

Velindre NHS Trust

Foreword

These accounts for the year ended 31st March 2010 have been prepared by the Velindre NHS Trust under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

The Trust was established by Statutory Instrument on the 1st April 1994 and at that time was a single specialty Trust providing only Cancer Services with a turnover of £9m. Over the last sixteen years the Trust has significantly evolved and prior to the transfer of the National Public Health Service and screening Services to the newly formed Public Health Wales NHS Trust the turnover of the Trust was £186m. Public Health Wales NHS Trust was formed on 1st October 2009 and incorporates the functions and services provided by the National Public Health Service; the Wales Centre for Health; the Wales Cancer Intelligence and Surveillance Unit; the Congenital Anomaly Register and Information Service; and Screening Services Wales.

The main function of the Trust is to provide All Wales and Regional clinical, health and social care services to the NHS and people of Wales and these services provided by the Trust during 2009/10 included:

(a) Regional non-surgical Cancer Services, mainly to the people of South East Wales, provided from Velindre Hospital and outreach clinics.

(b) All Wales population based Screening Services, including Breast Test Wales, Cervical Screening Wales, New Born Hearing Services Wales, working towards developing a comprehensive Antenatal Screening Service for Wales and roll out of Bowel Screening Service from October 2008. However, these services were transferred to Public Health Wales NHS Trust from 1st October 2009.

(c) Welsh Blood Service (WBS), including Welsh Transplantation and Immunogenetics Laboratory (WTAI)

(d) Health Solutions Wales (HSW)

(e) National Public Health Service for Wales (NPHS), including 22 Local Public Health Teams, the Health Protection Service, and a number of specialist All Wales Public Health 'resource' teams.

However, these services were transferred to Public Health Wales NHS Trust from 1st October 2009.

Over the years Velindre NHS Trust has taken on board a number of hosted organisations. These include:

- Wales Cancer Trials Network
- CRCC
- National Collaborating Centre for Cancer (NCC-C)
- Cancer Services Co-ordinating Group
- South East Wales Cancer Network
- Cardiac Services Co-ordination Group
- South East Wales Cardiac Network
- North Wales Cardiac Network
- Mid & South West Wales Cardiac Network

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 March 2010

	Note	2009-10 £000	2008-09 £000 Restated
Revenue from patient care activities	2	96,617	114,532
Other operating revenue	3	46,985	58,477
Operating expenses	4	(141,267)	(170,876)
Operating surplus/(deficit)		2,335	2,133
Investment revenue	5	13	267
Other gains and losses	6	(56)	(66)
Finance costs	7	(1)	(30)
Surplus/(deficit)		2,291	2,304
Dividends payable on Public Dividend Capital		(2,242)	(2,250)
Retained surplus/(deficit)	32.1	49	54

The previous financial statements were presented under UK GAAP and Note 40 sets out the adjustments made to restate this position in accordance with International Financial reporting Standards. The notes on pages 6 to 55 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2010

	Note	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Non-current assets				
Property, plant and equipment	12	69,501	72,265	68,395
Intangible assets	13	0	0	0
Trade and other receivables	20	0	0	0
Other financial assets	17	0	0	0
Other assets	18	0	0	0
Total non-current assets		69,501	72,265	68,395
Current assets				
Inventories	19	1,920	2,062	1,931
Trade and other receivables	20	8,311	11,090	12,319
Other financial assets	17	0	0	0
Other assets	18	0	0	0
Cash and cash equivalents	21	753	2,827	2,110
		10,984	15,979	16,360
Non-current assets held for sale	12	0	0	0
Total current assets		10,984	15,979	16,360
Total assets		80,485	88,244	84,755
Current liabilities				
Trade and other payables	22	(9,268)	(12,565)	(12,400)
Borrowings	23	(3)	0	0
Other financial liabilities	24	0	0	0
Provisions	26	(203)	(1,905)	(3,812)
Other liabilities	25	0	0	0
Total current liabilities		(9,474)	(14,470)	(16,212)
Net current assets/(liabilities)		1,510	1,509	148
Total assets less current liabilities		71,011	73,774	68,543
Non-current liabilities				
Trade and other payables	22	0	(169)	0
Borrowings	23	(677)	(731)	0
Other financial liabilities	24	0	0	0
Provisions	26	(307)	(488)	0
Other liabilities	25	0	0	0
Total non-current liabilities		(984)	(1,388)	0
Total assets employed		70,027	72,386	68,543
Financed by:				
Taxpayers' equity				
Public dividend capital		35,038	40,248	34,844
Retained earnings		1,828	1,779	1,725
Revaluation reserve		26,868	26,096	27,626
Donated asset reserve		6,293	4,263	4,348
Government grant reserve		0	0	0
Other reserves		0	0	0
Total taxpayers' equity		70,027	72,386	68,543

The financial statements on pages 1 to 65 were approved by the Audit Committee on behalf of the Board on 23rd June 2010 and signed on behalf of the Board by:

Interim Chief Executive [A.W.Lloyd](#)

Date... 28/06/2010

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Govern- ment Grant Reserve £000	Other reserves £000	Total £000
Balance at 31 March 2009							
As previously stated	40,248	2,355	26,096	4,263	0	0	72,962
Prior Period Adjustment	0	(576)	0	0	0	0	(576)
Restated balance	40,248	1,779	26,096	4,263	0	0	72,386
Changes in taxpayers' equity for 2009-10							
Net gain/(loss) on revaluation of property, plant and equipment		0	772	2,646	0	0	3,418
Net gain/(loss) on revaluation of intangible assets		0	0	0	0	0	0
Net gain/(loss) on revaluation of available for sale financial assets		0	0	0	0	0	0
Receipt/(disposal) of donated/government granted assets		0	0	(350)	0	0	(350)
Release of reserves to the income statement		0	0	(266)	0	0	(266)
Movements on other reserves (specify)		0	0	0	0	0	0
Transfers between reserves		0	0	0	0	0	0
Retained surplus/(deficit) for the year		49	0	0	0	0	49
Reserves eliminated on dissolution		0	0	0	0	0	0
New Public Dividend Capital received	2,037						2,037
Public Dividend Capital repaid in year	0						0
Public Dividend Capital extinguished/written off	0						0
Other movements in PDC in year	(7,247)						(7,247)
Balance at 31 March 2010	35,038	1,828	26,868	6,293	0	0	70,027

The notes on pages 6 to 55 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Govern- ment Grant Reserve £000	Other reserves £000	Total £000
Balance at 31 March 2008							
As previously stated	34,844	2,316	27,626	4,348	0	0	69,134
Prior Period Adjustment	0	(591)	0	0	0	0	(591)
Restated balance at 1 April 2008	34,844	1,725	27,626	4,348	0	0	68,543
Changes in taxpayers' equity for 2008							
Impairments and reversals		0	0	0	0	0	0
Net gain/(loss) on revaluation of property, plant and equipment		0	(1,530)	130	0	0	(1,400)
Net gain/(loss) on revaluation of intangible assets		0	0	0	0	0	0
Net gain/(loss) on revaluation of available for sale financial assets		0	0	0	0	0	0
Receipt/(disposal) of donated/government granted assets		0	0	(215)	0	0	(215)
Release of reserves to the income statement		0	0	0	0	0	0
Movements on other reserves (specify)		0	0	0	0	0	0
Transfers between reserves		0	0	0	0	0	0
Retained surplus/(deficit) for the year		54	0	0	0	0	54
Reserves eliminated on dissolution		0	0	0	0	0	0
New Public Dividend Capital received	5,404						5,404
Public Dividend Capital repaid in year	0						0
Public Dividend Capital extinguished/written off	0						0
Other movements in PDC in year	0						0
Balance at 31 March 2009	40,248	1,779	26,096	4,263	0	0	72,386

The notes on pages 6 to 55 form part of these accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2010

