

Hywel Dda Local Health Board

FOREWORD

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

Statutory background

The Local Health Board was established on 1 October 2009 following the merger of Hywel Dda NHS Trust and Carmarthenshire, Ceredigion and Pembrokeshire Local Health Boards.

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

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

Performance Management and Financial Results

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

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

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

Operating Cost Statement for the year ended 31 March 2010

| | Note | 2009-10 £'000 | 2008-09 £'000 |
|---|------|------------------|------------------|
| Expenditure on Primary Healthcare Services | 3.1 | 168,197 | 167,865 |
| Expenditure on healthcare from other providers | 3.2 | 94,203 | 82,217 |
| Expenditure on Hospital and Community Health Services | 3.3 | 406,675 | 373,346 |
| | | 669,075 | 623,428 |
| Less: Miscellaneous Income | 4 | 56,190 | 64,702 |
| LHB net operating costs before interest and other gains and losses | | 612,885 | 558,726 |
| Investment Income | 8 | 35 | 660 |
| Other (Gains) / Losses | 9 | 1 | 0 |
| Finance costs | 10 | 3,644 | 7,172 |
| Net operating costs for the financial year | | 616,495 | 565,238 |

Achievement of Operational Financial Balance

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

| | 2009-10 £000 |
|---|-----------------|
| Net operating costs for the financial year | 616,495 |
| Less Non-discretionary expenditure | 738 |
| Less Revenue consequences of Bringing PFI schemes onto SoFP | 0 |
| Net operating costs less non-discretionary expenditure and revenue consequences of PFI | 615,757 |
| Revenue Resource Limit | 615,895 |
| Under / (over) spend against Revenue Resource Limit | 138 |

The notes on pages 7 to 60 form part of these accounts

Statement of Financial Position as at 31 March 2010

| | | 31 March 2010 £'000 | 31 March 2009 £'000 | 1 April 2008 £'000 |
|--|--------------|---------------------------|---------------------------|--------------------------|
| | Notes | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 11 | 229,630 | 225,088 | 221,036 |
| Intangible assets | 12 | 208 | 244 | 213 |
| Trade and other receivables | 15 | 48 | 0 | 224 |
| Other financial assets | 19 | 0 | 0 | 0 |
| Other assets | 20 | 0 | 0 | 0 |
| Total non-current assets | | 229,886 | 225,332 | 221,473 |
| Current assets | | | | |
| Inventories | 14 | 6,010 | 5,607 | 5,065 |
| Trade and other receivables | 15 | 22,436 | 25,510 | 21,148 |
| Other financial assets | 19 | 0 | 0 | 0 |
| Other current assets | 20 | 0 | 0 | 0 |
| Cash and cash equivalents | 18 | 1,332 | 10,586 | 3,793 |
| | | 29,778 | 41,703 | 30,006 |
| Non-current assets classified as "Held for Sale" | 11 | 235 | 235 | 320 |
| Total current assets | | 30,013 | 41,938 | 30,326 |
| Total assets | | 259,899 | 267,270 | 251,799 |
| Current liabilities | | | | |
| Trade and other payables | 16 | 59,976 | 63,768 | 56,630 |
| Other financial liabilities | 22 | 0 | 0 | 0 |
| Provisions | 17 | 16,515 | 16,931 | 16,065 |
| Other liabilities | 21 | 0 | 0 | 0 |
| Total current liabilities | | 76,491 | 80,699 | 72,695 |
| Net current assets/ (liabilities) | | (46,478) | (38,761) | (42,369) |
| Non-current liabilities | | | | |
| Trade and other payables | 16 | 0 | 218 | 984 |
| Other financial liabilities | 22 | 0 | 0 | 0 |
| Provisions | 17 | 3,215 | 0 | 0 |
| Other liabilities | 21 | 0 | 0 | 0 |
| Total non-current liabilities | | 3,215 | 218 | 984 |
| Total assets employed | | 180,193 | 186,353 | 178,120 |
| Financed by : | | | | |
| Taxpayers' equity | | | | |
| General Fund | | 164,496 | 176,125 | 173,431 |
| Revaluation reserve | | 10,827 | 5,892 | 1 |
| Donated asset reserve | | 4,870 | 4,336 | 4,688 |
| Government grant reserve | | 0 | 0 | 0 |
| Total taxpayers' equity | | 180,193 | 186,353 | 178,120 |

The financial statements on pages 2 to 6 were approved by the Board on the 22/06/2010 and signed on its behalf by:

Chief Executive : Trevor Purt

Date : 22 June 2010

The notes on pages 7 to 60 form part of these accounts

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

| | General Fund £000s | Revaluation reserve £000s | Donated asset reserve £000s | Government grant reserve £000s | Total reserves £000s |
|--|--------------------------|---------------------------------|-----------------------------------|--------------------------------------|----------------------------|
| Changes in taxpayers' equity for 2009-10 | | | | | |
| Balance at 1 April 2009 | 176,125 | 5,892 | 4,336 | 0 | 186,353 |
| Net operating cost for the year | (616,495) | | | | (616,495) |
| Net gain/(loss) on revaluation of property, plant and equipment | 0 | 4,996 | 733 | 0 | 5,729 |
| Net gain/(loss) on revaluation of intangible assets | 0 | 0 | 0 | 0 | 0 |
| Net gain/(loss) on revaluation of financial assets | 0 | 0 | 0 | 0 | 0 |
| Net gain/(loss) on revaluation of assets held for sale | 0 | 0 | 0 | 0 | 0 |
| Impairments and reversals | 0 | 0 | 0 | 0 | 0 |
| Receipt / (disposal) of donated or government granted assets | 0 | 0 | 278 | 0 | 278 |
| Movements in other reserves | 0 | 0 | (538) | 0 | (538) |
| Release of reserves to OCS | 0 | 0 | 0 | 0 | 0 |
| Non-cash charges - cost of capital | 2,256 | | | | 2,256 |
| Transfers between reserves | 0 | (61) | 61 | 0 | 0 |
| Transfers to/(from) other bodies within the Resource Accounting boundary | 1,477 | 0 | 0 | 0 | 1,477 |
| Total recognised income and expense for 2009-10 | (436,637) | 10,827 | 4,870 | 0 | (420,940) |
| Net Assembly funding | 601,133 | | | | 601,133 |
| Balance at 31 March 2010 | 164,496 | 10,827 | 4,870 | 0 | 180,193 |

The notes on pages 7 to 60 form part of these accounts

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

| | General Fund £000s | Revaluation reserve £000s | Donated asset reserve £000s | Government grant reserve £000s | Total reserves £000s |
|--|--------------------------|---------------------------------|-----------------------------------|--------------------------------------|----------------------------|
| Balance at 31 March 2008 | 173,404 | 1 | 4,688 | 0 | 178,093 |
| Changes in accounting policy | 27 | 0 | 0 | 0 | 27 |
| Restated balance at 1 April 2008 | 173,431 | 1 | 4,688 | 0 | 178,120 |
| Changes in taxpayers' equity for 2008-09 | | | | | |
| Net operating cost for the year | (565,238) | | | | (565,238) |
| Net gain/(loss) on revaluation of property, plant and equipment | 0 | 5,891 | 65 | 0 | 5,956 |
| Net gain/(loss) on revaluation of intangible assets | 0 | 0 | 0 | 0 | 0 |
| Net gain/(loss) on revaluation of financial assets | 0 | 0 | 0 | 0 | 0 |
| Net gain/(loss) on revaluation of assets held for sale | 0 | 0 | 0 | 0 | 0 |
| Impairments and reversals | 0 | 0 | 0 | 0 | 0 |
| Receipt / (disposal) of donated or government granted assets | 0 | 0 | 147 | 0 | 147 |
| Movements in other reserves | 57 | 0 | (564) | 0 | (507) |
| Release of reserves to OCS | 0 | 0 | 0 | 0 | 0 |
| Non-cash charges - cost of capital | (1,137) | | | | (1,137) |
| Transfers between reserves | 0 | 0 | 0 | 0 | 0 |
| Transfers to/(from) other bodies within the Resource Accounting boundary | 0 | 0 | 0 | 0 | 0 |
| Total recognised income and expense for 2008-09 | (566,318) | 5,891 | (352) | 0 | (560,779) |
| Net Assembly funding | 569,012 | | | | 569,012 |
| Balance at 31 March 2009 | 176,125 | 5,892 | 4,336 | 0 | 186,353 |

The notes on pages 7 to 60 form part of these accounts

Statement of Cash flows for year ended 31 March 2010

| | 2009-10 | 2008-09 |
|--|------------------|------------------|
| | £'000 | £'000 |
| Cash Flows from operating activities | | |
| Net operating cost before interest | (612,885) | (558,726) |
| Movements in Working Capital | 35 367 | 2,561 |
| Other cash flow adjustments | 36 33,844 | 18,966 |
| Provisions utilised | 17 (3,667) | (5,721) |
| Interest paid | (8) | 0 |
| Net cash outflow from operating activities | (582,349) | (542,920) |
| Cash Flows from investing activities | | |
| Purchase of property, plant and equipment | (27,732) | (19,972) |
| Proceeds from disposal of property, plant and equipment | 0 | 0 |
| Purchase of intangible assets | (22) | (72) |
| Proceeds from disposal of intangible assets | 0 | 0 |
| Payment for other financial assets | 0 | 0 |
| Proceeds from disposal of other financial assets | 0 | 0 |
| Payment for other assets | 0 | 0 |
| Proceeds from disposal of other assets | 0 | 0 |
| Interest received | 42 | 748 |
| Rental Income | 0 | 0 |
| Net cash inflow/(outflow) from investing activities | (27,712) | (19,296) |
| Net cash inflow/(outflow) before financing | (610,061) | (562,216) |
| Cash flows from financing activities | | |
| Welsh Assembly Government funding (including capital) | 601,133 | 569,012 |
| Capital receipts surrendered | 0 | (0) |
| Capital grants received | 0 | 147 |
| Capital element of payments in respect of finance leases and on-SoFP | (326) | (150) |
| Cash transferred (to)/ from other NHS bodies | 0 | 0 |
| Net financing | 600,807 | 569,009 |
| Net increase/(decrease) in cash and cash equivalents | (9,254) | 6,793 |
| Cash and cash equivalents at 1 April 2009 | 10,586 | 3,793 |
| Cash and cash equivalents at 31 March 2010 | 1,332 | 10,586 |

The notes on pages 7 to 60 form part of these accounts

Notes to the Accounts

1. Accounting policies

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

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector.

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

1.3 Income and funding

The main source of funding for the Local Health Boards are allocations (Assembly Funding) from the Welsh Assembly Government within an approved cash limit, which is credited to the General Fund of the Local Health Board. Assembly funding is recognised in the financial period in which the cash is received. Non discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Assembly Government. Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.

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

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

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

1.4 Employee benefits

Short-term employee benefits

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

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

Retirement benefit costs

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

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

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

1.5 Other expenses

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

1.6 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

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

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

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

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

Subsequent expenditure

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

1.7 Intangible assets

Recognition

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

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

Freehold land and properties under construction are not depreciated.

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

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

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

1.9 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.10 Donated assets

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

1.11 Government grants

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

1.12 Non-current assets held for sale

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

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

1.13 Leases

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

1.13.1 The Local Health Board as lessee

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

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

1.13.2 The health board as lessor

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

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

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

1.14 Inventories

Inventories are valued at the lower of cost and net realisable value using the cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.15 Cash and cash equivalents

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

1.16 Provisions

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

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

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

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

1.17 Clinical negligence costs

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

1.18 Financial assets

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

1.18.1 Financial assets are initially recognised at fair value.

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

1.18.2 Financial assets at fair value through OCS

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

1.18.3 Held to maturity investments

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

1.18.4 Available for sale financial assets

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

1.18.5 Loans and receivables

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

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

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

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

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

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

1.19 Financial liabilities

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

1.19.1 Financial liabilities are initially recognised at fair value.

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

1.19.2 Financial liabilities at fair value through OCS

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

1.19.3 Other financial liabilities

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

1.20 Cost of Capital

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

1.21 Value Added Tax

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

1.22 Foreign currencies

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

1.23 Third party assets

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

1.24 Losses and Special Payments

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

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

1.25 Pooled budget

The LHB has entered into a pooled budget with Carmarthenshire Local Authority on the 1st October 2009. Under the arrangement funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for community equipment activities.

