

Wrexham Local Health Board

FOREWORD

These accounts have been prepared by the Local Health Board under section 98(2) of the National Health Service Act 1977 (as amended) in the form in which the National Assembly for Wales has, with the approval of the Treasury, directed.

Statutory background

The Local Health Board was one of 22 which came into existence on 1st April 2003. As a statutory body governed by Acts of Parliament the LHB is responsible for :

- agreeing the action which is necessary to improve the health and health care of the population of [Wrexham](#)
- supporting and financing General Practitioner-led purchasing of the services needed to meet agreed priorities, including charter standards and guarantees;
- supporting and funding the contractor professions;
- the commissioning of health promotion, emergency planning and other regulatory tasks;
- the stewardship of resources including the financial management and monitoring of performance in critical areas;
- eliciting and responding to the views of local people and organisations and changing and developing services at a pace and in ways that they will accept.

Performance Management and Financial Results

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

The statutory duty for Local Health Boards is enacted in the 2002 NHS Reform and Health Care Professionals Act. Net Operating Costs incurred by Local Health Boards should not exceed their allocated Resource Limit.

The primary performance measure for Local Health Boards is note 2.1 Achievement of Operational Financial Balance on page 11. This note compares net operating costs expended against Resource Limits allocated by the Assembly and measures whether operational financial balance has been achieved in year.

OPERATING COST STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	Note	Total £000	2004-05 Total £000
Expenditure	4.1,4.2,4.3, 4.4	159,045	150,815
Miscellaneous income	3.1	1,345	1,999
Net operating costs		<u>157,700</u>	<u>148,816</u>

**STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2006**

	£000	£000
Unrealised surplus on revaluation / indexations of fixed assets	1	1
Net increases / reductions in General Fund due to transfers of assets	0	0
Fixed asset impairment losses	0	0
Recognised gain / (loss) for the year	<u>1</u>	<u>1</u>

BALANCE SHEET AS AT 31 MARCH 2006

	Note	£000	31 March 2005 £000
TOTAL FIXED ASSETS			
Intangible fixed assets	5.1	0	0
Tangible fixed assets	5.2	25	32
CURRENT ASSETS			
Debtors	6.1	419	481
Cash at bank and in hand		237	122
Total Current Assets		656	603
Creditors: amounts falling due within one year	6.2	10,861	9,513
Net current assets / (liabilities)		(10,205)	(8,910)
Creditors: amounts falling due after more than one year	6.3	277	227
Provisions for liabilities and charges	6.4	764	977
TOTAL NET ASSETS		(11,221)	(10,082)
FINANCED BY:			
General fund	6.5	(11,224)	(10,084)
Donated Assets Reserve	6.6	0	0
Revaluation Reserve	6.7	3	2
TOTAL		(11,221)	(10,082)

Signed for and on behalf of the Board

Director of Finance Chief Executive

Date Date.....

Adopted by the Board on.....

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	£000	2004-05 £000
Net operating costs	(157,700)	(148,816)
Adjust for non-cash transactions	(431)	304
Adjust for movements in working capital other than cash	1,460	689
Utilisation of provisions	(153)	(9)
	<hr/>	<hr/>
Net cash outflow from operating activities	(156,824)	(147,832)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT:		
Payments to acquire fixed assets	0	0
Receipts from the sale of fixed assets	0	0
	<hr/>	<hr/>
Net cash inflow / (outflow) from investing activities	0	0
	<hr/>	<hr/>
Net cash inflow / (outflow) before financing	(156,824)	(147,832)
FINANCING:		
Net Assembly funding (including capital)	156,939	147,871
Surrender of income from sale of fixed assets	0	0
Donations	0	0
Capital element of finance lease rental payments	0	0
	<hr/>	<hr/>
Net cash inflow / (outflow) from financing	156,939	147,871
	<hr/>	<hr/>
Increase / (decrease) in cash	115	39

Notes to the cash flow statement

Adjust for non-cash transactions

	£000	2004-05 £000
Depreciation and other write-offs	8	8
Impairment of fixed assets	0	0
(Profit) / Loss on disposal of fixed assets	0	0
Non-cash provisions	(60)	630
Capital charge interest	(379)	(334)
	<u>(431)</u>	<u>304</u>

Adjust for movements in working capital other than cash

	£000	2004-05 £000
(Increase)/decrease in debtors	62	(302)
Increase/(decrease) in creditors	1,398	991
	<u>1,460</u>	<u>689</u>

Reconciliation of net cash flow to movement in net debt

	£000
Increase/(decrease) in cash in the period	115
Cash outflow from debt repaid and finance lease capital payments	<u>0</u>
Change in net debt resulting from cash flows	115
Non cash changes in debt	0
Net debt at 1 April 2005	<u>122</u>
Net debt at 31 March 2006	<u>237</u>