	Note	2009-10 £000	2008-09 £000
Cash flows from operating activities			
Operating surplus/(deficit)		2,335	2,133
Depreciation and amortisation		4,308	4,347
Impairments and reversals		0	0
Release of PFI deferred credits		0	0
Transfer from donated asset reserve		(264)	(283)
Transfer from government grant reserve		0	0
Interest paid		0	(30)
Dividend paid		(1,215)	(2,348)
(Increase)/decrease in inventories		(289)	(131)
(Increase)/decrease in trade and other receivables		(2,939)	1,210
(Increase)/decrease in other current assets		0	0
Increase/(decrease) in trade and other payables		933	419
Increase/(decrease) in other current liabilities		0	0
Increase/(decrease) in provisions		(259)	(1,419)
Net cash inflow/(outflow) from operating activities		2,610	3,898
Cash flows from investing activities			
Interest received		18	304
(Payments) for property, plant and equipment		(6,237)	(9,633)
Proceeds from disposal of property, plant and equipment		0	0
(Payments) for intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
(Payments) for investments with WAG		0	0
(Payments) for financial assets.		0	0
Proceeds from disposal of investments with WAG		0	0
Proceeds from disposal of financial assets.		0	0
Rental proceeds		0	0
Net cash inflow/(outflow) from investing activities		(6,219)	(9,329)
Net cash inflow/(outflow) before financing		(3,609)	(5,431)
Cash flows from financing activities			
Public Dividend Capital received		2,037	5,404
Public Dividend Capital repaid		0	0
Loans received from WAG		0	1,500
Other loans received		0	0
Loans repaid to WAG		0	(1,500)
Other loans repaid		0	0
Other capital receipts		12	67
Capital elements of finance leases and on-balance sheet PFI		0	0
Cash transferred (to)/from other NHS Wales bodies		(468)	0
Net cash inflow/(outflow) from financing activities		1,581	5,471
Net increase/(decrease) in cash and cash equivalents		(2,028)	40
Cash [and] cash equivalents [and bank overdrafts] at the beginning of the financial year	21	2,111	2,071
Cash [and] cash equivalents [and bank overdrafts] at the end of the financial year	21	83	2,111

The notes on pages 6 to 55 form part of these accounts.

Notes to the Accounts

Accounting policies

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

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Pooled budgets

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

1.4 Revenue

The main source of revenue for the trust is from the Welsh Assembly Government and the Health Boards. Revenue is recognised in the period in which services are provided.

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

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

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

1.5 Employee Benefits

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

Retirement benefit costs

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

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

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

1.6 Other expenses

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

1.7 Property, plant and equipment

Property, plant and equipment is capitalised if:

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

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

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are depreciated over their own useful economic lives, where they are significant in relation to the whole.

Valuation

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

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

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

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

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

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

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

Subsequent expenditure

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

1.8 Intangible assets

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

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

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

Measurement

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

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

1.9 Depreciation, amortisation and impairments

Freehold land and properties under construction are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself.

Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives

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

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

1.10 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.11 Donated assets

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

1.12 Government grants

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

1.13 Non-current assets held for sale

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

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

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

1.14 Leases

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

The trust as lessee

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

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

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

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

The trust as lessor

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

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

1.15 Private Finance Initiative (PFI) transactions

The Trust has no PFI arrangements.

1.16 Inventories

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

1.17 Cash and cash equivalents

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

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

1.18 Provisions

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

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

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

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

1.19 Clinical Negligence Costs

The Welsh Risk Pool operates a risk pooling scheme which is currently funded by the Welsh Assembly Government. The WRP is hosted by Betsi Cadwaladr University LHB.

1.20 EU Emissions Trading Scheme

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

1.21 Contingencies

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

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

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

1.22 Financial assets

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

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through profit and loss

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

The Trust has no embedded derivatives.

Held to maturity investments

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

Available for sale financial assets

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

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.

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

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

1.23 Financial liabilities

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

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

The Trust does not have any financial guarantee contract liabilities nor any financial derivatives requiring to be stated at fair value through profit and loss.

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from the Welsh Assembly Government, which are carried at historic cost. 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.

1.24 Value Added Tax

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

1.25 Foreign currencies

The Trust's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March 2010. Resulting exchange gains and losses for either of these are recognised in the trust's surplus/deficit in the period in which they arise.

1.26 Third party assets

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

1.27 Public Dividend Capital (PDC) and PDC dividend

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

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

1.28 Losses and Special Payments

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

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

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

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

1.29 Critical Accounting Judgements and key sources of estimation uncertainty

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

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

1.30 Key sources of estimation uncertainty

There are no 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.

Velindre NHS Trust Annual Accounts 2009-10

2. Revenue from patient care activities	2009-10	2008-09
	£000	£000
Local health boards	31,688	28,244
Health Commission Wales	45,374	57,783
NHS trusts	14,814	19,633
Strategic health authorities and primary care trusts	0	0
Foundation Trusts	0	0
Local authorities	0	0
Welsh Assembly Government	3,140	6,986
Non NHS:		
Private patient income	1,087	1,427
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	0	0
Other revenue from activities	514	459
Total	96,617	114,532

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

3. Other operating revenue	2009-10	2008-09
	£000	£000
Patient transport services	0	0
Education, training and research	6,102	5,109
Charitable and other contributions to expenditure	2,375	2,296
Transfer from the donated asset reserve	264	283
Transfer from the government grant reserve	0	0
Non-patient care services to other bodies	0	0
Income generation	695	894
Rental revenue	0	0
Other revenue:		
Provision of laundry, pathology, payroll services	0	0
Accommodation and catering charges	140	164
Mortuary fees	0	0
Staff payments for use of cars	73	108
Business unit	0	0
Other	37,336	49,623
Total	46,985	58,477

Other revenue of £37,336k (2008-09 £49,623k) comprises

1 NPHS	12,166	25,214
2 Coronary Heart Disease	668	763
3 C.S.C.G	622	860
4 N.C.C.C.	1,006	959
5 W.C.I.S.U.	505	1,000
6 Cancer Network	948	876
7 Other	4,064	3,384
8 Health Solutions Wales	17,357	16,567

Total	37,336	49,623
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4. Operating expenses

	2009-10	2008-09
	£000	£000
4.1 Operating expenses		
Goods and services from other NHS Wales bodies	9,871	15,801
Goods and services from other NHS bodies	0	0
Purchase of healthcare from non-NHS bodies	105	103
Directors' costs	553	543
Staff costs	79,184	96,554
Supplies and services - clinical	29,844	31,714
Supplies and services - general	650	924
Consultancy Services	142	317
External Contractors	0	
Establishment	5,258	7,495
Transport	487	644
Premises	8,096	9,557
Depreciation	4,308	4,347
Amortisation	0	0
Impairments and reversals of property, plant and equipment	0	0
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets	0	0
Audit fees	213	227
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	188	96
Research and development	0	0
Other operating expenses	2,368	2,554
Total	141,267	170,876

4.2 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	98	(857)
Personal injury	62	77
All other losses and special payments	1	15
Defence legal fees and other administrative costs	36	20
Gross increase/(decrease) in provision for future payments	197	(745)
Premium for other insurance arrangements	0	0
Irrecoverable debts	32	25
Less: income received/ due from Welsh Risk Pool	(41)	816
Total charge	188	96

Personal injury includes £NIL (2008-09 £NIL) in respect of permanent injury benefits.

5. Investment revenue	2009-10	2008-09
	£000	£000
Rental revenue :		
PFI finance lease revenue:		
Planned	0	0
Contingent	0	0
Other finance lease revenue	0	0
Interest revenue:		
Bank accounts	13	267
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	13	267

6. Other gains and losses	2009-10	2008-09
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	(56)	(66)
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of financial assets	0	0
Gains/(loss) on foreign exchange	0	0
Change in fair value of financial assets at fair value through profit and loss	0	0
Change in fair value of financial liabilities at fair value through profit and loss	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	(56)	(66)

7. Finance costs	2009-10	2008-09
	£000	£000
Interest on loans	0	26
Interest on obligations under finance leases	1	4
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
Other interest expense	0	0
Total interest expense	1	30
Other finance costs	0	0
Total	1	30

8. Operating leases

As lessee

There are no significant leasing arrangement where the Trust is the lessee.