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

1.26 Critical Accounting Judgements and key sources of estimation uncertainty

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

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

1.27 Key sources of estimation uncertainty

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

A recent court judgement in the case of Grogan v Bexley NHS Care Trust ruled that the primary health need approach should be used when assessing care requirements. Where an individual's care is of a primary health need then all care costs should be met by the NHS. This may have an impact on the level of LHB Continuing Care costs in cases where the LHB has not assessed eligibility for care using the primary health need approach. An all Wales review is underway to try and assess the effect on the NHS in Wales. To date claims have been received by the LHB from local authorities/ individuals for retrospective care costs which they believe should have been funded by the LHB on the basis of primary health need. However the court ruling has not been tested by any case re-assessment and in the LHB's view is unlikely to result in any additional costs in respect of past years. As a result, no provision has been made for any potential costs which might arise.

1.28 Private Finance Initiative (PFI) transactions

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

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

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

Services received

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

PFI asset

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

PFI liability

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

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

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

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

Lifecycle replacement

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

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

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

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

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

Other assets contributed by the LHB to the operator

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

For PFI assets funded principally by third party usage, where there is a unitary payment from the LHB in respect of part of the asset, a PFI liability is recognised at the same time as the PFI assets are recognised. It is measured at the present value of the minimum lease payments, discounted using the implicit interest rate. It is subsequently measured as a finance lease liability in accordance with IAS 17.

The deferred income balance, where there is also a liability, on initial recognition of the asset, the difference between the fair value of the asset and the initial liability is recognised as deferred income, representing the future service potential to be received by the LHB through the asset being made available to third party users. Where there is no liability at all, on initial recognition of the asset, an equivalent deferred income balance is recognised, representing the future service potential to be received by the LHB through the asset being made available to third party users. The balance is subsequently released to operating income over the life of the concession on a straight-line basis.

1.29 Contingencies

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

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

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

1.30 EU Emissions Trading Scheme

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

2. Achievement of Operational Financial Balance

2.1 Revenue Resource Limit

The LHB has achieved Operational Financial Balance as shown on the face of the Operating Cost Statement. The LHB received no brokerage during 2009/10.

2.2 Capital Resource Limit

2009-10

£000

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

| | |
|---|--------|
| Gross capital expenditure | 27,683 |
| Add: Loss in respect of disposals of donated assets | 0 |
| Less NBV of property, plant and equipment and intangible assets | 0 |
| Less capital grants | 0 |
| Less donations | (278) |
| Charge against Capital Resource Limit | 27,405 |
| Capital Resource Limit | 27,428 |
| (Over) / Underspend against Capital Resource Limit | 23 |

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

| | Cash limited £'000 | Non-cash limited £'000 | 2009-10 Total £'000 | 2008-09 £'000 |
|---------------------------------------|--------------------------|------------------------------|---------------------------|------------------|
| General Medical Services | 59,475 | | 59,475 | 59,716 |
| Pharmaceutical Services | 17,581 | (2,777) | 14,804 | 14,209 |
| General Dental Services | 19,174 | | 19,174 | 18,664 |
| General Ophthalmic Services | 0 | 3,515 | 3,515 | 3,164 |
| Other Primary Health Care expenditure | 3,721 | | 3,721 | 4,894 |
| Prescribed drugs and appliances | 67,508 | | 67,508 | 67,218 |
| Total | 167,459 | 738 | 168,197 | 167,865 |

3.2 Expenditure on healthcare from other providers

| | 2009-10 £'000 | 2008-09 £'000 |
|---|------------------|------------------|
| Goods and services from other NHS Wales Health Boards | 28,990 | 0 |
| Goods and services from other NHS Wales Trusts | 399 | 20,978 |
| Goods and services from other non Welsh NHS bodies | 2,001 | 2,621 |
| Local Authorities | 3,606 | 3,361 |
| Voluntary organisations | 947 | 983 |
| NHS Funded Nursing Care | 3,870 | 4,078 |
| Continuing Care | 46,644 | 41,914 |
| Private providers | 1,968 | 1,215 |
| Specific projects funded by the Welsh Assembly Government | 0 | 0 |
| National Public Health Service / Public Health Wales | 2,371 | 2,325 |
| Business Services Centre / Business Services Partnership | 2,437 | 2,526 |
| Other | 970 | 2,216 |
| Total | 94,203 | 82,217 |

Due to the reorganisation of NHS Services in Wales, former NHS Wales Trusts have now become Health Boards which has caused a significant movement of expenditure in 2009/10 compared to 2008/09.

Expenditure with Local Authorities include grants and contributions towards continuing care projects and other schemes.

3.3 Expenditure on Hospital and Community Health Services

| | 2009-10 | 2008-09 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Goods and services from other NHS bodies | 4,574 | 2,759 |
| Goods and services from other NHS Foundation Trusts | 0 | 0 |
| Goods and services from non-NHS bodies | 35 | 0 |
| Directors' costs | 1,893 | 2,086 |
| Staff costs | 289,350 | 274,662 |
| Supplies and services - clinical | 47,421 | 44,051 |
| Supplies and services - general | 4,610 | 3,935 |
| Consultancy Services | 429 | 453 |
| Establishment | 9,418 | 9,261 |
| Transport | 780 | 437 |
| Premises | 12,486 | 12,613 |
| External Contractors | 0 | 0 |
| Depreciation | 13,027 | 12,746 |
| Amortisation | 55 | 39 |
| Fixed asset impairments and reversals (Property, plant & equipment) | 17,298 | 6,845 |
| Fixed asset impairments and reversals (Intangible assets) | 0 | 0 |
| Impairments & reversals of financial assets (by class) | 0 | 0 |
| Capital charge interest | 2,515 | (1,141) |
| Audit fees | 1,075 | 616 |
| Other auditors' remuneration | 0 | 0 |
| Losses, special payments and irrecoverable debts | 2,278 | 1,013 |
| Research and Development | 0 | 0 |
| Other operating expenses | (569) | 2,971 |
| Total | 406,675 | 373,346 |

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

| | 2009-10 | 2008-09 |
|--|--------------|----------------|
| | £000 | £000 |
| Increase/(decrease) in provision for future payments: | | |
| Clinical negligence | 761 | 5,928 |
| Personal injury | 713 | 1,008 |
| All other losses and special payments | 50 | 90 |
| Defence legal fees and other administrative costs | 744 | 19 |
| Gross increase/(decrease) in provision for future payments | 2,268 | 7,045 |
| Premium for other insurance arrangements | 0 | 0 |
| Irrecoverable debts | 163 | 41 |
| Less: income received/ due from Welsh Risk Pool | (334) | (6,073) |
| Total | 2,097 | 1,013 |

Personal injury includes £382,767 (2008-09 £291,254) in respect of permanent injury benefits
 Note 3.4 does not include losses directly charged to Revenue Expenditure.

4. Miscellaneous Income

| | 2009-10 £'000 | 2008-09 £'000 |
|--|------------------|------------------|
| Local Health Boards | 19,595 | 15,804 |
| Health Commission Wales | 766 | 1,172 |
| NHS trusts | 2,098 | 3,150 |
| Strategic health authorities and primary care trusts | 2,818 | 3,342 |
| Foundation Trusts | 0 | 0 |
| Local authorities | 4,140 | 2,866 |
| Welsh Assembly Government | 2,591 | 8,047 |
| Non NHS: | | |
| Prescription charge income | 215 | 413 |
| Dental fee income | 2,621 | 2,758 |
| Private patient income | 166 | 194 |
| Overseas patients (non-reciprocal) | 0 | 43 |
| Injury Costs Recovery (ICR) Scheme | 1,292 | 1,603 |
| Other income from activities | 5,028 | 6,814 |
| Patient transport services | 0 | 17 |
| Education, training and research | 8,631 | 7,941 |
| Charitable and other contributions to expenditure | 1,630 | 2,217 |
| Transfer from the donated asset reserve | 0 | 564 |
| Transfer from the government grant reserve | 0 | 0 |
| Non-patient care income generation schemes | 364 | 138 |
| Business Services Centre / Business Services Partnership | 0 | 0 |
| Deferred income released to revenue | 0 | 0 |
| Contingent rental income from finance leases | 0 | 0 |
| Rental income from operating leases | 0 | 0 |
| Other income: | | |
| Provision of laundry, pathology, payroll services | 116 | 1,854 |
| Accommodation and catering charges | 1,760 | 2,256 |
| Mortuary fees | 177 | 179 |
| Staff payments for use of cars | 237 | 273 |
| Business unit (please state) | 0 | 0 |
| Other | 1,945 | 3,057 |
| Total | 56,190 | 64,702 |

5. Employee benefits and staff numbers

| 5.1 Employee costs | Permanent Staff | Staff on Inward Secondment | Agency Staff | Total | 2008-09 |
|--|-----------------|----------------------------|--------------|----------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Salaries and wages | 243,044 | 249 | 5,701 | 248,994 | 235,146 |
| Social security costs | 18,178 | 0 | 0 | 18,178 | 17,673 |
| Employer contributions to NHS Pension Scheme | 28,044 | 0 | 0 | 28,044 | 27,263 |
| Other pension costs | 0 | 0 | 0 | 0 | 0 |
| Other employment benefits | 0 | 0 | 0 | 0 | 0 |
| Termination benefits | 0 | 0 | 0 | 0 | 0 |
| Total | 289,266 | 249 | 5,701 | 295,216 | 280,082 |

5.2 Average number of employees

| | Permanent Staff | Staff on Inward Secondment | Agency Staff | Total | 2008-09 |
|---|-----------------|----------------------------|--------------|--------------|--------------|
| | Number | Number | Number | Number | Number |
| Medical and dental | 1,084 | 1 | 33 | 1,118 | 1,022 |
| Ambulance staff | 0 | 0 | 0 | 0 | 0 |
| Administrative and estates | 1,937 | 4 | 3 | 1,944 | 2,026 |
| Healthcare assistants and other support staff | 1,471 | 0 | 0 | 1,471 | 1,355 |
| Nursing, midwifery and health visiting staff | 2,511 | 0 | 28 | 2,539 | 2,485 |
| Nursing, midwifery and health visiting learners | 13 | 0 | 0 | 13 | 15 |
| Scientific, therapeutic and technical staff | 703 | 0 | 2 | 705 | 773 |
| Social care staff | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 4 | 4 | 0 |
| Total | 7,719 | 5 | 70 | 7,794 | 7,676 |

5.3. Retirements due to ill-health

During 2009-10 there were 12 early retirements from the LHB agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £363,912.39.

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

5.5 Pension costs

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

The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. An outline of these follows:

a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date.

The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the scheme actuary. At this point the assumptions regarding the composition of the scheme membership are updated to allow the scheme liability to be valued.