Analysis of changes in net debt

	As at 1 April 2005	Cash flows	Other changes	As at 31 March 2006
	£000	£000	£000	£000
Cash at bank and in hand	122	115	0	237
Bank overdraft	0	0	0	0
Debt due within one year	0	0	0	0
Debt due after one year	0	0	0	0
	<u>122</u>	<u>115</u>	<u>0</u>	<u>237</u>
Total	<u>122</u>	<u>115</u>	<u>0</u>	<u>237</u>

Notes to the Account

1. Accounting Policies

1.1 The financial statements have been prepared in accordance with the Financial Reporting Manual (FReM) issued by HM Treasury to the extent that the National Assembly for Wales has directed as being appropriate to LHB'S. The particular accounting policies adopted by the Local Health Board (LHB) are described below. They have been applied in dealing with items considered material in relation to the accounts.

These accounts have been prepared under the historical cost convention, modified by the application of current cost principles to tangible fixed assets, and in accordance with directions issued by the National Assembly for Wales (the Assembly) and approved by Treasury.

LHB's are not required to provide a reconciliation between current cost and historical cost surpluses and deficits.

Acquisitions and Discontinued Operations

Activities are considered to be "acquired" and disclosed as such, only if they are acquired from outside the public sector. Activities are considered to be "discontinued" and disclosed as such, only if they cease entirely or are transferred outside the public sector

1.2 Income and funding

The main source of funding for the LHB is resource allocations from the Assembly within an approved cash limit, which is credited to the general fund when the associated cash is received. Income disclosed in the Operating Cost Statement reflects only the amounts other than Assembly Funding.

Miscellaneous income is income which relates directly to the operating activities of the LHB. It comprises principally of fees and charges for services provided on a full cost basis to external customers, (or any other material types of income if this disclosure would not be sufficient).

It includes both income appropriated-in-aid of the Vote and income to the consolidated fund which HM Treasury has agreed should be treated as operating income.

Income is accounted for by applying the accruals convention. Income is recognised in the period in which services are provided.

1.3 Taxation

The LHB is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to an asset.

1.4 Intangible fixed assets

Intangible assets which can be valued, are capable of being used in a LHB's activities for more than one year and have a cost equal to or greater than £5,000;

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

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

1.5 Tangible fixed assets

a. Capitalisation

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

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

b. Valuation

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

Land and Buildings

Land and buildings are restated at current cost using professional valuations every five years and appropriate indices in intervening years. The buildings indexation is based on the All in Tender Price Index published by the Building Cost Information Service (BICS). The land index is based on the residential building and land values reported in the Property Market Report published by the Valuation Office. Valuations are carried out by the District Valuers of the Inland Revenue Government Department at five - yearly intervals. A five - yearly revaluation was carried out as at 30 September 2003.

The valuations have been carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non - specialised operational property.

In respect of non - operational properties, including surplus land, the valuations have been carried out at Open Market Value. The value of land for existing use purposes is assessed to Existing Use Value. Land and buildings held under finance leases are capitalised at inception at the fair value of the asset but may be subsequently revalued by the District

Valuer. The valuations do not include notional directly attributable acquisition costs nor have selling costs been deducted, since they are regarded as not material.

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

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

Equipment

Equipment surplus to requirements is valued at net recoverable amount and assets held under finance leases are capitalised at the fair value of the assets. With those exceptions, equipment is valued at Depreciated Replacement Cost.

Assets in the course of construction

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

c. Depreciation, amortisation and impairments

Depreciation is charged on a straight - line basis on each main class of fixed asset as follows:

Freehold land and land and buildings surplus to requirements are not depreciated. Assets in the course of construction and residual interests in off - balance sheet Private Finance Initiative contract assets are not depreciated until the asset is brought into use or reverts to the LHB, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer.

Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

Vehicles are depreciated over 7 years.

Intangible assets are amortised over the estimated lives of the assets.

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

1.6 Donated assets

Donated tangible fixed assets are capitalised at their valuation on receipt and are valued and depreciated as described above for purchased assets.

The value of donated tangible fixed assets and the donated element of part - donated assets are reflected in a donated asset reserve. This reserve is credited with the value of the original donation and any subsequent revaluation and indexation; an amount equal to the depreciation charge is released from this reserve each year to the Operating Cost Statement.

1.7 Research and development

Research and development expenditure is charged to the Operating Cost Statement in the year in which it is incurred, except insofar as it is separately identifiable development expenditure relating to a clearly defined project and benefits therefrom can reasonably be regarded as assured.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Operating Cost Statement on a systematic basis over the period expected to benefit from the project.