Payments recognised as an expense	2009-10	2008-09
	£000	£000
Minimum lease payments	806	1,361
Contingent rents	0	0
Sub-lease payments	0	0
Total	806	1,361

Total future minimum lease payments	2009-10	2008-09
	£000	£000
Payable:		
Not later than one year	878	1,162
Between one and five years	2,748	2,916
After 5 years	76	2,055
Total	3,702	6,133
Total future sublease payments expected to be received	0	0

As lessor

There are no significant leasing arrangement where the Trust is the lessor.

Rental revenue	2009-10	2008-09
	£000	£000
Contingent rent	0	0
Other	0	0
Total rental revenue	0	0

Total future minimum lease payments	2009-10	2008-09
	£000	£000
Receivable:		
Not later than one year	0	0
Between one and five years	0	0
After 5 years	0	0
Total	0	0

9. Employee costs and numbers

9.1 Employee costs	Permanently Employed	Agency Staff	Staff on Inward Secondment	2009-10	2008-09
				£000	£000
	£000	£000	£000	£000	£000
Salaries and wages	63,814	2,282	1,023	67,119	81,294
Social security costs	4,645	0	0	4,645	6,037
Employer contributions to Pensions Schemes	7,978	0	0	7,978	9,674
Other pension costs	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
Total	76,437	2,282	1,023	79,742	97,005
Of the total above:					
Charged to capital				135	96
Charged to revenue				79,607	96,909
				79,742	97,005

9.2 Average number of employees

	Permanently Employed	Agency Staff	Staff on Inward Secondment	Total	Total
				Number	Number
Medical and dental	76	1	7	84	179
Ambulance staff	0	0	0	0	0
Administrative and estates	822	35	5	862	1,325
Healthcare assistants and other support staff	63	0	0	63	64
Nursing, midwifery and health visiting staff	262	37	1	300	334
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and technical staff	298	2	0	300	604
Social care staff	0	0	0	0	0
Other	0	0	1	1	6
Total	1,521	75	14	1,610	2,512

9.3 Employee benefits

The Trust does not have an employee benefit scheme.

10. Pension and Retirement Costs Due to Ill Health

10.1 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.

10. 1 Pension Costs (continued)

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.

10.2 Retirement costs due to ill-health

During 2009-10 there were 2 (2008-09 3) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements will be £40,549 (2008-09 £103,237). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

11. Public Sector Payment Policy - Measure of Compliance

11.1 Prompt payment code - measure of compliance

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

	Number	£000	2008-09 £000
NHS			
Total bills paid in year	2,454	22,840	20,451
Total bills paid within target	1,512	15,200	11,724
Percentage of bills paid within target	61.6%	66.5%	57.3%
Non-NHS			
Total bills paid in year	40,575	52,749	72,840
Total bills paid within target	38,803	50,958	66,952
Percentage of bills paid within target	95.6%	96.6%	91.9%
Total			
Total bills paid in year	43,029	75,589	93,291
Total bills paid within target	40,315	66,158	78,676
Percentage of bills paid within target	93.7%	87.5%	84.3%

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

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

From 1 October 2009 Velindre NHS Trust has been operating in conjunction with the Public Health Wales NHS Trust through a single ledger system and the figures above represent performance for the six months of the combined organisation, as agreed by Welsh Assembly Government.

12. Property, plant and equipment :

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2009	15,861	38,610	144	5,938	24,695	1,155	7,965	1,603	95,971
Indexation	0	0	0	75	393	18	0	13	499
Revaluation	(3,991)	4,235	(4)	0	0	0	0	0	240
Additions - purchased	0	961	0	3,622	677	0	927	0	6,187
Additions - donated	0	0	0	0	12	0	0	0	12
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfers from/into other NHS bodies	(1,060)	(3,655)	0	0	(6,205)	(40)	(1,641)	(454)	(13,055)
Reclassifications	0	1,174	0	(2,551)	1,377	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(1,118)	0	0	0	(1,118)
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	(146)	0	0	0	(146)
Reversal of impairments	0	0	0	0	0	0	0	0	0
At 31 March 2010	10,810	41,325	140	7,084	19,685	1,133	7,251	1,162	88,590
Depreciation									
At 1 April 2009	0	2,985	9	0	14,586	975	4,000	1,151	23,706
Indexation	0	0	0	0	253	16	0	11	280
Revaluation	0	(2,985)	(9)	0	0	0	0	0	(2,994)
Transfers from/into other NHS bodies	0	(357)	0	0	(3,911)	(30)	(555)	(158)	(5,011)
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(1,078)	0	0	0	(1,078)
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	(122)	0	0	0	(122)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	1,359	9	0	1,822	43	987	88	4,308
At 31 March 2010	0	1,002	9	0	11,550	1,004	4,432	1,092	19,089
Net book value									
at 1 April 2009	15,861	35,625	135	5,938	10,109	180	3,965	452	72,265
Net book value									
at 31 March 2010	10,810	40,323	131	7,084	8,135	129	2,819	70	69,501
Net book value at 31 March 2010 comprises :									
Purchased	10,810	34,145	131	7,084	8,020	129	2,819	70	63,208
Donated	0	6,178	0	0	115	0	0	0	6,293
Government Granted	0	0	0	0	0	0	0	0	0
Total 31 March 2010	10,810	40,323	131	7,084	8,135	129	2,819	70	69,501
Asset Financing:									
Owned	10,810	40,323	131	7,084	8,135	129	2,819	60	69,491
Held on finance lease	0	0	0	0	0	0	0	10	10
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
Total 31 March 2010	10,810	40,323	131	7,084	8,135	129	2,819	70	69,501

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

Freehold	£'000	50,835
Long Leasehold		429
Short Leasehold		0
		<u>51,264</u>

12. Property, plant and equipment :

	Land	Buildings, excluding dwellings	Dwellings	Assets under construc- tion and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2008	18,660	33,955	140	4,765	23,443	1,096	6,431	1,284	89,774
Indexation	(2,799)	1,018	4	143	703	33	0	38	(860)
Revaluation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	1,329	0	4,427	1,620	53	1,870	316	9,615
Additions - donated	0	60	0	0	8	0	0	0	68
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfers from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	2,248	0	(3,397)	1,149	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(2,228)	(27)	(336)	(35)	(2,626)
Other in-year 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
At 31 March 2009	15,861	38,610	144	5,938	24,695	1,155	7,965	1,603	95,971
Depreciation									
At 1 April 2008	0	1,505	6	0	14,538	921	3,340	1,069	21,379
Indexation	0	45	0	0	436	27	0	32	540
Revaluation	0	0	0	0	0	0	0	0	0
Transfers from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(2,179)	(27)	(330)	(24)	(2,560)
Other in-year 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
Charged during the year	0	1,435	3	0	1,791	54	990	74	4,347
At 31 March 2009	0	2,985	9	0	14,586	975	4,000	1,151	23,706
Net book value									
at 1 April 2008	18,660	32,450	134	4,765	8,905	175	3,091	215	68,395
Net book value									
at 31 March 2009	15,861	35,625	135	5,938	10,109	180	3,965	452	72,265
Net book value at 31 March 2009 comprises :									
Purchased	15,861	31,658	135	5,938	9,810	180	3,965	452	67,999
Donated	0	3,967	0	0	299	0	0	0	4,266
Government Granted	0	0	0	0	0	0	0	0	0
	15,861	35,625	135	5,938	10,109	180	3,965	452	72,265
Asset Financing									
Owned	15,861	35,625	135	5,938	10,092	180	3,965	452	72,248
Held on finance lease	0	0	0	0	17	0	0	0	17
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
	15,861	35,625	135	5,938	10,109	180	3,965	452	72,265

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

	£'000
Freehold	50,248
Long Leasehold	1,373
Short Leasehold	0
	51,621

Disclosures:

Donated Assets

Velindre NHS Trust received two blood monitors as donated assets during the year.