The valuation of the scheme liability as at 31 March 2008, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 with summary global member and accounting data.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

c) Scheme provisions

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

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

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

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

6. Operating leases

LHB as lessee

The Provider arm of the health Board has several operating leases arrangements in place, which include:

- leases for vehicles
- leases for smaller medical and surgical items which are valued at less than £5,000 each
- at the end of the primary lease period these items are returned to the lessor

| Payments recognised as an expense | 2009-10 | 2008-09 |
|--|----------------|---------|
| | £000 | £000 |
| Minimum lease payments | 1,540 | 1,507 |
| Contingent rents | 0 | 0 |
| Sub-lease payments | 0 | 0 |
| Total | 1,540 | 1,507 |

Total future minimum lease payments

| Payable | £000 | £000 |
|----------------------------|--------------|-------|
| Not later than one year | 916 | 557 |
| Between one and five years | 625 | 785 |
| After 5 years | 0 | 58 |
| Total | 1,541 | 1,400 |

Total future sublease payments expected to be received are £0

LHB as lessor

| Rental revenue | £000 | £000 |
|-----------------------------|-------------|------|
| Rent | 0 | 0 |
| Contingent rents | 0 | 0 |
| Total revenue rental | 0 | 0 |

Total future minimum lease payments

| Receivable | £000 | £000 |
|----------------------------|-------------|------|
| Not later than one year | 0 | 0 |
| Between one and five years | 0 | 0 |
| After 5 years | 0 | 0 |
| Total | 0 | 0 |

7. Public Sector Payment Policy - Measure of Compliance

7.1 Prompt payment code - measure of compliance

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

| NHS | Number | £000 |
|--|----------------|----------------|
| Total bills paid 2009-10 | 5,249 | 392,194 |
| Total bills paid within target | 4,693 | 389,507 |
| Percentage of bills paid within target | 89.4% | 99.3% |
| Non-NHS | | |
| Total bills paid 2009-10 | 280,473 | 236,803 |
| Total bills paid within target | 273,577 | 230,748 |
| Percentage of bills paid within target | 97.5% | 97.4% |
| Total | | |
| Total bills paid 2009-10 | 285,722 | 628,997 |
| Total bills paid within target | 278,270 | 620,255 |
| Percentage of bills paid within target | 97.4% | 98.6% |

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

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

8. Investment Income

| | 2009-10 £000 | 2008-09 £000 |
|-----------------------------|-----------------|-----------------|
| Rental revenue : | | |
| PFI Finance lease income | 0 | 0 |
| planned | 0 | 0 |
| contingent | 0 | 0 |
| Other finance lease revenue | 0 | 0 |
| Interest revenue : | | |
| Bank accounts | 35 | 660 |
| Other loans and receivables | 0 | 0 |
| Impaired financial assets | 0 | 0 |
| Other financial assets | 0 | 0 |
| Total | 35 | 660 |

9. Other gains and losses

| | 2009-10 £000 | 2008-09 £000 |
|--|-----------------|-----------------|
| Gain/(loss) on disposal of property, plant and equipment | (1) | 0 |
| Gain/(loss) on disposal of intangible assets | 0 | 0 |
| Gain/(loss) on disposal of financial assets | 0 | 0 |
| Change on foreign exchange | 0 | 0 |
| Change in fair value of financial assets at fair value through OCS | 0 | 0 |
| Change in fair value of financial liabilities at fair value through OCS | 0 | 0 |
| Recycling of gain/(loss) from equity on disposal of financial assets held for sale | 0 | 0 |
| Total | (1) | 0 |

10. Finance costs

| | 2009-10 £000 | 2008-09 £000 |
|--|-----------------|-----------------|
| Interest on loans | 0 | 0 |
| Interest on obligations under finance leases | 8 | 9 |
| Interest on obligations under PFI contracts | | |
| main finance cost | 0 | 0 |
| contingent finance cost | 0 | 0 |
| Interest on late payment of commercial debt | 0 | 0 |
| Provisions unwinding of discount | 0 | 0 |
| Other interest expense | 0 | 0 |
| Total interest expense | 8 | 9 |
| PDC dividends payable | 3,636 | 7,163 |
| Other finance costs | 0 | 0 |
| Total | 3,644 | 7,172 |

11.1 Property, plant and equipment

| | Land £000 | Buildings, excluding dwellings £000 | Dwellings £000 | Assets under construction & payments on account £000 | Plant and machinery £000 | Transport equipment £000 | Information technology £000 | Furniture & fittings £000 | Total £000 |
|--|---------------|--|-------------------|--|--------------------------------|--------------------------------|-----------------------------------|---------------------------------|----------------|
| Cost or valuation at 1 April 2009 | 27,183 | 167,343 | 7,718 | 11,770 | 53,500 | 715 | 12,672 | 1,911 | 282,812 |
| Indexation | 0 | 0 | 0 | 0 | 537 | 2 | 1 | 22 | 562 |
| Additions - purchased | 0 | 1,306 | 0 | 23,399 | 1,556 | 1 | 1,097 | 24 | 27,383 |
| Additions - donated | 0 | 0 | 0 | 0 | 278 | 0 | 0 | 0 | 278 |
| Additions - government granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer from/into other NHS bodies | 260 | 1,217 | 0 | 0 | 0 | 0 | 0 | 0 | 1,477 |
| Reclassifications | 0 | 692 | 0 | (1,132) | 427 | 0 | 13 | 0 | 0 |
| Revaluations | 92 | (8,117) | 1,304 | (27) | 0 | 0 | 0 | 0 | (6,748) |
| Impairments | (3,666) | (10,417) | (934) | (2,495) | 0 | 0 | 0 | 0 | (17,512) |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other in-year revaluations | 0 | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 30 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | (29) | 0 | 0 | (352) | 0 | (98) | 0 | (479) |
| At 31 March 2010 | 23,869 | 152,025 | 8,088 | 31,515 | 55,946 | 718 | 13,685 | 1,957 | 287,803 |
| Depreciation at 1 April 2009 | 0 | 11,540 | 426 | 0 | 35,774 | 658 | 8,251 | 1,075 | 57,724 |
| Indexation | 0 | 0 | 0 | 0 | 201 | 1 | 1 | 7 | 210 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluations | 0 | (11,665) | (427) | 0 | 0 | 0 | 0 | 0 | (12,092) |
| Impairments | 0 | (215) | 0 | 0 | 0 | 0 | 0 | 0 | (215) |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other in-year revaluations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | (29) | 0 | 0 | (351) | 0 | (98) | 0 | (478) |
| Provided during the year | 0 | 6,763 | 314 | 0 | 4,526 | 20 | 1,279 | 122 | 13,024 |
| At 31 March 2010 | 0 | 6,394 | 313 | 0 | 40,150 | 679 | 9,433 | 1,204 | 58,173 |
| Net book value at 1 April 2009 | 27,183 | 155,803 | 7,292 | 11,770 | 17,726 | 57 | 4,421 | 836 | 225,088 |
| Net book value at 31 March 2010 | 23,869 | 145,631 | 7,775 | 31,515 | 15,796 | 39 | 4,252 | 753 | 229,630 |
| Net book value at 31 March 2010 comprises : | | | | | | | | | |
| Purchased | 23,589 | 142,172 | 7,775 | 31,515 | 14,770 | 24 | 4,228 | 753 | 224,826 |
| Donated | 280 | 3,459 | 0 | 0 | 1,026 | 15 | 24 | 0 | 4,804 |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 23,869 | 145,631 | 7,775 | 31,515 | 15,796 | 39 | 4,252 | 753 | 229,630 |
| Asset financing : | | | | | | | | | |
| Owned | 23,869 | 145,631 | 7,775 | 31,515 | 15,307 | 39 | 4,252 | 753 | 229,141 |
| Held on finance lease | 0 | 0 | 0 | 0 | 438 | 0 | 0 | 0 | 438 |
| On-SoFP PFI contracts | 0 | 0 | 0 | 0 | 51 | 0 | 0 | 0 | 51 |
| PFI residual interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 23,869 | 145,631 | 7,775 | 31,515 | 15,796 | 39 | 4,252 | 753 | 229,630 |

The net book value of land, buildings and dwellings at 31 March 2010 comprises :

| | £000 |
|-----------------|----------------|
| Freehold | 176,058 |
| Long Leasehold | 1,217 |
| Short Leasehold | 0 |
| | 177,275 |

11.1 Property, plant and equipment

| | Land £000 | Buildings, excluding dwellings £000 | Dwellings £000 | Assets under construction on account £000 | Plant and machinery £000 | Transport equipment £000 | Information technology £000 | Furniture & fittings £000 | Total £000 |
|--|---------------|--|-------------------|---|--------------------------------|--------------------------------|-----------------------------------|---------------------------------|----------------|
| Cost or valuation at 1 April 2008 | 31,980 | 158,972 | 7,416 | 4,993 | 51,205 | 705 | 11,421 | 1,865 | 268,557 |
| Indexation | (4,820) | 4,773 | 222 | 149 | 739 | 4 | 0 | 34 | 1,101 |
| Additions - purchased | 0 | 3,469 | 10 | 9,568 | 3,123 | 6 | 1,263 | 12 | 17,451 |
| Additions - donated | 0 | 0 | 0 | 0 | 147 | 0 | 0 | 0 | 147 |
| Additions - government granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer from/into other NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 858 | 70 | (2,197) | 1,269 | 0 | 0 | 0 | 0 |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | (62) | (1,073) | 0 | (743) | (147) | 0 | 0 | 0 | (2,025) |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other in-year revaluations | 155 | 514 | 0 | 0 | 0 | 0 | 0 | 0 | 669 |
| Reclassified as held for sale | (70) | (170) | 0 | 0 | 0 | 0 | 0 | 0 | (240) |
| Disposals | 0 | 0 | 0 | 0 | (2,836) | 0 | (12) | 0 | (2,848) |
| At 31 March 2009 | 27,183 | 167,343 | 7,718 | 11,770 | 53,500 | 715 | 12,672 | 1,911 | 282,812 |
| Depreciation at 1 April 2008 | 0 | 4,902 | 179 | 0 | 33,852 | 630 | 7,009 | 949 | 47,521 |
| Indexation | 0 | 146 | 5 | 0 | 250 | 2 | 0 | 7 | 410 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other in-year revaluations | 0 | (98) | 0 | 0 | 0 | 0 | 0 | 0 | (98) |
| Reclassified as held for sale | 0 | (5) | 0 | 0 | 0 | 0 | 0 | 0 | (5) |
| Disposals | 0 | 0 | 0 | 0 | (2,836) | 0 | (12) | 0 | (2,848) |
| Provided during the year | 0 | 6,595 | 242 | 0 | 4,508 | 26 | 1,254 | 119 | 12,744 |
| At 31 March 2009 | 0 | 11,540 | 426 | 0 | 35,774 | 658 | 8,251 | 1,075 | 57,724 |
| Net book value at 1 April 2008 | 31,980 | 154,070 | 7,237 | 4,993 | 17,353 | 75 | 4,412 | 916 | 221,036 |
| Net book value at 31 March 2009 | 27,183 | 155,803 | 7,292 | 11,770 | 17,726 | 57 | 4,421 | 836 | 225,088 |
| Net book value at 31 March 2009 comprises : | | | | | | | | | |
| Purchased | 26,839 | 153,006 | 7,292 | 11,770 | 16,597 | 39 | 4,381 | 836 | 220,760 |
| Donated | 344 | 2,797 | 0 | 0 | 1,129 | 18 | 40 | 0 | 4,328 |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 27,183 | 155,803 | 7,292 | 11,770 | 17,726 | 57 | 4,421 | 836 | 225,088 |
| Asset financing : | | | | | | | | | |
| Owned | 27,183 | 155,803 | 7,292 | 11,770 | 17,150 | 57 | 4,421 | 836 | 224,512 |
| Held on finance lease | 0 | 0 | 0 | 0 | 576 | 0 | 0 | 0 | 576 |
| On-SoFP PFI contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PFI residual interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 27,183 | 155,803 | 7,292 | 11,770 | 17,726 | 57 | 4,421 | 836 | 225,088 |

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

| | £000 |
|-----------------|----------------|
| Freehold | 189,195 |
| Long Leasehold | 1,083 |
| Short Leasehold | 0 |
| | 190,278 |

11. Property, plant and equipment (continued)**11.2 Non-current assets held for sale**

| | Land | Buildings, including dwelling | Other property, plant and equipment | Intangible assets | Other assets | Total |
|--|-----------|-------------------------------------|--|----------------------|--------------|------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance brought forward 1 April 2009 | 70 | 165 | 0 | 0 | 0 | 235 |
| Plus assets classified as held for sale in the year | 0 | 0 | 0 | 0 | 0 | 0 |
| Less assets sold in the year | 0 | 0 | 0 | 0 | 0 | 0 |
| Less impairment of assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Plus reversal of impairment of assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Less assets no longer classified as held for sale, for reasons other than disposal by sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance carried forward 31 March 2010 | 70 | 165 | 0 | 0 | 0 | 235 |
| Balance brought forward 1 April 2008 | 155 | 165 | 0 | 0 | 0 | 320 |
| Plus assets classified as held for sale in the year | 0 | 0 | 0 | 0 | 0 | 0 |
| Less assets sold in the year | 0 | 0 | 0 | 0 | 0 | 0 |
| Less impairment of assets held for sale | -85 | 0 | 0 | 0 | 0 | -85 |
| Plus reversal of impairment of assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Less assets no longer classified as held for sale, for reasons other than disposal by sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance carried forward 31 March 2009 | 70 | 165 | 0 | 0 | 0 | 235 |

The property being held for sale is Cartrefle which is a two storey freehold property situated in the village of Alltyblacca, near Llanybydder.

The property comprises of 86m² of floor area on the first floor accommodation with three designated bedrooms.

The ground floor accommodation comprises of 131m² of floor area and has two designated bedrooms.

The building was occupied as a group home by the "Learning Disabilities" department of the Mental Health and Learning Disabilities Division.

The property is no longer required by the LHB and has been on the market since 2007/08. Completion is expected early during 2010/11.

