorate Wales (HIW);
- Welsh Risk Pool;
- Community Health Councils;
- Health & Safety Executive;
- Post Graduate Medical Education and Training Board (PMETB), Post Graduate and Under Graduate Deanery's, Royal Colleges and other Academic bodies;
- Mental Health Act Commissioners
- Other Accredited Bodies.

The Board received additional assurance from the detailed scrutiny undertaken by its Audit Committee, which is in turn advised by Internal Audit (Price Waterhouse Coopers), External Audit (Wales Audit Office) and the Local Counter Fraud Specialist. In addition, the following actions were taken during the year to seek to further strengthen the system of internal control:

- In April 2009, Cwm Taf completed its first organisational self assessment against the 32 Healthcare Standards for Wales. Elements of the submission was validated by HIW and Internal Audit, between March and August 2009 and generally positive reports were provided to the Trust. The reports outlined good levels of validated accuracy and good levels of validated maturity.
- In response to the 2009 review, the Trust commenced work with LHB partners, to produce the first Cwm Taf Health Board Annual Healthcare Standards Improvement Plan (2009/10). A 'draft' has already been approved, the final draft of the plan was presented to the inaugural Health Board meeting in November 2009.
- The Audit Committee met regularly during the year and considered and agreed an audit plan. Various reports were received and scrutinised at the Committee including monitoring of audit recommendations. Where appropriate, reports were referred to Clinical Governance and Corporate Risk Committee for consideration.
- In order to strengthen the Trust's integrated Governance arrangements, the Trust established a joint meeting where the Chief Executive and the Chairs and Executive leads for each of the Trust Board's Sub Committee meet to discuss and guide Committee agenda areas.
- The Trust in partnership with the Local Health Boards, established arrangements to address and inform the Financial Sustainability of the Community. This included taking a community 'risk sharing' approach to the management and use of the resource available to the Health Community.
- The Internal Auditors have completed a number of reviews as part of its core programme. An Internal Audit Report for the six months to September 2009 was presented and considered at the September 2009 Audit Committee. Moderate to high assurance was provided in relation to the Key Financial Systems and Welsh Health Estates.
- No audit reviews had limited assurance opinions.
- The control systems supporting ESR are now better established both locally and Nationally. However, the forthcoming merger of the former North Glamorgan and Pontypridd and Rhondda payroll systems and the subsequent merger of the LHB payroll with what will then be the Cwm Taf LHB payroll will pose high level risks. These risks are being managed in conjunction with the system supplier and contingency plans are in place.
- The Trust has maintained a Corporate Risk Register aligned to its Strategic Goals. A number of Divisions/Directorates developed risk registers based on the corporate template.

- The Trust has maintained the work of the Complaints Review Panel and Claims Review Panel.

The main aim of the above measures is to ensure that the Trust's Governance arrangements, policies and procedures are entirely fit for purpose, thereby ensuring that control arrangements are fully sustainable, regardless of changes in personnel. Throughout the period there was stability at Executive and Non Executive level of the Trust, with the Vice Chairman continuing in the role of Interim Chair.

7. Significant internal control problems

Further NHS reorganisation and the establishment of Cwm Taf Local Health Board from October 2009, presents a potential significant internal control issue. These focus around the final structure of the new organisation and the impact this will have on Standing Orders and Standing Financial Instructions. Robust project management arrangements have already been established to help inform the process and mitigate identified risks. As part of the integration project, a joint approach to legacy statements was agreed by the Trust and both Local Health Boards.

The Trust is not achieving its target of paying 95% of non-NHS bills within 30 days. The performance in the current year to date is 93.4%. Action taken has resulted in improved performance and in September the number of non NHS invoices paid within 30 days during the month was 96.5%.

The results for the 2008-09 Counter Fraud compound indicators assessment have been received. The provisional rating for Cwm Taf NHS Trust is level 2. A level 2 rating represents 'adequate performance' and to achieve this level work has been effectively completed across the full range of counter fraud actions.

This is an improvement on the previous score at the predecessor Trusts. However, given the current level of resources invested in countering fraud and the work completed in the last 12 months, the Director of Finance has appealed the Trust's level 2 rating and has formally requested the NHS Counter Fraud Service review the provisional score. The outcome of this review is awaited.

Signed: Mrs. M S Foster
Chief Executive (on behalf of the Board)

Date: 22nd February 2010

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

I certify that I have audited the financial statements of Cwm Taf NHS Trust for the six months ended 30 September 2009 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Income Statement, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of Directors, the Chief Executive and the Auditor

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

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

I report my opinion to you as to whether the financial statements give a true and fair view and have been properly prepared in accordance with paragraph 3 of schedule 9 of the National Health Service (Wales) Act 2006 and Welsh Ministers' directions made there under. 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, Cwm Taf NHS Trust has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error and that in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers of the state of the affairs of Cwm Taf NHS Trust as at 30th September 2009 and of its deficit, recognised gains and losses and cash flows for the six months then ended; and
- the financial statements have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

My conclusion on Cwm Taf NHS Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources for the six months ended 30 September 2009 will be reported separately in my published Audit Letter for the six month period.

Gillian Body
Auditor General for Wales
9th March 2010

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