Valuations

The Trusts Land and Buildings were revalued by the District Valuation Service with an effective date of 1st April 2009.

The valuation has been prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th edition.

The Trust is required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction.

This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

Transfer of Assets

The Public Health Wales NHS Trust was established on 1st October 2009 and incorporates several divisions which were previously incorporated within Velindre NHS Trust.

As part of this transfer the operating assets for the relevant divisions were transferred to Public Health Wales NHS Trust.

12.2 Non-current assets held for sale

	Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance b/f 1 April 2009	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0
Balance c/f 31 March 2010	0	0	0	0	0	0
Balance b/f 1 April 2008	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0
Balance c/f 31 March 2009	0	0	0	0	0	0

13. Intangible assets

	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	EU Emissions trading scheme allowances	Total
Cost or valuation	£000	£000	£000	£000	£000		£000
At 1 April 2009	0	0	0	0	0	0	0
Revaluation					0	0	0
Additions							
- purchased	0	0	0	0	0	0	0
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Gross cost at 31 March 2010	0	0	0	0	0	0	0
Amortisation							
Accumulated amortisation at 1 April 2009	0	0	0	0	0	0	0
Revaluation					0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	0
Accumulated amortisation at 31 March 2010	0	0	0	0	0	0	0
Net book value at 1 April 2009	0	0	0	0	0	0	0
Net book value at 31 March 2010	0	0	0	0	0	0	0
Net book value							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
Total at 31 March 2010	0	0	0	0	0	0	0

13. Intangible assets

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

13. Intangible assets

Velindre NHS Trust has no intangible assets.

14. Revaluation reserve balance for intangible assets

	£000	£000
At 1 April 2009	0	0
Changes (itemised)	0	0
At 31 March 2010	<u>0</u>	<u>0</u>

15. Impairments

Impairments in the period arose from:	2009-10		2008-09	
	Property, plant & equipment	Intangible assets	Property, pla & equipment	Intangible assets
	£000	£000	£000	£000
Loss or damage from normal operations	14	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Abandonment of assets 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
Other (specify)	0	0	0	0
Total	14	0	0	0

Impairments charged in the year to the revaluation reserve

Charged to revaluation reserve	14	0	0	0
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16. Capital commitments

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

	31 March 2010	31 March 2009	01 April 2008
	£000	£000	£000
Property, plant and equipment	1,482	185	1,130
Intangible assets	0	0	0
Total	1,482	185	1,130

17. Other financial assets

	31 March	31 March	1 April
	2010	2009	2008
	£000	£000	£000
Non-current			
Finance lease receivables	0	0	0
Financial assets carried at fair value through income statement	0	0	0
Held to maturity investments carried at amortised cost	0	0	0
Available for sale financial assets carried at fair value	0	0	0
Loans carried at amortised cost	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>
Current			
Finance lease receivables	0	0	0
Financial assets carried at fair value through income statement	0	0	0
Held to maturity investments carried at amortised cost	0	0	0
Available for sale financial assets carried at fair value	0	0	0
Loans carried at amortised cost	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>

18. Other assets

	31 March	31 March	1 April
	2010	2009	2008
	£000	£000	£000
Non-current			
EU Emissions trading scheme allowances	0	0	0
Prepayments	0	0	0
Other assets	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>
Current			
EU Emissions trading scheme allowances	0	0	0
Prepayments	0	0	0
Other assets	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>

19. Inventories

19.1 Inventories

	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Drugs	328	320	436
Consumables	468	732	727
Energy	0	0	0
Work in progress	0	0	0
Other	1,124	1,010	768
Total	1,920	2,062	1,931
Of which held at net realisable value:	0	0	0

19.2 Inventories recognised in expenses

	31 March 2010 £000	31 March 2009 £000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	0

20. Trade and other receivables

20.1 Trade and other receivables

	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Current			
Welsh Assembly Government	535	2,967	1,358
Welsh Health Boards	4,200	657	1,094
Welsh NHS Trusts	1	2,296	3,484
Non - Welsh Trusts	142	227	197
Other NHS	0	0	0
Welsh Risk Pool	11	788	141
Capital debtors	0	0	0
Other debtors	2,097	2,872	3,454
Provision for irrecoverable debts	(95)	(112)	(87)
PDC dividend	0	17	0
Pension Prepayments	0	0	0
Other prepayments and accrued income	1,420	1,378	2,678
Sub-total	8,311	11,090	12,319
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	0
Capital debtors	0	0	0
Other debtors	0	0	0
Provision for irrecoverable debts	0	0	0
Other prepayments and accrued income	0	0	0
Sub-total	0	0	0
Total trade and other receivables	8,311	11,090	12,319

No interest is charged on trade receivables.

20.2 Receivables past their due date but not impaired

	31-Mar 2010 £000	31 March 2009 £000	1 April 2008 £000
By up to 3 months	789	1,967	0
By 3 to 6 months	133	307	0
By more than 6 months	288	598	0
Balance at end of financial year/period	1,210	2,872	0

20.3 Provision for the impairment of receivables

	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Balance at beginning of the year	(112)	(87)	(74)
Transfer to Public Health Wales	49	0	0
Amount written off during the year	0	(39)	(28)
Amount recovered during the year	0	0	0
(Increase)/decrease in receivables impaired	(32)	14	15
Balance at 31 March	(95)	(112)	(87)

21. Cash and cash equivalents

	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Opening Balance	2,111	2,110	2,071
Net change in year	(2,028)	1	39
Closing Balance	<u>83</u>	<u>2,111</u>	<u>2,110</u>
Made up of:			
Cash with OPG	743	2,795	2,071
Commercial banks	0	0	13
Cash in hand	10	32	26
Current investments	0	0	0
Cash and cash equivalents as in SoFP	<u>753</u>	<u>2,827</u>	<u>2,110</u>
Bank overdraft - OPG	0	0	0
Bank overdraft - Commercial	(670)	(716)	0
Cash & cash equivalents as in Statement of Cash Flows	<u>83</u>	<u>2,111</u>	<u>2,110</u>

22. Trade and other payables

22.1 Trade and other payables at the

Statement of Financial Position date consist of:

	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Current			
Welsh Assembly Government	250	0	291
Welsh Health Boards	2,284	280	306
Welsh NHS Trusts	149	1,616	2,827
Other NHS	92	71	75
Income tax and social security	0	1,967	7
Non-NHS trade payables - revenue	1,154	1,485	2,973
Non-NHS trade payables - capital	177	217	196
Overdraft	0	0	0
Rentals due under operating leases	0	0	0
Obligations under finance leases HP and PFI contracts	0	0	0
Pensions: staff	717	1,241	1,137
Accruals	3,407	4,051	4,208
Interest payable	0	0	0
Public Dividend Capital dividend payable	1,010	0	81
Deferred Income	28	1,105	299
Other liabilities - all other payables	0	532	0
Sub-total	9,268	12,565	12,400
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 trade payables - revenue	0	0	0
Non-NHS trade payables - capital	0	0	0
Overdraft	0	0	0
Rentals due under operating leases	0	0	0
Obligations under finance leases HP and PFI contracts	0	0	0
Pensions: staff	0	0	0
Accruals	0	0	0
Interest payable	0	0	0
Public Dividend Capital dividend payable	0	0	0
Deferred Income	0	0	0
Other liabilities - all other payables	0	169	0
Sub-total	0	169	0
Total	9,268	12,734	12,400

It is intended to pay all invoices within the 30 day period directed by the Welsh Assembly Government.