11. Property, plant and equipment (continued.)

i) All acquisitions shown as donated assets within Note 11 were bought using monies donated by the public into the Charitable Funds

During 2009/10 the fixed assets to the following value were bought from the following Charitable Funds

| | |
|--|----------|
| Carmarthenshire NHS Trust General Charitable Fund (1049213) | £171,872 |
| Pembrokeshire and Derwen NHS Trust Charitable Fund (1049198) | £98,297 |
| Ceredigion & Mid Wales NHS Trust General Fund (1052231) | £7,886 |

ii) A revaluation exercise was undertaken of the estate assets in the financial period:

- the effective date of revaluation was 1st April 2009
- the revaluation was carried out by an independent valuer (Valuation Office Agency - District Valuer Services)
- the valuation was prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards, insofar as these terms are consistent with the agreed requirements of the National Health Service in Wales, the Welsh Assembly Government and HM Treasury.

iii) The revaluation exercise has not only altered the value of land and buildings but also reviewed the building and dwelling asset lives

iv) The only asset the LHB held at 31st March 2010 at open market value was Cartrefle, this is a property owned by the previous Pembrokeshire & Derwen NHS Trust, but which is now surplus to requirement and has been on the market for over 12 months. The value of the asset as at 31st March 2010 is based on the price which the Estate Agents dealing with the property would hope to sell the property for.

Desirable disclosures:

i). The LHB is not carrying any temporarily idle assets.

ii). Gross carrying amount of all fully depreciated assets still in use as at 31st March 2010 is £38,160,934

12. Intangible non-current assets

| | Software (purchased) | Software (internally generated) | Licences and trademarks | Patents | Development expenditure- internally generated | 2009-10 Total |
|--|-------------------------|---------------------------------------|-------------------------------|----------|--|------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or valuation at 1 April 2009 | 303 | 0 | 11 | 0 | 0 | 314 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversals of impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions- purchased | 22 | 0 | 0 | 0 | 0 | 22 |
| Additions- internally generated | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions- donated | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions- government granted | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross cost at 31 March 2010 | 325 | 0 | 11 | 0 | 0 | 336 |
| Amortisation at 1 April 2009 | 66 | 0 | 4 | 0 | 0 | 70 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment Charge | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment Reversal | 0 | 0 | 0 | 0 | 0 | 0 |
| Provided during the year | 55 | 0 | 3 | 0 | 0 | 58 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortisation at 31 March 2010 | 121 | 0 | 7 | 0 | 0 | 128 |
| Net book value at 1 April 2009 | 237 | 0 | 7 | 0 | 0 | 244 |
| Net book value at 31 March 2010 | 204 | 0 | 4 | 0 | 0 | 208 |
| At 31 March 2010 | | | | | | |
| Purchased | 191 | 4 | 0 | 0 | 0 | 195 |
| Donated | 13 | 0 | 0 | 0 | 0 | 13 |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 |
| Total at 31 March 2010 | 204 | 4 | 0 | 0 | 0 | 208 |

Computer software is capitalised at its purchase price. It is not indexed as IT assets are not subject to indexation. The assets are amortised monthly over their expected life. The LHB has no fully amortised intangible asset still in use.

12. Intangible non-current assets (continued)

| | Software (purchased) | Software (internally generated) | Licences and trademarks | Patents | Development expenditure- internally generated | 2008-09 Total |
|--|-------------------------|---------------------------------------|-------------------------------|----------|--|------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or valuation at 1 April 2008 | 231 | 0 | 11 | 0 | 0 | 242 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 72 | 0 | 0 | 0 | 0 | 72 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversals of impairments | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions- purchased | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions- internally generated | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions- donated | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions- government granted | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross cost at 31 March 2009 | 303 | 0 | 11 | 0 | 0 | 314 |
| Amortisation at 1 April 2008 | 27 | 0 | 2 | 0 | 0 | 29 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment Charge | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment Reversal | 0 | 0 | 0 | 0 | 0 | 0 |
| Provided during the year | 39 | 0 | 2 | 0 | 0 | 41 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortisation at 31 March 2009 | 66 | 0 | 4 | 0 | 0 | 70 |
| Net book value at 1 April 2008 | 204 | 0 | 9 | 0 | 0 | 213 |
| Net book value at 31 March 2009 | 237 | 0 | 7 | 0 | 0 | 244 |
| At 31 March 2009 | | | | | | |
| Purchased | 237 | 0 | 7 | 0 | 0 | 244 |
| Donated | 0 | 0 | 0 | 0 | 0 | 0 |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 |
| Total at 31 March 2009 | 237 | 0 | 7 | 0 | 0 | 244 |

Computer software is capitalised at its purchase price. It is not indexed as IT assets are not subject to indexation. The assets are amortised monthly over their expected life. The LHB has no fully amortised intangible asset still in use.

13 . Impairments

| | 2009-10 | | 2008-09 | |
|---|--|------------------------------|--|------------------------------|
| | Property, plant & equipment £000 | Intangible assets £000 | Property, plant & equipment £000 | Intangible assets £000 |
| Impairments arising from : | | | | |
| Loss or damage from normal operations | 0 | 0 | 0 | 0 |
| Loss as a result of catastrophe | 0 | 0 | 0 | 0 |
| Abandonment in the course of construction | 0 | 0 | 0 | 0 |
| Unforeseen obsolescence | 0 | 0 | 0 | 0 |
| Over specification of assets (Gold Plating) | 0 | 0 | 0 | 0 |
| Changes in market price | 0 | 0 | 0 | 0 |
| Others (specify) | 17,298 | 0 | 6,845 | 0 |
| Total | 17,298 | 0 | 6,845 | 0 |
| Impairments charged in the year to the revaluation reserve | | | | |
| Charged to revaluation reserve | 2,204 | 0 | 0 | 0 |

£15,773,000 of the impairment loss recognised in the period is due to the Revaluation exercise undertaken by the District Valuer on behalf of the Welsh Assembly Government on land, building and dwelling assets with effect from April 1st 2009.

£1,172,000 of the impairment loss recognised is due to the impact of good housekeeping valuations which have been undertaken on schemes completed and brought into use during 2009-10.

14. Inventories

| | 31 March | 31 March | 1 April |
|------------------|-----------------|----------|---------|
| | 2010 | 2009 | 2008 |
| | £000 | £000 | £000 |
| Drugs | 2,311 | 2,138 | 1,861 |
| Consumables | 3,536 | 3,340 | 2,995 |
| Energy | 163 | 129 | 209 |
| Work in progress | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Total | 6,010 | 5,607 | 5,065 |

15. Trade and other Receivables

| Current | 31 March | 31 March | 1 April |
|---|----------------|----------------|----------------|
| | 2010 | 2009 | 2008 |
| | £000 | £000 | £000 |
| Welsh Assembly Government | 1,220 | 3,809 | 4,462 |
| Welsh Health Boards | 3,926 | 1,665 | 882 |
| Welsh NHS Trusts | 277 | 233 | 732 |
| Non - Welsh Trusts | 721 | 898 | 478 |
| Other NHS | 18 | 388 | 153 |
| Welsh Risk Pool | 9,966 | 11,014 | 6,093 |
| Capital debtors | 0 | 0 | 0 |
| Other debtors | 6,397 | 7,035 | 7,089 |
| Provision for irrecoverable debts | (1,892) | (1,818) | (1,841) |
| Pension Prepayments | 0 | 0 | 0 |
| Other prepayments and accrued income | 1,803 | 2,286 | 3,100 |
| Sub total | 22,436 | 25,510 | 21,148 |
| Non-current | | | |
| Welsh Assembly Government | 0 | 0 | 0 |
| Welsh Health Boards | 0 | 0 | 0 |
| Welsh NHS Trusts | 0 | 0 | 0 |
| Non - Welsh Trusts | 0 | 0 | 0 |
| Other NHS | 0 | 0 | 0 |
| Welsh Risk Pool | 0 | 0 | 224 |
| Capital debtors | 0 | 0 | 0 |
| Other debtors | 48 | 0 | 0 |
| Provision for irrecoverable debts | 0 | 0 | 0 |
| Pension Prepayments | 0 | 0 | 0 |
| Other prepayments and accrued income | 0 | 0 | 0 |
| Sub total | 48 | 0 | 224 |
| Total | 22,484 | 25,510 | 21,372 |
| Receivables past their due date but not impaired | | | |
| By up to three months | 932 | 1,129 | 0 |
| By three to six months | 341 | 507 | 0 |
| By more than six months | 4 | 756 | 0 |
| | 1,277 | 2,392 | 0 |
| Provision for impairment of receivables | | | |
| Balance at 1 April | (1,818) | (1,841) | (1,841) |
| Amount written off during the year | 285 | 0 | 0 |
| Amount recovered during the year | (117) | 125 | 0 |
| (Increase) / decrease in receivables impaired | (242) | (102) | 0 |
| Balance at 31 March | (1,892) | (1,818) | (1,841) |

16. Trade and other payables

| Current | 31 March | 31 March | 1 April |
|--|-----------------|----------|---------|
| | 2010 | 2009 | 2008 |
| | £000 | £000 | £000 |
| Welsh Assembly Government | 0 | 1,082 | 65 |
| Welsh Health Boards | 1,690 | 179 | 1,378 |
| Welsh NHS Trusts | 647 | 2,792 | 932 |
| Other NHS | 4,344 | 3,355 | 861 |
| Income tax and social security | 4,875 | 5,800 | 2,743 |
| Non-NHS creditors | 4,848 | 3,429 | 5,794 |
| Capital Creditors | 1,875 | 3,973 | 6,699 |
| Overdraft | 0 | 0 | 0 |
| Rentals due under operating leases | 0 | 0 | 0 |
| Obligations under finance leases, HP contracts and PFI contracts | 218 | 326 | 674 |
| Pensions: staff | 0 | 0 | 500 |
| Accruals | 33,077 | 33,196 | 30,051 |
| Deferred Income | 151 | 68 | 164 |
| Other creditors | 8,251 | 9,568 | 6,769 |
| Total | 59,976 | 63,768 | 56,630 |
| Non-current | | | |
| Welsh Assembly Government | 0 | 0 | 0 |
| Welsh Health Boards | 0 | 0 | 0 |
| Welsh NHS Trusts | 0 | 0 | 0 |
| Other NHS | 0 | 0 | 0 |
| Income tax and social security | 0 | 0 | 0 |
| Non-NHS creditors | 0 | 0 | 0 |
| Capital Creditors | 0 | 0 | 0 |
| Overdraft | 0 | 0 | 0 |
| Rentals due under operating leases | 0 | 0 | 0 |
| Obligations under finance leases, HP contracts and PFI contracts | 0 | 218 | 362 |
| Pensions: staff | 0 | 0 | 0 |
| Accruals | 0 | 0 | 0 |
| Deferred Income | 0 | 0 | 0 |
| Other creditors | 0 | 0 | 622 |
| Total | 0 | 218 | 984 |

17. Provisions

| | At 1 April 2009 | Structured settlement cases transferred to Risk Pool | Transfer of provisions to creditors and between current and non-current | Arising during the year | Utilised during the year | Reversed unused | Unwinding of discount | At 31 March 2010 |
|---|-----------------|--|---|-------------------------|--------------------------|-----------------|-----------------------|------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Current | | | | | | | | |
| Clinical negligence | 9,647 | 0 | 0 | 2,942 | (1,493) | (2,351) | 0 | 8,745 |
| Personal injury | 1,008 | 0 | 0 | 510 | (536) | (430) | 0 | 552 |
| All other losses and special payments | 0 | 0 | 0 | 50 | (50) | 0 | 0 | 0 |
| Defence legal fees and other administration | 366 | 0 | 0 | 429 | (225) | (155) | | 415 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 151 | | | 117 | (41) | 0 | 0 | 227 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Other | 3,411 | | | 4,593 | (917) | (511) | | 6,576 |
| Total | 14,583 | 0 | 0 | 8,641 | (3,262) | (3,447) | 0 | 16,515 |

| | | | | | | | | |
|---|--------------|----------|----------|--------------|--------------|--------------|----------|--------------|
| Non Current | | | | | | | | |
| Clinical negligence | 457 | 0 | 0 | 687 | (152) | (517) | 0 | 475 |
| Personal injury | 1,819 | 0 | 0 | 798 | (224) | (165) | 0 | 2,228 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Defence legal fees and other administration | 71 | 0 | 0 | 501 | (29) | (31) | | 512 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | | | 0 | 0 | 0 | | 0 |
| Total | 2,347 | 0 | 0 | 1,986 | (405) | (713) | 0 | 3,215 |

| | | | | | | | | |
|---|---------------|----------|----------|---------------|----------------|----------------|----------|---------------|
| TOTAL | | | | | | | | |
| Clinical negligence | 10,104 | 0 | 0 | 3,629 | (1,645) | (2,868) | 0 | 9,220 |
| Personal injury | 2,827 | 0 | 0 | 1,308 | (760) | (595) | 0 | 2,780 |
| All other losses and special payments | 0 | 0 | 0 | 50 | (50) | 0 | 0 | 0 |
| Defence legal fees and other administration | 437 | 0 | 0 | 930 | (254) | (186) | | 927 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 151 | | | 117 | (41) | 0 | 0 | 227 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Other | 3,411 | | | 4,593 | (917) | (511) | | 6,576 |
| Total | 16,930 | 0 | 0 | 10,627 | (3,667) | (4,160) | 0 | 19,730 |