1.8 Pension Costs

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

The notional surplus of the scheme is £1.1 billion as per the last scheme valuation by the Government Actuary for the period 1 April 1994 to 31 March 1999. The conclusion of the valuation was that the scheme continues to operate on a sound financial basis. It was recommended that employers' contributions remain at 7% of pensionable pay until 31 March 2003 and then be increased to 14% of pensionable pay with effect from 1 April 2003.

The Scheme is subject to a full valuation for FRS 17 purposes every four years. The last valuation took place as at 31 March 2003. The scheme is also subject to a full valuation by the Government Actuary to assess the scheme's assets and liabilities to allow a review of the employers contribution rates, this valuation took place as at 31 March 2004 and has yet to be finalised. The last published valuation on which contributions are based covered the period 1 April 1994 to 31 March 1999.

Between valuations, the Government Actuary provides an update of the scheme liabilities on an annual basis. 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 every October. These accounts can be viewed on the NHS Pensions Agency website at www.nhspa.gov.uk. Copies can also be obtained from the Stationary Office.

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

NHS bodies are directed by the National Assembly to charge employers pension costs contributions to operating expenses as and when they become due.

The scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last three 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 members pension is normally payable to the surviving spouse.

Early payments 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 the final year's pensionable pay for death in service, and up to five times their annual pension for death after retirement, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump for those who die after retirement, is payable.

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

Additional pension liabilities arising from early retirements are not funded by the scheme, which except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the Operating Cost Statement at the time the LHB commits itself to the retirement,

regardless of the method of payment.

1.9 Foreign currency

Transactions in foreign currencies are translated into sterling at the rates of exchange current at the dates of the transactions. Resulting exchange gains and losses are taken to the Operating Cost Statement.

1.10 Cost of Capital

The cost of capital applies to all the assets and liabilities of the LHB, less cash balances held at the OPG and donated assets. The interest rate applied to capital charges in the 2005/06 financial year was 3.5%.

1.11 Provisions

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

1.12 Liquid resources

Deposits and other investments that are readily convertible into known amounts of cash at or close to their carrying amounts are treated as liquid resources in the cashflow statement. The LHB does not hold any investments with maturity dates exceeding one year from the date of purchase.

1.13 Leases

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

1.14 Contingent liabilities

Contingent liabilities are recognised where the LHB has :

- a possible obligation arising from past events whose existence will be confirmed by the occurrence of future events not wholly within the LHB's control;
 - a present obligation arising from past events for which it is not probable that a transfer of economic benefits will be required to settle the obligation; or
 - a present obligation where the amount of the obligation cannot be measured with sufficient accuracy.
- Contingent liabilities are not disclosed where the probability of them becoming liabilities is considered to be remote.

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

1.15 Deferred Income

Deferred income is recognised where income has been received with an obligation to use the monies for a specific purpose, but these monies have not yet been spent.

1.16 Expenditure

Interest payable arises from the unwinding of discount on provisions, as the value is restated to reflect the present value of the provision at the closing balance sheet date. Interest payable also arises on bank overdrafts and finance leases and is recognised on the accruals basis. Interest payable is not shown separately on the face of the Operating Cost Statement, but is included within expenditure.

Certain expenditure relating to reimbursement of General Practitioners for the provision of Family Health Services is defined by the National Assembly as "non-discretionary" and is deducted from net operating costs for the purposes of assessing outturn against revenue resource limit in note 2.1.

Programme expenditure is defined as costs relating directly to the provision of healthcare, social care and other services relating to the LHB's functions provided directly to the public.

All other expenditure is classified as administration expenditure.

2.1 Achievement of Operational Financial Balance

	£000	£000
Net operating costs for the financial year	157,700	148,816
Non-discretionary expenditure	(116)	3,741
Operating costs less non-discretionary expenditure	<u>157,816</u>	<u>145,075</u>
Revenue Resource Limit	157,829	145,101
Under / (over) spend against Revenue Resource Limit	13	26
Unplanned resource brokerage received	<u>0</u>	<u>0</u>
Operational Financial Balance	<u>13</u>	<u>26</u>

The LHB in meeting its financial target has underspent against the Resource Limit by £13,000.

The LHB did not receive any resource brokerage in order to achieve operational financial balance and hence did not require a published Strategic Change and Efficiency Plan for 2005-06.

North East Wales NHS Trust has not met its financial targets for 2005/06. As lead commissioner for the Trust the LHB will be fully involved in assisting the Trust with its recovery process during 2006/07 in the context of working in partnership within the North East Wales Health Community.