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23. Borrowings

Current	31 March	31 March	1 April
	2010	2009	2008
	£000	£000	£000
Bank overdraft - OPG	0	0	0
Bank overdraft - Commercial bank	0	0	0
Loans from:			
Welsh Assembly Government	0	0	0
Other entities	0	0	0
PFI liabilities:			
Main liability	0	0	0
Lifecycle replacement received in advance	0	0	0
Finance lease liabilities	3	0	0
Other	0	0	0
Total	3	0	0
Non-current			
Bank overdraft - OPG	0	0	0
Bank overdraft - Commercial bank	670	716	0
Loans from:			
Welsh Assembly Government	0	0	0
Other entities	0	0	0
PFI liabilities:			
Main liability	0	0	0
Lifecycle replacement received in advance	0	0	0
Finance lease liabilities	7	15	0
Other	0	0	0
Total	677	731	0

23.2 Loan advance/strategic assistance funding

Amounts falling due:	31 March	31 March	1 April
	2010	2009	2008
	£000	£000	£000
In one year or less	0	0	0
Between one and two years	0	0	0
Between two and five years	0	0	0
In five years or more	0	0	0
Sub-total	0	0	0
Wholly repayable within five years	0	0	0
Wholly repayable after five years, not by instalments	0	0	0
Wholly or partially repayable after five years by instalments	0	0	0
Sub-total	0	0	0
Total repayable after five years by instalments	0	0	0

24. Other financial liabilities

Current	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Financial liabilities carried at fair value through profit and loss	0	0	0
Non-current			
Financial liabilities carried at fair value through profit and loss	0	0	0

25. Other liabilities

Current	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Lease incentives	0	0	0
PFI asset - deferred credit	0	0	0
Other	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

Non-current

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

26. Provisions

	At 31 March 2009	Structured settlement cases transferr-ed to Risk Pool	Transfer of provisions to Public Health Wales	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	58	0	(70)	125	(45)	(27)	0	41
Personal injury	91	0	(29)	77	(36)	(15)	0	88
All other losses and special payments	0	0	0	1	(1)	0	0	0
Defence legal fees and other administration	40	0	(16)	49	(5)	(13)		55
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	32			(34)	21	0	0	19
Restructurings	0			0	0	0		0
Other	1,683			106	(1,789)	0		0
Total	1,904	0	(115)	324	(1,855)	(55)	0	203

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	382			(181)	0	0	0	201
Restructurings	0			0	0	0		0
Other	106			0	0	0		106
Total	488	0	0	(181)	0	0	0	307

TOTAL								
Clinical negligence	58	0	(70)	125	(45)	(27)	0	41
Personal injury	91	0	(29)	77	(36)	(15)	0	88
All other losses and special payments	0	0	0	1	(1)	0	0	0
Defence legal fees and other administration	40	0	(16)	49	(5)	(13)		55
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	414			(215)	21	0	0	220
Restructurings	0			0	0	0		0
Other	1,789			106	(1,789)	0		106
Total	2,392	0	(115)	143	(1,855)	(55)	0	510

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	41	0	0	0	0	0	41
Personal injury	88	0	0	0	0	0	88
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	55	0	0	0	0	0	55
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	19	76	95	30	0	0	220
Restructuring	0	0	0	0	0	0	0
Other	0	106	0	0	0	0	106
Total	203	182	95	30	0	0	510

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

Other provisions of £106,000 relates to Decommissioning Caesium Source (2009 £106,000)

26. Provisions

	At 1 April 2008	Structured settlement cases transferr-ed to Risk Pool	Transfer of provisions to creditors and/or current to 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	1,665	0	0	505	(762)	(1,362)	0	46
Personal injury	91	0	0	126	(79)	(49)	0	89
All other losses and special payments	0	0	0	15	(15)	0	0	0
Defence legal fees and other administration	56	0	0	44	(21)	(24)		55
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	406			(343)	(31)	0	0	32
Restructurings	0			0	0	0		0
Other	1,594			737	(591)	(57)		1,683
Total	3,812	0	0	1,084	(1,499)	(1,492)	0	1,905

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			382	0	0	0	382
Restructurings	0			0	0	0		0
Other	0			106	0	0		106
Total	0	0	0	488	0	0	0	488

TOTAL

Clinical negligence	1,665	0	0	505	(762)	(1,362)	0	46
Personal injury	91	0	0	126	(79)	(49)	0	89
All other losses and special payments	0	0	0	15	(15)	0	0	0
Defence legal fees and other administration	56	0	0	44	(21)	(24)		55
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	406			39	(31)	0	0	414
Restructurings	0			0	0	0		0
Other	1,594			843	(591)	(57)		1,789
Total	3,812	0	0	1,572	(1,499)	(1,492)	0	2,393

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	46	0	0	0	0	0	46
Personal injury	89	0	0	0	0	0	89
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	55	0	0	0	0	0	55
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	32	128	160	94	0	0	414
Restructuring	0	0	0	0	0	0	0
Other	1,683	106	0	0	0	0	1,789
Total	1,905	234	160	94	0	0	2,393

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

Other provisions include:

£213,775 for Agenda for Change

£139,775 for Jenkins Review

£106,000 decommissioning caesium source

£753,000 for Permanent Injury Benefit

27. Finance leases

27.1 Finance leases obligations (as lessee)

Velindre NHS Trust has no significant lease arrangements.

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
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>

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27.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

BUILDINGS	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
OTHER	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Minimum lease payments			
Within one year	3	3	0
Between one and five years	7	3	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
Minimum lease payments	<u>10</u>	<u>6</u>	<u>0</u>
Included in:			
Current borrowings	3	6	0
Non-current borrowings	7	0	0
	<u>10</u>	<u>6</u>	<u>0</u>
Present value of minimum lease payments			
Within one year	3	2	0
Between one and five years	7	15	0
After five years	0	0	0
Present value of minimum lease payments	<u>10</u>	<u>17</u>	<u>0</u>
Included in:			
Current borrowings	3	2	0
Non-current borrowings	7	15	0
	<u>10</u>	<u>17</u>	<u>0</u>

27.2 Finance lease receivables (as lessor)

There are no finance lease receivables.

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
Gross lease payments	<u>0</u>	<u>0</u>	<u>0</u>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	<u>0</u>	<u>0</u>	<u>0</u>
	<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
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>
	<u>0</u>	<u>0</u>	<u>0</u>

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	31 March	31 March	1 April
27.3 Rental Revenue	2010	2009	2008
	£000	£000	£000
Contingent rent	0	0	0
Other	0	0	0
Total rental revenue	0	0	0

28. Finance lease commitments

Velindre NHS Trust has not entered into any new contracts to lease (building assets) under finance leases during 2009-10.

29. Private finance transactions**Private Finance Initiatives (PFI) / Public Private Partnerships (PPP)**

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

30. Financial risk

IFRS 7, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationships that the NHS Trust has previously had with Health Authorities and now with Health Commission Wales and Local Health Boards, and the way those Health bodies are financed, NHS Trusts are not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. NHS Trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing NHS Trusts in undertaking its activities.

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

Liquidity risk

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

Interest-rate risks

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

Foreign currency risk

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

Credit Risk

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

General

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

Maturity of financial liabilities

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

31. Financial Instruments

Financial assets	At "fair value" through I&E £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS receivables	4,878	0	0	4,878
Cash at bank and in hand	83	0	0	83
Other financial assets	0	0	0	0
Total at 31 March 2010	4,961	0	0	4,961

Financial liabilities	At "fair value" through I&E £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	10	0	10
Other financial liabilities	7,513	0	7,513
Total at 31 March 2010	7,523	0	7,523

Financial assets	At "fair value" through I&E £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS receivables	6,935	0	0	6,935
Cash at bank and in hand	2,111	0	0	2,111
Other financial assets	0	0	0	0
Total at 31 March 2009	9,046	0	0	9,046

Financial liabilities	At "fair value" through I&E £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	15	0	15
Other financial liabilities	7,705	0	7,705
Total at 31 March 2009	7,720	0	7,720

Financial assets	At "fair value" through I&E £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS receivables	6,274	0	0	6,274
Cash at bank and in hand	2,110	0	0	2,110
Other financial assets	0	0	0	0
Total at 1 April 2008	8,384	0	0	8,384

Financial liabilities	At "fair value" through I&E £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	9	0	9
Other financial liabilities	10,867	0	10,867
Total at 1 April 2008	10,876	0	10,876

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

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

32. Financial performance targets

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

32.1 Breakeven	£'000
Target retained surplus	0
Actual retained surplus	49
Variance	<u>(49)</u>

The Trust has met the breakeven duty in full.