Expected timing of cash flows:

| | Within 1 year | 2 and 5 years | 6 and 10 years | After 10 years | After 50 years | After 75 years | Total |
|---|---------------|---------------|----------------|----------------|----------------|----------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Clinical negligence | 8,745 | 475 | 0 | 0 | 0 | 0 | 9,220 |
| Personal injury | 553 | 248 | 1,979 | 0 | 0 | 0 | 2,780 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Defence legal fees and other administration | 415 | 512 | 0 | 0 | 0 | 0 | 927 |
| Pensions relating to former directors | 0 | | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 24 | 203 | 0 | 0 | 0 | 0 | 227 |
| Restructuring | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 5,030 | 1,546 | 0 | 0 | 0 | 0 | 6,576 |
| Total | 14,767 | 2,984 | 1,979 | 0 | 0 | 0 | 19,730 |

The expected timings of the cashflows are based on the best available information, but they could change on the basis of individual case changes

17. Provisions (continued)

| | At 1 April 2008 | Structured settlement cases transferred to Risk Pool | Transfer of provisions to creditors and between current and non-current | Arising during the year | Utilised during the year | Reversed unused | Unwinding of discount | At 31 March 2009 |
|---|--------------------|--|---|-------------------------------|--------------------------------|--------------------|--------------------------|---------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Current | | | | | | | | |
| Clinical negligence | 6,161 | 5 | 0 | 7,561 | (1,990) | (1,633) | 0 | 10,104 |
| Personal injury | 2,290 | 0 | 0 | 1,140 | (470) | (132) | 0 | 2,828 |
| All other losses and special payments | 0 | 0 | 0 | 90 | (90) | 0 | 0 | 0 |
| Defence legal fees and other administration | 652 | (19) | 0 | 388 | (215) | (369) | | 437 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 153 | | | 12 | (14) | 0 | 0 | 151 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Other | 6,809 | | | 2,234 | (2,942) | (2,690) | | 3,411 |
| Total | 16,065 | (14) | 0 | 11,425 | (5,721) | (4,824) | 0 | 16,931 |

| | | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| Non Current | | | | | | | | |
| Clinical negligence | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Defence legal fees and other administration | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | | | 0 | 0 | 0 | | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | |
|---|---------------|-------------|----------|---------------|----------------|----------------|----------|---------------|
| TOTAL | | | | | | | | |
| Clinical negligence | 6,161 | 5 | 0 | 7,561 | (1,990) | (1,633) | 0 | 10,104 |
| Personal injury | 2,290 | 0 | 0 | 1,140 | (470) | (132) | 0 | 2,828 |
| All other losses and special payments | 0 | 0 | 0 | 90 | (90) | 0 | 0 | 0 |
| Defence legal fees and other administration | 652 | (19) | 0 | 388 | (215) | (369) | | 437 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 153 | | | 12 | (14) | 0 | 0 | 151 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 |
| Other | 6,809 | | | 2,234 | (2,942) | (2,690) | | 3,411 |
| Total | 16,065 | (14) | 0 | 11,425 | (5,721) | (4,824) | 0 | 16,931 |

Expected timing of cash flows:

| | Within 1 year | 2 and 5 years | 6 and 10 years | After 10 years | After 50 years | After 75 years | Totals |
|---|------------------|------------------|-------------------|-------------------|-------------------|-------------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Clinical negligence | 9,647 | 457 | 0 | 0 | 0 | 0 | 10,104 |
| Personal injury | 1,008 | 183 | 1,637 | 0 | 0 | 0 | 2,828 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Defence legal fees and other administration | 366 | 71 | 0 | 0 | 0 | 0 | 437 |
| Pensions relating to former directors | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 12 | 48 | 91 | 0 | 0 | 0 | 151 |
| Restructuring | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 3,411 | 0 | 0 | 0 | 0 | 0 | 3,411 |
| Total | 14,444 | 759 | 1,728 | 0 | 0 | 0 | 16,931 |

The expected timings of the cashflows are based on the best available information, but they could change on the basis of individual case changes

Other provisions include £300,890 for Agenda for Change

18. Cash and cash equivalents

| | 2009-10 | 2008-09 |
|--|----------------|---------|
| | £000 | £000 |
| Balance at 1 April | 10,586 | 3,793 |
| Net change in cash and cash equivalent balances | (9,254) | 6,793 |
| Balance at 31 March | 1,332 | 10,586 |
| Made up of: | | |
| Cash held at Office of HM Paymaster General / GBS | 10,625 | 1,159 |
| Commercial banks and cash in hand | (9,293) | 427 |
| Investments in National Loan Fund | 0 | 9,000 |
| Cash and cash equivalents as in Statement of Financial Position | 1,332 | 10,586 |
| Bank overdraft - Office of HM Paymaster General / GBS | 0 | 0 |
| Bank overdraft - Commercial banks | 0 | 0 |
| Cash and cash equivalents as in Statement of Cash Flows | 1,332 | 10,586 |

19. Other Financial Assets

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

20. Other assets

| | Current | | Non-current | |
|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31 March 2010 £000 | 31 March 2009 £000 | 31 March 2010 £000 | 31 March 2009 £000 |
| EU Emissions Trading Scheme Allowance | 0 | 0 | 0 | 0 |
| Prepayments | 0 | 0 | 0 | 0 |
| Other assets | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |

21. Other liabilities

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

22. Other financial liabilities

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

Narrative disclosures - Financial Instruments

23. Related Party Transactions

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

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

| | Payments to related party £000 | Receipts from related party £000 | Amounts owed to related party £000 | Amounts due from related party £000 |
|---|---|---|---|--|
| Welsh Assembly Government | | 615,288 | | 1,258 |
| Health Commission Wales | 45 | 980 | 55 | 111 |
| Abatawe Bromorgannwg Local Health Board | 25,020 | 8,456 | 1,062 | 950 |
| Aneurin Bevan Local Health Board | 390 | 579 | 1 | 165 |
| Betsi Cadwaladr Local Health Board | 283 | 4,554 | 18 | 128 |
| Cardiff and Vale Local Health Board | 2,700 | 1,452 | 285 | 304 |
| Cwm Taff Local Health Board | 314 | 578 | 269 | 69 |
| Powys local Health Board | 4,249 | 10,709 | 55 | 2,873 |
| Welsh Risk Pool | | | 0 | 989 |
| Public Health Wales | 1,610 | 0 | 282 | 0 |
| Velindre NHS Trust | 3,450 | 2,651 | 150 | 301 |
| Welsh Ambulance Services NHS Trust | 2,458 | 74 | 216 | 6 |
| TOTAL | 40,519 | 645,321 | 2,393 | 7,154 |

A number of the LHB's Board members have interests in related parties as detailed below. The information provided in the note is in accordance with "IAS 24 - Related Party Disclosures" whereby disclosure is only required where there are material transactions with a related party. Senior staff may have other interests which do not fall within this definition of "Related Parties", and do not need to be disclosed.

Hywel Dda Local Health Board from 1st October 2009

| Name | Details | Interests |
|--------------------------|--------------------------|--|
| Mr Chris Martin | Chairman | Executive Adviser to Alliance Healthcare Uk Ltd |
| Mr Eifion Griffiths | Independent Board Member | Board Member of Grwp Gwalia |
| Professor Melanie Jasper | Independent Board Member | Head of School of Human & Health Science , Swansea University |
| Mrs Karen Miles | Director of Finance | Governor of Pembrokeshire College |
| Dr Sue Fish | Medical Director | Husband is a County Councillor for Ceredigion Half Share in Borth Surgery, Ceredigion Premise |

Former Pembrokeshire Local Health Board to 30 September 2009

| Name | Details | Interests |
|----------------|------------------------|---|
| Mrs Sian James | Non Executive Director | Member of Pembrokeshire County Council |
| Mr Ian Jones | Non Executive Director | Partner in a Dental Practice at Robert Street, Milford Haven |

| | | |
|--------------------|------------------------------------|---|
| Mr Chris LeBreton | Non Executive Director | Trustee of The Paul Satori Foundation |
| Dr Sam Lewis | Non Executive Director | GP at Newport Surgery, Pembrokeshire |
| Mrs Caroline Mason | Non Executive Director | Chair of Pembrokeshire Parent Carers High Support Needs Group |
| Mrs Julia Ritchie | Non Executive Director | Director of Healthcare & training Company |
| Mr Jon Skone | Non Executive Director | Officer of Pembrokeshire County Council |
| Mr David Wildman | Non Executive Director | Member of Pembrokeshire County Council |
| Mrs Karen Miles | Director of Finance & Commissionin | Governor of Pembrokeshire College |

Former Ceredigion Local Health Board to 30 September 2009

| Name | Details | Interests |
|------------------------|------------------------------------|---|
| Mr Parry Davies | Non Executive Director | Officer of Ceredigion County Council |
| Mr Hag Harries | Non Executive Director | Ceredigion County Councillor |
| Mr Paul Hinge | Non Executive Director | Ceredigion County Councillor |
| Mr Ian Jones | Non Executive Director | Partner in a Dental Practice at Robert Street, Milford Haven |
| Mr Alasdair Kentwright | Non Executive Director | Member of Dyfed Powys Police Authority |
| Dr Carl Langley | Non Executive Director | GP at Tregaron Surgery |
| Mr Alun Lloyd-Jones | Non Executive Director | Member of Ceredigion County Council Member of Dyfed Powys Police Authority Chair of Ymlaen Ceredigion |
| Mrs Karen Miles | Director of Finance & Commissionin | Governor of Pembrokeshire College |
| Mr Lyndon Lloyd | Associate Member | Member of Ceredigion County Council |
| Dr David Roberts | Co-opted Member | GP at Meddygfa Teifi, Llandysul |

Former Carmarthen Local Health Board to 30 September 2009

| Name | Details | Interests |
|-----------------------|-----------------------------------|--|
| Mr Bruce McLernon | Non Executive Director | Officer Carmarthenshire County Council |
| Mr Chris Burns | Non Executive Director | Officer Carmarthenshire County Council |
| Mr Jake Morgan | Non Executive Director | Officer Carmarthenshire County Council |
| Clr Kevin Madge | Non Executive Director | Member Carmarthenshire County Council |
| Dr Chris John | Vice Chair Audit & Risk Committee | GP at Furnace House, Carmarthen |
| Dr Alan Scourfield | GP Member | GP at Coalbrook Surgery, Pontberem |
| Dr Rob Lewis | GP Member | GP at Meddygfa Teilo, Llandeilo Pharmacy Contractor, Walter Lloyd & Son, Carmarthen |
| Mr Chris James | Chair of Audit & Risk Committee | Dental Contractor, Murry Street, Llanelli |
| Dr Edward Lloyd-Jones | Dental Member | |

Former Hywel Dda NHS Trust to 30 September 2009

| Name | Details | Interests |
|--------------------------|------------------------|--|
| Mr Chris Martin | Chairman | Advisor to Alliance Healthcare |
| Mr Eifion Griffiths | Non Executive Director | Gwalia Housing Group Non Exec Member |
| Mr Martin Morris | Non Executive Director | Gwalia Housing Group Non Exec Member |
| Reverend Randolph Thomas | Non Executive Director | Gwalia Housing Group Non Exec Member |
| Professor Gareth Morgan | Non Executive Director | Head of School of Medicine at Swansea University |
| Mrs Margaret Barnaby | Director of Planning | Governor of Pembrokeshire College |

The related party transactions detailed below are the related party transactions for all the interests held by directors

| | Payments to related party £000 | Receipts from related party £000 |
|---|--------------------------------------|--|
| Alliance Healthcare UK Ltd | 3,844 | 0 |
| Allied Health Professional | 43 | 0 |
| Borth Surgery | 325 | 0 |
| Bridge Street Surgery, Penygroes | 813 | 0 |
| Carmarthenshire Association of Voluntary Services | 73 | 0 |
| Carmarthenshire County Council | 1,562 | 2,237 |
| Ceredigion County Council | 5,095 | 552 |
| Coalbrook Surgery, Pontyberem | 421 | 0 |
| Dyfed Powys Police Authority | 64 | 171 |
| Furnace House Surgery, Carmarthen | 1,600 | 0 |
| Gwalia Housing | 18 | 21 |
| Meddygfa Teifi, Llandysul | 765 | 0 |
| Meddygfa Teilo, Llandeilo | 1,156 | 0 |
| Mental Health Advocay Provider (MAP) | 29 | 0 |
| Murray Street Dental Practice | 126 | 0 |
| Newport Surgery, Pems | 750 | 0 |
| NHS Wirral | 0 | 34 |
| Pembrokeshire College | 16 | 46 |
| Pembrokeshire County Council | 5,516 | 2,155 |
| Robert Street Dental Practice, Milford Haven | 394 | 0 |
| School of Human & Health Science | 0 | 46 |
| Tregaron Surgery, Ceredigion | 402 | 0 |
| The Paul Satori Foundation | 113 | 0 |
| Ymlaen Ceredigion | 74 | 0 |

24. Third Party assets

The LHB held £572,089 cash at bank and in hand at 31 March 2010 (31 March 2009: £524,607) which relates to monies held by the LHB on behalf of patients. This has been excluded from cash and cash equivalents figure reported in the accounts.