The Trust has broken even in 2009-10.

32.2 External financing	31 March 2010	31 March 2009
The Trust is given an external financing limit which it is permitted to undershoot	£000	£000
External financing limit set by the Assembly	3,984	5,404
Cash flow financing	3,609	5,470
Finance leases taken out in the year	0	0
Other capital receipts	<u>(12)</u>	<u>(67)</u>
External financing requirement	<u>3,597</u>	<u>5,403</u>
Undershoot (overshoot)	<u>387</u>	<u>1</u>

The Trust has achieved its external financing limit.

32.3 Creditor payment

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

Total number of non-NHS bills paid 2009-10	40,575
Total number of non-NHS bills paid within target	38,803
Percentage of non-NHS bills paid within target	95.6%

The Trust has met the target.

33. Contingencies

33.1 Contingent liabilities

	31 March
	2010
	£000
Provision has not been made in these accounts for the following amounts:	
Legal claims for alleged medical or employer negligence	271
Doubtful debts	0
Equal pay cases	0
Defence costs	0
Total value of disputed claims	<u>271</u>
Amount recovered under insurance arrangements in the event of these claims being successful	<u>0</u>
Net contingent liability	<u><u>271</u></u>

Equal Pay Claims:

Velindre NHS Trust has 1 claims from staff under equal pay legislation. The process of assessing these claims is ongoing and as a result there is significant uncertainty over both the likelihood of their success and any additional costs that Velindre NHS Trust might incur. It is unlikely that the equal pay cases will be concluded in 2010/2011. As a result, no provision has been made for any potential costs which might arise.

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

Liability for Permanent Injury Benefit under the NHS Injury Benefit Scheme lies with the employer. Individual claims to the NHS Pensions Agency could arise due to known incidents.

33.2 Contingent assets

The Trust has no contingent assets.

34. Third party assets

The Trust has no Third Party Assets.

35. Events after reporting period

On 1st April 2010 Velindre NHS Trust became the hosting body for the NHS Wales Informatics Service (NWIS). NWIS is an amalgamation of the Informing Healthcare Programme, the Business Service Centre's Information Management and Technology division, the Health Solution Wales division of Velindre NHS Trust, the Corporate Health Information Programme and the Primary Care Informatics Programme.

36. Related Party transactions

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

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

During the year the Chairman of the Trust was also the Chairman of Informing Healthcare which at the time was a hosted organisation within Abertawe Bro Morgannwg University Trust and from 1st October 2009 within Abertawe Bro Morgannwg University LHB. Velindre Trust entered into the following transactions with Informing Healthcare during the year expenditure of £22,702 and income of £15,553,000.

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

	2009-10	2009-10	#####	31 March 2010
	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Assembly Government	61	21,261	1,536	535
Health Commission Wales	0	61,808	250	0
Hwyel Dda LHB	2,097	5,550	108	179
Cwm Taf LHB	2,186	8,145	55	210
Cardiff & Vale LHB	4,019	19,846	886	1,658
ABM University LHB	4,599	26,082	396	511
Aneurin Bevan LHB	4,908	17,049	686	1,567
Betsi Cadwaladr LHB	3,261	6,742	109	45
Powys LHB	667	1,831	42	30
Welsh Ambulance Trust	501	15	149	1
Public Health Wales Trust	10	944	0	
Wales Centre for Health	76	1,208	0	0
TOTAL	22,385	170,481	4,217	4,736

The Trust has also received revenue payments from Velindre NHS Charitable Funds totalling £862,000 (£775,000 in 2008/09) the Trustees of which are also members of the Trust Board.

On 1st October 2009 Public Health Wales NHS Trust was formed which incorporated several divisions which were previously part of Velindre NHS Trust. The financial reporting of the new Trust continued to be held within Velindre Trust's accounting system until 31st March 2010 when a separate ledger system was implemented.

As a consequence it has not been possible to separate the expenditure figures for each organisation and therefore, the above payment and receipts relates to the combination of both Trusts. All of the remaining figures are for Velindre NHS Trust only.

37. Intra Government balances

	Receivables:	Receivables:	Payables:	Payables:
	Current	Non-current	Current	Non-current
	£000	£000	£000	£000
2009-10				
Welsh Assembly Government	535	0	1,010	0
Welsh Local Health Boards	4,200	0	2,284	0
Welsh NHS Trusts	1	0	149	0
Health Commission Wales	0	0	250	0
All English Health Bodies	142	0	92	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	11	0	0	0
Credit note provision	0	0	0	0
Sub total	4,889	0	3,785	0
Other Central Government Bodies				
Other Government Departments	0	0	717	0
Revenue & Customs	0	0	0	0
Local Authorities	0	0	0	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	3,422	0	4,766	0
TOTAL	8,311	0	9,268	0
	Receivables:	Receivables:	Payables:	Payables:
	Current	Non-current	Current	Non-current
	£000	£000	£000	£000
2008-09:				
Welsh Assembly Government	2,688	0	0	0
Welsh Local Health Boards	657	0	280	0
Welsh NHS Trusts	3,084	0	1,616	0
Health Commission Wales	279	0	0	0
All English Health Bodies	182	0	65	0
All N. Ireland Health Bodies	5	0	0	0
All Scottish Health Bodies	40	0	6	0
Miscellaneous	0	0	0	0
Credit note provision	0	0	0	0
Sub total	6,935	0	1,967	0
Other Central Government Bodies				
Other Government Departments	0	0	1,241	0
Revenue & Customs	0	0	1,967	0
Local Authorities	0	0	0	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	4,155	0	7,390	184
TOTAL	11,090	0	12,565	184

38. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during year to 31 march 2010		Approved to write-off to 31 march 2010	
	Number	£	Number	£
Clinical negligence	6	45,592	4	845,501
Personal injury	4	35,650	2	14,200
All other losses and special payments	2	600	2	600
Total	12	81,842	8	860,301

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			
05RQFMN0011	Medical negligence	3500	408784	408784
07RQFMN0001	Medical negligence	19912	396217	396217
Sub-total		23,412	805,001	805,001
All other cases		58,430	118,963	55,300
Total cases		81,842	923,964	860,301

39. Pooled budgets

Velindre NHS Trust has no pooled budgets.

40. Transition to IFRS

The previous financial statements were presented under UKGAAP and the following table sets out the adjustments made to restate the position in accordance with International Financial Reporting Standards

	Retained earnings	Revaluation reserve	Donated asset reserve	Govt grant reserve
	£'000	£'000	£'000	£'000
Taxpayers' equity at 31/03/09 under UK GAAP	2,355	26,096	4,263	0
Adjustment to remove negative revaluation reserve balances	0	0	0	0
Adjusted taxpayers' equity at 31/03/09	<u>2,355</u>	<u>26,096</u>	<u>4,263</u>	<u>0</u>
Adjustments for IFRS changes:				
PFI	0	0	0	0
Leases	0	0	0	0
Compensated absence	(576)	0	0	0
Additional funding	0			
Taxpayers' equity at 31/03/09 under IFRS	<u>1,779</u>	<u>26,096</u>	<u>4,263</u>	<u>0</u>
Surplus/(deficit) for 2008-09 under UK GAAP	39	0	0	0
Adjustments for:				
PFI	0	0	0	0
Leases	0	0	0	0
Compensated absence	15	0	0	0
Additional funding	0			
Surplus/(deficit) for 2008-09 under IFRS	<u>54</u>	<u>0</u>	<u>0</u>	<u>0</u>

41. Operating segments

	Segment Income £000	Costs Attributable to Segment £000	Surplus/ (Deficit) £000
Cancer Services	49,692	(49,858)	(166)
Welsh Blood Services	31,212	(31,105)	107
Health Solution Wales	17,227	(17,143)	84
Wales Cancer Trials Network	1,894	(1,891)	3
CSCG and Cancer Network	1,942	(1,933)	10
Coronary Heart Disease	731	(730)	1
National Collaborating Centre for Cancer (NCC-C)	1,012	(1,011)	1
CRCC	2,327	(2,323)	4
Screening Services (M1 to M6)	15,261	(15,153)	108
NPHS (M1 to M6)	21,522	(21,625)	(103)
WCISU (M1 to M6)	505	(506)	(1)
Total	143,326	(143,278)	49

The monthly Trust Board financial report includes corporate departments as a separately reported segment. As this department has no income of its own (funding is received via agreed recharges to each segment above) and its total revenue costs of £4.8m is less than 10% of total revenues the costs of the corporate division have been apportioned to the reporting segments above and not shown separately.

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

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

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

Date: 28/06/2010

A.W. Lloyd

Interim Chief Executive

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

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

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

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

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

By Order of the Board

Signed:

Date: 28/06/2010

Chairman: I. Kelsall

Date: 28/06/2010

Interim Chief Executive: A.W. Lloyd

Date: 28/06/2010

Acting Director of Finance: Stephen Ham

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

NHS TRUSTS

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 NHS Wales Trusts¹ in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the NHS Wales Trusts shall comply with:

(a) the accounting guidance of the Government Financial Reporting Manual (FReM), which is in force for the financial year for which the accounts are being prepared, as detailed in the NHS Wales Trust Manual for Accounts;

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

FORM AND CONTENT

3. The account of the Trust for the year ended 31 March 2010 and subsequent years shall comprise a foreword, an income 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 to the NHS Wales Manual for Accounts, 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 Trust 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.

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 1558(W.153); NATIONAL HEALTH SERVICE, WALES; The National Health Service Trusts (Transfer of Staff, Property Rights and Liabilities) (Wales) Order 2009

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.

The Trust's Chief Executive's performance in the discharge of these personal responsibilities is assessed by the Director General, Health & Social Services Chief Executive Wales. In addition, the Trust's performance across a range of associated areas, including the management of risk, governance, financial and non-financial control, balanced scorecard and Assembly targets have been monitored by the South East Regional Office of the Welsh Assembly Government. Internally performance is assessed by the Trust Board, clinical and service risk was monitored through the Trust's Clinical Governance and Risk Management Committee (subsequently incorporated into the Trust Quality & Safety Committee) while business risk is monitored through the Trust's Audit Committee. Both groups are Board sub committees, chaired by non executive directors, and report to the Trust Board.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the organisation for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Welsh Assembly Government guidance.

3. Capacity to handle risk

The overall responsibility for the management of risk across the Trust lies with myself, as Chief Executive. Operational responsibility has been delegated at a strategic level to the Quality & Safety Committee, chaired by a non executive director and comprising a number of both non-executive and executive directors, plus representatives from each division plus a lay representative.

The Trust's Risk Management Strategy reinforces the principle that effective risk management practice is dependent upon ownership of the management of risks throughout the whole of the organisation. Staff are encouraged to take a proactive role in the identification and reporting of risks, with an emphasis on not apportioning blame, but rather to promote a learning culture within the Trust. The Strategy clearly defines the respective roles and responsibilities of the Trust Board, sub-committees, managers and staff.

Staff awareness of the need to manage risks is encouraged through the provision of regular and on-going training programmes, which are supported by the issue of a Risk Management Handbook to all staff attending the courses.

4. The risk and control framework

The results of the current year's self-assessment of the four Healthcare Standards (HCS) core standards are consistent with prior years Healthcare Standards, and are a reflection of the Trust's continuing compliance with best practice. The self assessment scores, as reviewed by Internal Audit, are as follows:

	2008/09	2009/10
• Standard 14 Health & Safety	Level 3 Developing	Level 3 Developing
• Standard 16 Risk Management/Incident Reporting	Level 3 Developing	Level 3 Developing
• Standard 27 Governance	Level 4 Practising	Level 4 Practising
• Standard 28 Clinical Governance	Level 4 Practising	Level 4 Practising

The above scores for 2009/10 have been validated by Internal Audit.

The Trust has in place an approved Healthcare Standards for Wales Improvement Plan (HCSiP) for 2010/11. The plan was agreed by the Board on February 2010 and made available to the public on the Trust internet site. Performance monitoring of the plan is via the Quality & Safety Committee and the South East Wales Regional Office.

The Internal Audit review found that Velindre NHS Trust has satisfactory central processes and review mechanisms in place for the Self Assessment of Healthcare Standards and the monitoring of the HCSiP. Both the Self Assessment and HCSiP were also found to involve the direct participation and scrutiny of Trust Executive and Non Executive Board Members. The level of assurance given as to the effectiveness of the system of internal control in place for the management of Healthcare Standards is adequate assurance. Feedback from Internal Audit confirms that the four core HCS in the Statement of Internal Control have been assessed as Level 3 – developing or above in each of the standards.

Internal Audit also confirmed that Standards 1, 3, 4, 20, 21, 22, 23, 24 had been assessed at Level 3-developing and Standards 5, 13 had been assessed at Level 4 – Practising
The Trust can confirm that all Standards have been self assessed.

The Trust is committed to ensuring that risk management forms an integral part of the philosophy, practices and business planning and that responsibility for its implementation is accepted at all levels of the organisation. The Risk Strategy clarifies the accountability and responsibility arrangements for risk management within the Trust and the risk management processes to be used by Trust employees.

These include the following specific measures:

- Divisional leads for risk management and clinical governance have been appointed and attend both the Quality & Safety Committee, and the separate Quality & Safety Working Group;
- Risk Registers are documented and maintained at Divisions and Corporate Departments, and are updated and monitored by relevant Divisional groups and by the Trust Executive Board. The risk registers are routinely reported to the Trust Quality & Safety Committee;
- Action plans are developed at departmental, divisional and Trust level to allocate responsibility and resources for improving controls and reducing risks;
- Progress against risk management action plans and the Healthcare Standards Improvement Plan are regularly reviewed and risk profiles revised accordingly;
- The Quality & Safety Committee receive an annual report charting the progress made during the year in the management of risks; and
- The operational approach to risk management is supported by appropriate training and guidance for all staff.

The process outlined in the Risk Strategy is applied to a broad spectrum of risk including corporate, clinical and health & safety related risks.

Datix Risk Management System

Further development of the Datix system has been undertaken during the year. The Datix user group remains proactive with the implementation of the modules within Datix, and in identifying any areas of good practice/problems. Additionally, the Trust has developed the web reporting function in Datix which improves front end user access, and the overall management/investigation of incidents Incident Investigation and Reporting

The revised incident coding structure within Datix became fully operational during 2009/10 which resulted in improved analysis of incident data submitted to the Quality & Safety Committee. During the year the National Patient Safety Agency's (NPSA) and the Welsh Risk Pool (WRP) have worked in partnership with the Trust to review the level of integration between the management of complaints, claims and incidents (concerns). Further development work will be progressed during 2010/11 via the Trust Quality & Safety Working Group.

The system has also been operated on behalf of Public Health Wales Trust since 1st October 2009.