25. Intra Government balances

| | Current receivables £000 | Non-current receivables £000 | Current payables £000 | Non-current payables £000 |
|---|--------------------------------|------------------------------------|-----------------------------|---------------------------------|
| 2009-10 : | | | | |
| Welsh Assembly Government | 1,220 | 0 | 0 | 0 |
| Welsh Local Health Boards | 13,892 | 0 | 1,690 | 0 |
| Welsh NHS Trusts | 277 | 0 | 647 | 0 |
| Health Commission Wales | 111 | 0 | 55 | 0 |
| All English Health Bodies | 739 | 0 | 418 | 0 |
| All N. Ireland Health Bodies | 0 | 0 | 0 | 0 |
| All Scottish Health Bodies | 28 | 0 | 0 | 0 |
| Miscellaneous | 18 | 0 | 3,504 | 0 |
| Credit note provision | -1,892 | 0 | 0 | 0 |
| Sub total | 14,393 | 0 | 6,314 | 0 |
| Other Central Government Bodies | | | | |
| Other Government Departments | 135 | 0 | 0 | 0 |
| Revenue & Customs | 114 | 0 | 4,875 | 0 |
| Local Authorities | 806 | 0 | 0 | 0 |
| Balances with Public Corporations and trading funds | 2 | 0 | 0 | 0 |
| Balances with bodies external to Government | 6,986 | 48 | 48,787 | 0 |
| TOTAL | 22,436 | 48 | 59,976 | 0 |
| 2008-09 : | | | | |
| Welsh Assembly Government | 3,421 | 0 | 1,082 | 0 |
| Welsh Local Health Boards | 1,665 | 0 | 179 | 0 |
| Welsh NHS Trusts | 11,247 | 0 | 2,792 | 0 |
| Health Commission Wales | 388 | 0 | 0 | 0 |
| All English Health Bodies | 878 | 0 | 201 | 0 |
| All N. Ireland Health Bodies | 0 | 0 | 0 | 0 |
| All Scottish Health Bodies | 20 | 0 | 8 | 0 |
| Miscellaneous | 0 | 0 | 3,302 | 0 |
| Credit note provision | 0 | 0 | 0 | 0 |
| Sub total | 17,619 | 0 | 7,564 | 0 |
| Other Central Government Bodies | | | | |
| Other Government Departments | 97 | 0 | 1 | 0 |
| Revenue & Customs | 479 | 0 | 5,799 | 0 |
| Local Authorities | 1,095 | 0 | 448 | 0 |
| Balances with Public Corporations and trading funds | 0 | 0 | 0 | 0 |
| Balances with bodies external to Government | 6,220 | 0 | 49,956 | 218 |
| TOTAL | 25,510 | 0 | 63,768 | 218 |

26. Losses and special payments

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

Gross loss to the Exchequer

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

| | Amounts paid out during period to 31 March 2010 | | Approved to write-off to 31 March 2010 | |
|--|--|------------------|---|------------------|
| | Number | £ | Number | £ |
| Clinical negligence | 41 | 1,645,000 | 16 | 1,483,000 |
| Personal injury | 40 | 760,000 | 13 | 233,000 |
| All other losses and special payments | 145 | 50,000 | 188 | 51,000 |
| | 0 | 0 | 0 | 0 |
| Total | 226 | 2,455,000 | 217 | 1,767,000 |

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

| | | Amounts paid out in year £ | Cumulative amount £ | Approved to write-off in year £ |
|---------------------------------|--------------------|-------------------------------------|---------------------------|--|
| Cases exceeding £250,000 | | | | |
| Case reference | Case type | | | |
| 04RR6MN0024 | Medical Negligence | 0 | 340,000 | 0 |
| 05RKUMN0006 | Medical Negligence | 0 | 260,000 | 0 |
| 06RR6MN0023 | Medical Negligence | 0 | 438,000 | 438,000 |
| 07RVAMN0031 | Medical Negligence | 55,000 | 255,000 | 255,000 |
| 08RR6MN0011 | Medical Negligence | 387,000 | 422,000 | 422,000 |
| | | 0 | 0 | 0 |
| | | 0 | 0 | 0 |
| | | 0 | 0 | 0 |
| | | 0 | 0 | 0 |
| | | 0 | 0 | 0 |
| | | 0 | 0 | 0 |
| | | 0 | 0 | 0 |
| Sub-total | | 442,000 | 1,715,000 | 1,115,000 |
| All other cases | | 2,013,000 | 3,315,000 | 650,000 |
| Total cases | | 2,455,000 | 5,030,000 | 1,765,000 |

27. Contingencies

27.1 Contingent liabilities

| | 2009-10 £'000 | 2008-09 £'000 |
|--|------------------|------------------|
| Legal claims for alleged medical or employer negligence | 12,523 | 17,271 |
| Amount recovered under insurance in the event of claims being successful | (10,659) | (14,770) |
| Ombudsman and Retrospective Review | 4,824 | 8,600 |
| | <u>6,688</u> | <u>11,101</u> |

Uncertainties affecting outcome:

Liabilities for continuing care costs continue to be a significant financial issue for the LHB. The December 2009 deadline for reclaiming pre-1/4/2003 care costs has resulted in a large increase in the number of claims registered, regarding both pre and post 1/4/2003 costs. Hywel Dda LHB is responsible for post 1/4/2003 costs.

27.2 Contingent assets

| | | |
|--|----------|----------|
| | 0 | 0 |
| | 0 | 0 |
| | 0 | 0 |
| | <u>0</u> | <u>0</u> |

28. Capital commitments

Contracted capital commitments at 31 March 2010 for

| | 2009-10 | 2008-09 |
|-------------------------------|--------------|---------------|
| Property, plant and equipment | 7,055 | 10,762 |
| Intangible assets | 0 | 0 |
| | <u>7,055</u> | <u>10,762</u> |

29. Finance leases**29.1 Finance leases obligations (as lessee)**

The Provider arm of the health Board as at 31st March 2010 had 15 contracts under finance leases for medical and surgical equipment 11 of these leases were operating leases under GAAP but under IFRS disclosure requirements are classified as finance leases

The original contract period on these leases would have been for periods of between 3 and 10 years

Amounts payable under finance leases:

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

29.1 Finance leases obligations (as lessee) continued**Amounts payable under finance leases:**

| Buildings | 31 March 2010 £000 | 31 March 2009 £000 | 1 April 2008 £000 |
|--|-----------------------------------|-----------------------------------|----------------------------------|
| Minimum lease payments | | | |
| Within one year | 0 | 0 | 0 |
| Between one and five years | 0 | 0 | 0 |
| After five years | 0 | 0 | 0 |
| Less finance charges allocated to future periods | 0 | 0 | 0 |
| Minimum lease payments | <u>0</u> | <u>0</u> | <u>0</u> |
| Included in: | | | |
| Current borrowings | 0 | 0 | 0 |
| Non-current borrowings | <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 | <u>0</u> | <u>0</u> | <u>0</u> |
| Other | 31 March 2010 £000 | 31 March 2009 £000 | 1 April 2008 £000 |
| Minimum lease payments | | | |
| Within one year | 146 | 294 | 0 |
| Between one and five years | 23 | 180 | 0 |
| After five years | 0 | 0 | 0 |
| Less finance charges allocated to future periods | (1) | (12) | 0 |
| Minimum lease payments | <u>168</u> | <u>462</u> | <u>0</u> |
| Included in: | | | |
| Current borrowings | 0 | 0 | 0 |
| Non-current borrowings | <u>0</u> | <u>0</u> | <u>0</u> |
| Present value of minimum lease payments | | | |
| Within one year | 100 | 206 | 0 |
| Between one and five years | 17 | 134 | 0 |
| After five years | 0 | 0 | 0 |
| Less finance charges allocated to future periods | (1) | (8) | 0 |
| Present value of minimum lease payments | <u>116</u> | <u>332</u> | <u>0</u> |
| Included in: | | | |
| Current borrowings | 0 | 0 | 0 |
| Non-current borrowings | <u>0</u> | <u>0</u> | <u>0</u> |

29.2 Finance lease receivables (as lessor)

The Health Board has no finance lease receivables as a lessor.

Amounts receivable under finance leases:

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

30. Private Finance Initiative contracts**30.1 PFI schemes off-Statement of Financial Position**

The Health Board has no PFI operational schemes deemed to be off-Statement of Financial Position

30.2 PFI schemes on-Statement of Financial Position

The Health Board has one PFI operational schemes deemed to be on-Statement of Financial Position

The scheme is a Contract Energy Management scheme which provides heating, hot water, steam and locally generated electricity to Prince Philip Hospital.

*The contract does result in commitment from the private sector provider (Dalkia) and the Trust
The commitments are set out in significant details within a formal contract signed by both parties to the agreement*

Contract start date: 29/04/1996
Contract end date: 08/04/2011

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

| | 31 March 2010 | 31 March 2009 |
|--|----------------------|---------------|
| | £000 | £000 |
| Not later than one year | 41 | 44 |
| Later than one year, not later than five | 0 | 41 |
| Later than five years | 0 | 0 |
| Sub total | 41 | 85 |
| Less: interest element | 1 | 4 |
| Total | 40 | 81 |
| | | £000 |
| Capital value of scheme included in Fixed Assets Note 11 | | 51 |

30.3 Charges to expenditure

The total charged in the year to expenditure in respect of off-statement of financial position PFI contracts and the service element of on-statement of financial position PFI contracts was £139,539 (prior year £137,000).

The LHB is committed to the following annual charges

| | 31 March 2010 | 31 March 2009 |
|--|----------------------|---------------|
| | £000 | £000 |
| PFI scheme expiry date: | | |
| Not later than one year | 0 | 0 |
| Later than one year, not later than five years | 140 | 137 |
| Later than five years | 0 | 0 |
| Total | 140 | 137 |

30.4 The LHB has no Public Private Partnerships

31. Pooled budgets

The Health Board has entered into a pooled budget with Carmarthenshire County Council on the 1st October 2009. Under the arrangement funds are pooled under section 75 of the NHS Act 2006 for the provision of an integrated community equipment store and a memorandum note to the final accounts will provide details of the joint income and expenditure.

The pool is hosted by Carmarthenshire County Council. The financial operation of the pool is governed by a pooled budget agreement between Carmarthenshire County Council and the Health Board.