Stress Management

Stress management continues to be a particular risk facing the Trust and is indicated in the Divisions' risk registers. Stress management training has been rolled out across all areas of the Trust and attendance is monitored via the Trust Stress management Group. The Trust Stress Management Group has developed a standardised work related stress management risk assessment which is being used successfully across the Trust.

Information Governance

The Trust has well established arrangements for Information Governance to ensure that information is managed in line with the relevant Information Governance law, regulations and Information Commissioners Office guidance. This has been essential for the Trust given its multiple role in the collation and use of all Wales patient identifiable data for both primary and secondary uses within Health Solutions Wales (HSW), Welsh Cancer Intelligence and Surveillance Unit (WCISU), National Public Health Service for Wales (NPHS), Screening Services and the Welsh Blood Service (WBS) Divisions. The arrangements include a Trustwide Information Governance Committee, Trust and Divisional Caldicott Guardians, a Caldicott Guardian for the National Databases and Divisional Information Governance leads.

These arrangements were in place upto 30th September 2009 and the establishment of the Public Health Wales Trust when responsibility for Welsh Cancer Intelligence and Surveillance Unit (WCISU), National Public Health Service for Wales (NPHS), and Screening Services was transferred to the new organisation. However, these functions were supported by Velindre Trust as part of the Corporate services SLA.

The remaining divisions within the Trust have establish Information Governance leads at a local level to facilitate the implementation of robust Information Governance Working practices. This is to include the completion of the 09/10 Caldicott assessment. Improvements have been made following the 08/09 audit and have been reflected in a higher attained score for all Divisions within the 09/10 assessment.

The Trust has not had any incidents in 09/10 that required the notification to the Information Commissioners Office, and has fulfilled its obligations in respect of Information Governance audits completed by the Wales Audit Office. The Trust continues to work towards greater compliance through all the Audit requirements with the addition of the requirements to meet a high standard within the Health Care Standards framework.

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 and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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 scrutiny of these arrangements is in part informed through the internal mechanisms already referred to, such as the Trust Board, Audit Committee, Quality & Safety Committee and Planning and Performance Management Advisory Group, but also through the independent and impartial views and opinions expressed by a range of bodies which are external to the Trust. These include:

- Welsh Assembly Government;
- External Audit;
- Welsh Risk Pool;
- Health Inspectorate Wales
- Accredited Bodies;
- Health & Safety Executive;
- Medicines and Healthcare products Regulatory Agency (MHRA); and
- Royal Colleges and other Academic bodies.

The Trust Board is informed on the effectiveness of the systems of internal control by its Executive and Divisional Directors and formal committees, and in particular the Quality & Safety Committee. The Board takes additional assurance from the detailed scrutiny undertaken by its Audit Committee, which is in turn advised by both internal and external audit. I am satisfied that the organisation has had in place a sound system of internal control during 2009/10 as evidenced by performance against the Healthcare Inspectorate Wales standards all exceeding the baseline requirements.

The Internal Audit Assurance Statement and Annual Report for 2009/10 concludes that from the work undertaken during the year the Board can take adequate assurance of the effectiveness of the organisation's system of internal control. This means that generally, there is a sound system of internal control and broadly there is operational compliance with those controls. However, some weaknesses in the design of controls and/or inconsistent application of controls could put the achievement of particular system objectives at risk.

Compliance with Obligations Relating to Equality, Diversity, and Human Rights Legislation

The Trusts Equal Opportunities Scheme was revised, to include legislative changes, along with actions within the Single Equality Scheme demonstrates the Trusts commitment to Equality of Opportunity for all as well as providing measurable targets for outcome focused actions.

In the development of the Single Equality group, positive partnerships have been established, and critical friends were made, these connections have continued through the revision of the Trust's Scheme. These relationships have meant that the Trust has been able to call on these groups for advice and guidance in a number of areas such as;

- 1) Production of an access report on the Velindre Cancer Centre, with particular regards to signage and physical access – continuous communication has led to improvements in access;
- 2) Advice and support on training needs for services, such as British Sign Language and IT requirements;
- 3) Discussion on accessibility of 'Bleed' bed at community donor sessions – has led to identification of improved equipment;
- 4) Improving the awareness of services and extending engagement through taking, and opportunities to present on services at local community events.

Having built these positive partnerships the Trust will continue to engage and develop further opportunities to learn and improve in the future.

In relation to Recruitment and selection the Trust has adopted the 2 Tick Symbol, in adopting the disability symbol there are five commitments regarding recruitment, training, retention, consultation and disability awareness.

6. Significant internal control problems

Note 32 of the Accounts highlights the Trust's performance against the 3 key financial targets. The Creditor Payment target is defined as:

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

The Trust, has improved performance in this area significantly in this financial year and has achieved 95.6% compared to only 89% performance in the preceding year, however, see section 7 below re issues relating to organisational change.

7. Internal Control Issues relating to Organisational Change

As part of the NHS reorganisation the Public Health Wales NHS Trust (Public Health Wales) was created on 1st October 2009. Public Health Wales was established by transferring the Welsh Cancer Intelligence and Surveillance Unit (WCISU), National Public Health Service for Wales (NPHS), and Screening Services from Velindre NHS Trust.

This change represented a potential significant internal control issue in 2009/10. With the announcement being made on 2nd June 2009 this only provided limited time to ensure that appropriate arrangements were in place for the creation of and the transfer of a significant range of services from Velindre NHS Trust. The Trust continued to run a Trust Restructure Project to support these revised arrangements which culminated in Public Health Wales becoming operational from 1st October 2009.

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In the time available to establish the new trust and as a result of the imminent migration of the Velindre Trust to the Oracle financial system and the changes to the government banking system it was not practical to establish a separate bank account and ledger system. As a consequence Public Health Wales operated within the Velindre ledger system and bank account for the period 1st October 2009 to 31st March 2010. Subsequent to this each organisation was established separately within Oracle and with separate bank accounts.

This inclusion of both organisations within a single bank account presented a distinct challenge to both organisations. However, given the continuity resulting from finance staff remaining in existing functions and services being provided through a corporate support service SLA there remained continuity of management throughout this period which limited the risks from this arrangement. In addition additional controls were introduced with respect to inter organisational trading which supported the segregation as far as was possible within the arrangements which were in place.

As a consequence of maintaining only one bank account and cashbook it has not been possible to ensure that both organisation maintain a positive cash balance at all times during the month, however, at the end of each month since 1st October 2009 both organisations had cash assets on their balance sheet.

During 2009 it was agreed that a 'new' hosted organisation known as NHS Wales Informatics Service would be created from 1st April 2010 within Velindre NHS Trust. This organisation included the Health Solutions Wales division within Velindre and also Informing Healthcare (formerly hosted by Abertawe Bro Morgannwg University LHB), the IM&T function of the Business Service Centre (formerly hosted by Powys LHB), Primary Care Information Programme, and Corporate Health Information Programme (both of whom were formerly hosted by Cardiff and Vale University LHB). A formal project structure was created to undertake this reconfiguration successfully from 1st April 2010.

Signed:..... A.W.Lloyd
Interim Chief Executive
(on behalf of board)

Date:..... 28/06/2010

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 Velindre NHS Trust for the year ended 31 March 2010 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Income Statement, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the remuneration report that is required to be audited.

Respective responsibilities of Directors, the Chief Executive and the Auditor

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

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

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

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

I review whether the Statement on Internal Control reflects Velindre NHS Trust's compliance with HM Treasury's and Welsh Ministers' guidance and report if it does not. I am not required to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of Velindre NHS Trust'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 Velindre NHS Trust's circumstances, and are consistently applied and adequately disclosed.

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

Opinion

In my opinion:

- the financial statements give a true and fair view in accordance with the National Health Service (Wales) Act 2006 and directions made thereunder by Welsh Ministers of the state of the affairs of Velindre NHS Trust as at 31 March 2010 and of its surplus, 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 Velindre NHS Trust'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
20 July 2010

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