Payments for services provided by Carmarthenshire County Council the Health Board in the sum of £224,744 are accounted for as expenditure in the accounts of the Health Board. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

32. Financial Instruments

| Financial assets | At "fair value" through OCS £000 | Loans and receivables £000 | Available for sale £000 | Total £000 |
|-------------------------------|--|----------------------------------|-------------------------------|---------------|
| Embedded derivatives | 0 | 0 | 0 | 0 |
| NHS receivables | 22,930 | 0 | 0 | 22,930 |
| Cash at bank and in hand | 1,332 | 0 | 0 | 1,332 |
| Other financial assets | 4,543 | 0 | 0 | 4,543 |
| Total at 31 March 2010 | 28,805 | 0 | 0 | 28,805 |

| Financial liabilities | At "fair value" through OCS £000 | Other £000 | Total £000 |
|-----------------------------------|--|---------------|---------------|
| Embedded derivatives | 0 | 0 | 0 |
| PFI and finance lease obligations | 218 | 0 | 218 |
| Other financial liabilities | 23,910 | 0 | 23,910 |
| Total at 31 March 2010 | 24,128 | 0 | 24,128 |

| Financial assets | At "fair value" through OCS £000 | Loans and receivables £000 | Available for sale £000 | Total £000 |
|-------------------------------|--|----------------------------------|-------------------------------|---------------|
| Embedded derivatives | 0 | 0 | 0 | 0 |
| NHS receivables | 0 | 0 | 0 | 0 |
| Cash at bank and in hand | 10,586 | 0 | 0 | 10,586 |
| Other financial assets | 23,553 | 0 | 235 | 23,788 |
| Total at 31 March 2009 | 34,139 | 0 | 235 | 34,374 |

| Financial liabilities | At "fair value" through OCS £000 | Other £000 | Total £000 |
|-----------------------------------|--|---------------|---------------|
| Embedded derivatives | 0 | 0 | 0 |
| PFI and finance lease obligations | 544 | 0 | 544 |
| Other financial liabilities | 62,279 | 0 | 62,279 |
| Total at 31 March 2009 | 62,823 | 0 | 62,823 |

| Financial assets | At "fair value" through OCS £000 | Loans and receivables £000 | Available for sale £000 | Total £000 |
|------------------------------|--|----------------------------------|-------------------------------|---------------|
| Embedded derivatives | 0 | 0 | 0 | 0 |
| NHS receivables | 0 | 0 | 0 | 0 |
| Cash at bank and in hand | 0 | 0 | 0 | 0 |
| Other financial assets | 0 | 0 | 0 | 0 |
| Total at 1 April 2008 | 0 | 0 | 0 | 0 |

| Financial liabilities | At "fair value" through OCS £000 | Other £000 | Total £000 |
|-----------------------------------|--|---------------|---------------|
| Embedded derivatives | 0 | 0 | 0 |
| PFI and finance lease obligations | 0 | 0 | 0 |
| Other financial liabilities | 0 | 0 | 0 |
| Total at 1 April 2008 | 0 | 0 | 0 |

33. Transition to IFRS

| | General Fund £000s | Revaluation reserve £000s | Donation reserve £000s | Government grant reserve £000s | Total reserves £000s |
|--|-----------------------------------|--|---------------------------------------|---|-------------------------------------|
| Taxpayers equity at 31 March 2009 under UKGAAP | 181,894 | 1,072 | 4,336 | 0 | 187,302 |
| Adjustment to remove negative balances on revaluation reserves | -4,820 | 4,820 | 0 | 0 | 0 |
| Adjusted Taxpayers equity at 31 March 2009 | 177,074 | 5,892 | 4,336 | 0 | 187,302 |
| Adjustments for IFRS changes | | | | | |
| PFI | -17 | 0 | 0 | 0 | -17 |
| Leases | 86 | 0 | 0 | 0 | 86 |
| Others (annual leave and bad debt provision) | -1,018 | 0 | 0 | 0 | -1,018 |
| Taxpayers equity at 31 March 2009 under IFRS | 176,125 | 5,892 | 4,336 | 0 | 186,353 |
| Net operating costs for 2008-09 under UKGAAP | 560,516 | 0 | 0 | 0 | 560,516 |
| Adjustments for IFRS changes : | | | | | |
| PFI | 17 | 0 | 0 | 0 | 17 |
| Leases | -86 | 0 | 0 | 0 | -86 |
| Others (adjustment to move negative revaluation reserve) | 4,791 | 0 | 0 | 0 | 4,791 |
| Net operating costs for 2008-09 under IFRS | 565,238 | 0 | 0 | 0 | 565,238 |

34. Financial risk management

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

Currency risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

35. Movements in working capital

| | 2009-10 | 2008-09 |
|--|----------------|---------|
| | £000 | £000 |
| (Increase)/decrease in inventories | (403) | (542) |
| (Increase)/decrease in trade and other receivables | 3,019 | (6,595) |
| (Increase)/decrease in other current assets | 0 | 0 |
| Increase/(decrease) in trade and other payables | (2,249) | 9,686 |
| Increase/(decrease) in other current liabilities | 0 | 12 |
| Total | 367 | 2,561 |

36. Other cash flow adjustments

| | 2009-10 | 2008-09 |
|--|----------------|---------|
| | £000 | £000 |
| Depreciation | 13027 | 12744 |
| Amortisation | 55 | 41 |
| Impairments and reversals | 17298 | 6845 |
| Cost of Capital Charge | -2463 | -6687 |
| Release of PFI deferred credits | 0 | 0 |
| Transfer from donated asset reserve | -539 | -564 |
| Transfer from government grant reserve | 0 | 0 |
| Non-cash movements in provisions | 6466 | 6587 |
| Total | 33844 | 18966 |

Cost of Capital Charge in 2008/09 contains PDC payment that was originally shown on the face of the 2008/09 cashflow statement. The layout of this statement has changed for 2009/10.

37. Cash flow relating to exceptional items

Nil

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

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

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

| | £'000 |
|---|----------------|
| Public Dividend Capital of Hywel Dda NHS Trust as at 31 March 2009 | 215,758 |
| Income and Expenditure Account of Hywel Dda NHS Trust as at 31 March 2009 | -5,710 |
| General fund of Carmarthenshire LHB as at 31 March 2009 | -17,222 |
| General fund of Ceredigion LHB as at 31 March 2009 | -6,885 |
| General fund of Pembrokeshire LHB as at 31 March 2009 | -9,816 |
| Opening General fund of Hywel Dda LHB as at 1 April 2009 | 176,125 |

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

Detailed below is the Public Dividend Capital received between 1 April 2009 and 30 September 2009 by the predecessor NHS Trust.

18 September 2009 - £7,500,000

The predecessor NHS Trust made no repayments of Public Dividend Capital between 1 April 2009 and 30 September 2009.

40. Welsh Assembly Government loans

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

41. Events after the Reporting Period

There are no events after the reporting period.

42. Operating segments

The Hywel Dda Local Health Board has identified the organisations full Board as the Chief Operating decision Maker (CODM) under IFRS 8. Only the full Board can allocate resources to the various services. The organisation is constituted as an integrated Health Board with seamless service delivery. The management and reporting for the operations of the Health Board to the CODM is through three Counties. Whilst these may be seen as segments they each provide the same spectrum of integrated services and therefore the Health Board has aggregated them into one healthcare segment as provided for under IFRS 8. The Health Board has no non healthcare activities.

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

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

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

Date : 22 June 2010

Trevor Purt : Chief Executive

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

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

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

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

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

By Order of the Board

Signed:

Chairman: Chris Martin

Dated: 22 June 2010

Chief Executive: Trevor Purt

Dated: 22 June 2010

Director of Finance: Karen Miles

Dated: 22 June 2010

Statement of Internal Control

1. Scope of responsibility

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

There is an extraordinary context to the completion of this Statement of Internal Control due to the existence of four predecessor organisations operating as separate legal entities for the first six months of 2009-10, prior to the establishment of the Hywel Dda Local Health Board as part of the re-organisation of NHS Wales. The Audit Committee of the Hywel Dda Local Health Board, as a successor organisation accepted the 2009/10 Six Month Accounts, including a Statement of Internal Control and signed off an inherited legacy statement supported by representations undertaken by former management arrangements for each of the four organisations.

In the context of the Hywel Dda Local Health Board overall accountability and responsibility for controls assurance and risk management lies with the Board and Chief Executive, these duties being discharged in accordance with the organisation's Standing Orders and Standing Financial Instructions. Whilst I retain personal responsibility for internal control and risk management on behalf of the organisation, I am supported in this by assigning specific roles to other Executive Directors in accordance with the Scheme of Delegation.

The Board, in discharging its responsibilities, ensures that there are proper and independent assurances given on the soundness and effectiveness of the systems and processes in place for meeting the LHB's objectives which are derived from the Welsh Assembly Government's (WAG) Annual Operating Framework, and delivering appropriate outcomes. In accordance with the LHB's Standing Orders, the Board has determined that certain of its powers have been delegated to Committees, thereby creating a reporting structure capable of providing a robust scrutiny process in a time of substantial change during which the Hywel Dda Health Board and its organisational culture and ethos is being embedded. Integral to this process are the Audit, Quality and Safety and Integrated Governance Committees, each of which embeds corporate standards, priorities and requirements into its work and maximises cohesion and integration across all aspects of governance and assurance. The responsibilities and accountabilities of these committees, together with those of the other sub committees of the Board are specified within the individual Terms of Reference. The Interim Risk Management Strategy and Policy also outlines the roles and responsibilities assigned throughout the organisation, from Board to All Staff, in ensuring the effectiveness of the key controls in place to manage risk.

The Welsh Assembly Government is kept fully informed on the risks and the measures in place for managing those risks through the Annual Operating Framework process, the National Performance Reporting Framework and the Health Care Standards Improvement Plan, where particular risks to achieving organisational targets are highlighted and discussed. In addition, financial risks are highlighted in the monthly financial monitoring returns submitted to the Welsh Assembly Government and at regular review meetings.

2. The purpose of the system of internal control

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

3. Capacity to handle risk

For the first six months of the financial year, the predecessor organisations maintained their individual risk and control frameworks as outlined in the Statements of Internal Control for the six months to 30th September 2009. From its inception on the 1st October 2009, the Hywel Dda Local Health Board recognised the fact that effective risk management is a key component of corporate and clinical governance and is integral to the delivery of its objectives in service provision. During this time of organisational restructuring, the Board maintained a robust system of Internal Control enacted through its Committee Structure thereby ensuring continuity of Corporate Governance. The Board at its meeting of 2nd October 2009 approved a Committee Structure which delegates certain responsibilities and accountabilities with regard to risk to specific committees, including Audit Committee, Integrated Governance Committee and Quality & Safety Committee. The Quality and Safety committee is underpinned by a sub committee structure which provides it with regular reports.

In recognising that effective risk management is a key component of corporate and clinical governance and in order to sustain a robust risk management process during a time of organisational restructuring, at its inaugural meeting in October 2009, the Quality & Safety Committee, on behalf of the Board, approved a number of interim Risk Management Policies, including:

- Risk Management Strategy & Policy
- Risk Assessment & Risk Profiling Guidelines
- Incident & Hazard Reporting Policy
- Guidance on Incident Investigation
- Health & Safety Policy.

At the same meeting, a draft Quality Improvement Strategy was also approved in principle, which identified the framework for quality and safety for the interim period, pending the full implementation of the new operational and corporate structures. In further ensuring that leadership is given to the risk management process, the Integrated Governance Committee leads on scrutinising the risk register and is charged with reviewing the Corporate Risk Register and Assurance Framework on behalf of the Board, thereby ensuring that they are an accurate reflection of the organisation's risks and are effectively managed. During this period of evolution for the Health Board, certain areas within the roles and responsibilities of the Integrated Governance Committee overlap with those of the Quality & Safety Committee. This is perceived as a precautionary measure to ensure that any issues arising will be covered and eliminate the situation occurring of it being assumed that it is picked up elsewhere within the organisation.

The Risk Management Strategy & Policy approved on behalf of the Board reflects the principles of creating a culture where effective risk management is an integral and natural part of the way most people work. It also outlines roles and responsibilities in such a way that leadership is given to the risk management process throughout the organisational structure ensuring that all staff are made aware of such processes. Integral to the culture and ethos of risk management is the dissemination of learning from good practice and systems are in place to distribute information from external sources such as the National Patient Safety Agency and Welsh Risk Pool to appropriate staff. Any system failures identified through claims and complaints are monitored through the Quality Improvement Strategy and again where appropriate any lessons learnt are shared accordingly.

The Health Board's capacity to handle risk is further reinforced in its application of Draft Standing Orders (SOs) and Standing Financial Instructions (SFIs), pending release of the final versions from Welsh Assembly Government. The Standing Orders and Standing Financial Instructions, together with the scheme of decisions reserved to the Board and scheme of delegation, provide the regulatory framework for the business conduct of the organisation. The SFI's in particular regulate financial proceedings and business and are designed to achieve probity, accuracy, economy, efficiency and effectiveness, and are underpinned by a series of detailed Financial Procedures, all of which are available to staff via the intranet. One of these underpinning procedures is the Health Board's Counter Fraud Policy and Response Plan, which details the way in which it approaches risk management of potential fraud and other acts involving dishonesty. In order to ensure robust financial control and minimise any associated risks, interim arrangements for authorised signatories supporting the interim scheme of delegation were enacted as from the 1st October 2009 to support the organisation whilst organisational structures were being developed.

4. The risk and control framework

The LHB's Interim Risk Management Strategy and Policy is driven by the recognition that effective risk management is a key component of corporate and clinical governance and is integral to the delivery of its objectives in service provision. It also recognises that risk management is an integral part of good management practice and as such is integrated into the philosophy, practice and business plans of the organisation and not viewed as a separate process. The risk management strategy recognises that risk is inherent in all the organisation's activities and that it is imperative that responsibilities and accountabilities are clearly defined. It outlines responsibility for managing risk from the Board through the organisational structure, ranging from Executive Directors to Clinical Leads/ General Managers/Heads of Service via Directorates/Divisions and Teams down to all staff.

In determining the risk appetite of the organisation the Board has given consideration to its principle objectives, both strategic and operational, and identified the principal risks that may threaten the achievement of those objectives. In doing so, the Board is aware that the process involves managing potential principal risks and not merely being reactive in the event of any risk exposure. It acknowledges that the modernisation of delivery of health care services cannot be achieved without risks being taken, the subsequent consequences of taking those risks and mitigating actions to manage any such risks. The risk management arrangements in place enable the principal risks to be identified, thereby enabling the Board through the relevant assurance committee, to focus on a relatively small number of current issues. It also ensures that principal risks are not considered in isolation as they are derived from the prioritisation of all risks flowing through the organisation.

Integral to the risk management strategy and policy and overall risk management arrangements is the Hywel Dda Health Board's risk register which documents all known risks to the organisation, and from which the principal risks can be identified. A documented framework in the form of a Risk Assessment to Risk Register Policy provides guidance on the risk assessment process to be undertaken across the whole organisation. This includes the processes of risk analysis and evaluation and makes it clear that the level of detail in a risk assessment should be proportionate to the risk. A detailed five step process makes it explicitly clear what is expected. All services, wards and departments are expected to develop risk registers with risk profiles outlining their risks, control measures in place and action plans to mitigate the risks. In undertaking assessments and compiling risk profiles, four key areas are to be considered as follows:

- Patient Safety Risks (i.e. where direct patient care is affected)
- Non-clinical risks
- Business, i.e. organisational risks
- Financial risks.

During the transition period for the first six months of the financial year and in preparation for the Hywel Dda Health Board, a Quality and Healthcare Standards Transition Group with members being comprised from all four now demised organisations was meeting on a regular basis. The remit of the group was to ensure that priorities and risks identified were managed and incorporated into robust legacy statements. This culminated in the production of an overall Legacy Statement and Consolidated Action Plan, highlighting the consolidated key risks and identifying Lead Executives and Committees to progress the work. Due to the evolving nature of the organisation it was agreed that the time scale for obtaining absolute assurance on issues would be June 2010 with committees monitoring progress in the interim period. Any outstanding actions at this time will be incorporated into the Hywel Dda risk register.

The introduction of healthcare standards reflects a performance approach to risk management and assessment of the adequacy of the actual processes in place at the LHB and is a key contributor to the effective management of risk. Each of the predecessor organisations submitted a self assessment for the 2008/09 financial year, with no subsequent Health Inspectorate Wales or any other assessment undertaken to the period 30th September 2009. Following the 2008/09 assessments, as part of the work to ensure seamless transition and ensure business and service continuity, a combined health community Healthcare Standards Improvement Plan (HCSIP) was implemented. This action plan was monitored throughout the year by the Quality & Safety Committee and in accordance with the reporting requirements; an updated HCSIP for 2010/11 was submitted to WAG in February 2010, with the Board being informed of progress.

The Hywel Dda Local Health Board since its inception from the 1st October 2009 has endeavored to continue with a consistent and systematic application of the standards throughout the organisation. The LHB has completed a self assessment against all healthcare standards for the period 1st October 2009 to 31st March 2010 which will be reviewed by Health Inspectorate Wales at a later date. This has been a process which has included staff involvement and Board engagement, with the relevant personnel being issued with a Board approved handbook outlining the approach to completion. Each standard was assigned an Executive Lead together with a Standard Lead supported by a team of appropriate individuals for completion of the standard, with all standards being subject to checking by members of the Quality Team. All members of the Board were given access to the self submission tool in order to engage in the quality checking and scrutiny process. The Board has delegated responsibility for approval of the submission to the Quality & Safety Committee.

The LHB's Internal Auditors have also been involved in the scrutiny process, working to an All Wales minimum programme of work as agreed by HIW. An Internal Audit Review has been undertaken on a sample of standards in order to ensure that the evidence adequately supports the responses and that the self assessed score is appropriate in consideration of the maturity matrix requirements. The sample included Standards 14, 16, 27 & 28 which underpin both the management of risks across all standards and this Statement of Internal Control. The Internal Audit review also considered whether the Board was appropriately engaged and the level of scrutiny involved in the process, both of which were deemed to be effective.

With reference to the standards integral to the SIC, the position achieved by the previous organisations has been maintained during this period of challenging organisational change. The Internal Audit validation of the 2008/09 self assessments concluded as follows:

| Standard | Carms LHB Level | Cere LHB Level | Pembs LHB Level | HD Trust Level |
|-----------------|----------------------------|---------------------------|----------------------------|---------------------------|
| 14 | 3, Developing | 3, Developing | 3, Developing | 3, Developing |
| 16 | 3, Developing | 3, Developing | 3, Developing | 3, Developing |
| 27 | 3, Developing | 3, Developing | 3, Developing | 2, Responding |
| 28 | 4, Practising | 3, Developing | 3, Developing | 3, Developing |

The validation undertaken by Internal Audit on the 2009/10 self assessment for the Hywel Dda Health Board has concluded in the following scores, thus giving the necessary assurance to the Board:

Standard

| | |
|----|---------------|
| 14 | 3, Developing |
| 16 | 3, Developing |
| 27 | 3, Developing |
| 28 | 4, Practising |

As Accountable Officer, I am reassured by the positive feedback that all the necessary processes, together with legacy statements and resulting action plans were in place and provide sufficient evidence that the LHB took reasonable action to manage itself against risks of all kinds and therefore met all the requirements of acceptable internal control.

5. Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive officers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the

implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, Quality & Safety Committee and Integrated Governance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

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

The Board is accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and has undertaken these activities to ensure that probity, accuracy, economy, efficiency and effectiveness have been enacted. It has been supported in this role by the work of the Audit Committee, which amongst other scrutiny duties, has considered both Internal and External Audit Reports on the work of the organisation and ensured that the appropriate action has been taken where required.

During the year, a number of audit reports have been received from both Internal Audit and the Wales Audit Office as the LHB's external auditors. Where appropriate, Executive Directors and/or other officers of the organisation have been held to account in accordance with the scheme of delegation and roles and responsibilities. The Head of Internal Audit also provides the Board with an opinion of the effectiveness of the system of internal control, derived from the work completed as part of the programme of work agreed by the Audit Committee.

One other source of external assurance is that of the Welsh Risk Pool Assessments. At my request, the Welsh Risk Pool undertook an assessment of clinical evidence criteria in high risk areas and claims management. The high risk areas considered were Accident & Emergency, Operating Department Services and Maternity Services. As the LHB has only very recently received the Draft Report for comment, the organisation is not in any position to respond at this stage to the detail contained in the report, but an interim overall compliance score of 79% has been awarded, against a target of 75%. It is reassuring to note that the report also makes reference to examples of good practice evident throughout the Health Board, a number of which have been highlighted to be shared across Wales. The report makes a number of recommendations which the Health Board will be responding to in due course.

6. Significant internal control problems (if applicable)

No significant internal control problems have been identified. The LHB is committed to regularly reviewing the key components of its internal controls and risk management arrangements.

the situation occurring of it being assumed that it is picked up elsewhere within the organisation.

The Risk Management Strategy & Policy approved on behalf of the Board reflects the principles of creating a culture where effective risk management is an integral and natural part of the way most people work. It also outlines roles and responsibilities in such a way that leadership is given to the risk management process throughout the organisational structure ensuring that all staff are made aware of such processes. Integral to the culture and ethos of risk management is the dissemination of learning from good practice and systems are in place to distribute information from external sources such as the National Patient Safety Agency and Welsh Risk Pool to appropriate staff. Any system failures identified through claims and complaints are monitored through the Quality Improvement Strategy and again where appropriate any lessons learnt are shared accordingly.

The Health Board's capacity to handle risk is further reinforced in its application of Draft Standing Orders (SOs) and Standing Financial Instructions (SFIs), pending release of the final versions from Welsh Assembly Government. The Standing Orders and Standing Financial Instructions, together with the scheme of decisions reserved to the Board and scheme of delegation, provide the regulatory framework for the business conduct of the organisation. The SFI's in particular regulate financial proceedings and business and are designed to achieve probity, accuracy, economy, efficiency and effectiveness, and are underpinned by a series of detailed Financial Procedures, all of which are available to staff via the intranet. One of these underpinning procedures is the Health Board's Counter Fraud Policy and Response Plan, which details the way in which it approaches risk management of potential fraud and other acts involving dishonesty. In order to ensure robust financial control and minimise any associated risks, interim arrangements for authorised signatories supporting the interim scheme of delegation were enacted as from the 1st October 2009 to support the organisation whilst organisational structures were being developed.

Signed: Trevor Purt

Date: 22 June 2010

Chief Executive

(on behalf of the Board)

Audit opinion and certificate – Hywel Dda LHB

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

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

Respective responsibilities of Directors, the Chief Executive and the Auditor

The Directors and the Chief Executive are responsible for preparing the annual report, the remuneration report and the financial statements in accordance with paragraph 3 of schedule 9 to the National Health Service (Wales) Act 2006 and Welsh Ministers' directions made 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 and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report my opinion to you as to whether the financial statements give a true and fair view and whether the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with paragraph 3 of schedule 9 of the National Health Service (Wales) Act 2006 and Welsh Ministers' directions made 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, Hywel Dda LHB 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 Hywel Dda LHB'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 Hywel Dda LHB's corporate governance procedures or its risk and control procedures.

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

Basis of audit opinions

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

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

Opinion

In my opinion:

- the financial statements give a true and fair view in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers of the state of affairs of Hywel Dda LHB as at 31 March 2010 and of its net operating costs, its recognised gains and losses and cash flows for the year then ended; and
- the financial statements and that part of the remuneration report to be audited have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made 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 Hywel Dda LHB's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010 will be reported separately in the published Annual Audit Letter.

Gillian Body
Auditor General for Wales
6 Julv 2010

Wales Audit Office
24 Cathedral Road
Cardiff

THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY WELSH MINISTERS IN ACCORDANCE WITH SCHEDULE 9 SECTION 178 PARA 3(1) OF THE NATIONAL HEALTH SERVICE (WALES) ACT 2006 (C.42) AND WITH THE APPROVAL OF TREASURY

LOCAL HEALTH BOARDS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2010 and subsequent financial years in respect of the Local Health Boards (LHB)1, in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

3. The account of the LHB for the year ended 31 March 2010 and subsequent years shall comprise an operating cost statement, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FReM and applied by the Welsh Assembly Government, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2010 and subsequent years, the account of the LHB shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, changes in taxpayers' equity and cash flows during the year.

5. The account shall be signed and dated by the Chief Executive of the LHB.

MISCELLANEOUS

6. The direction shall be reproduced as an appendix to the published accounts.
7. The notes to the accounts shall, inter alia, include details of the accounting policies adopted.

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated : 17.06.2010

1. Please see regulation 3 of the 2009 No.1559 (W.154); NATIONAL HEALTH SERVICE, WALES; The Local Health Boards (Transfer of Staff, Property, Rights and Liabilities) (Wales) Order 2009