3.1 Miscellaneous income

	£000	2004-05 £000
Fees & Charges	0	0
Prescription charge income	1,069	1,230
Income for trust impairments	0	0
Deferred Income released to revenue	0	551
Other	276	218
Total	1,345	1,999

Prescription Charges reduced from £5 to £4 with effect from 1 April 2005, in accordance with the Welsh Assembly Government charging policy.

Expenditure:**4.1 Primary health care**

	Cash limited	Non cash limited	Total	2004-05 Total
	£000	£000	£000	£000
General Medical services	17,311	0	17,311	15,943
Pharmaceutical services	3,818	(982)	2,836	2,873
General Dental services	0	5	5	(4)
General Ophthalmic services	0	861	861	872
Other Primary health care expenditure	1,614	0	1,614	1,332
Prescribed drugs and appliances	22,217	0	22,217	22,450
Total	44,960	(116)	44,844	43,466

4.2 Secondary and Community health care

	Total £000	2004-05 Total £000
NHS Trusts:		
Provider 1 - North East Wales	90,323	85,354
Provider 2 - Conwy and Denbighshire	5,138	4,766
Provider 3 - North West Wales	156	125
Provider 4 - Countess of Chester	380	363
Provider 5 - Robert Jones and Agnes Hunt Orthopaedic	4,633	2,736
Provider 6 - Shropshire PCT	331	319
Provider 7 - Royal Shrewsbury	313	273
Provider 8 - Royal Liverpool and Broadgreen	525	528
Provider 9 - Telford and Wrekin PCT	93	89
Provider 10 - Aintree	100	63
Other Welsh NHS trusts	159	163
Other non Welsh NHS trusts	362	407
Local Authorities	171	128
Voluntary Organisations	410	341
NHS Funded Nursing Care	1,762	1,703
Continuing Care	5,642	6,203
Private providers	517	856
Specific projects funded by Welsh Assembly Government	0	0
Other	8	37
Total	111,023	104,454

Note 4.1:

Staff costs included in Other Primary Health Care expenditure are £386,358

Note 4.2:

The payments to Robert Jones & Agnes Hunt NHS Trust include £1,891,224 for the Welsh Assembly Government Regional Office's Orthopaedic allocation on behalf of North Wales

The Local Authority Expenditure is for the Rapid Response Service and Wanless Schemes

4.3 Other programme expenditure

	£000	2004-05 £000
Salaries and wages	247	179
National Public Health Service	732	636
Losses, special payments and irrecoverable debts	0	0
Research and development	0	0
Other	190	96
	<hr/>	<hr/>
Total	1,169	911

4.4 Administration expenditure

	£000	2004-05 £000
Non-officer members' remuneration	92	94
Other salaries and wages	1,022	911
Establishment expenses	227	161
Transport and moveable plant	6	12
Premises and fixed plant	111	155
External contractors	1	23
Auditors' remuneration - audit fee	67	78
Auditors' remuneration - other fees	0	0
Business Services Centre recharge	860	844
Interest payable- unwinding of discount	0	0
Interest payable -other	0	0
Capital - depreciation and amortisation	8	8
Capital charge interest	(379)	(334)
Impairment	0	0
(Profit) / loss on disposal of fixed assets	0	0
Other	(6)	32
	<hr/>	<hr/>
Total	2,009	1,984

Included in the Business Service Centre recharge is an amount of £14,708 for the external audit of the Business Service Centre, attributable to Wrexham LHB

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

	Total	2004-05 Total
	£000	£000
Clinical negligence	0	0
Personal injury	0	0
All other losses and special payments	0	0
Defence legal fees and other administrative costs	0	0
	<hr/>	<hr/>
Gross increase / decrease in provision for future payments	0	0
Contributions to Welsh Risk Pool/insurance premiums	0	0
Irrecoverable debts	0	0
Less: income received/due from Welsh Risk Pool	0	0
	<hr/>	<hr/>
Total	0	0
	<hr/>	<hr/>

Personal injury includes £nil in respect of permanent injury benefits

For 2005-06 the contribution to the Welsh Risk Pool continues to be made directly by the Welsh Assembl Government for health bodies in Wales with resource allocations reduced accordingly.

4.6 Hire and operating lease rentals

	£000	2004-05 £000
Hire of plant and machinery	4	4
Other operating leases	54	54
Total	58	58

Commitments under non-cancellable operating leases:

	Land and Buildings £000	Other Leases £000	2004-05 Land and Buildings £000	2004-05 Other Leases £000
Operating leases which expire:				
Within 1 year	0	0	0	0
Between 1 and 5 years	0	2	0	4
After 5 years	54	0	54	0

4.7 Executive Directors and staff costs

	Total £000	2004-05 Total £000
Salaries and wages	1,245	900
Social security costs	98	72
Employer contributions to NHSPA	158	118
Other pension costs	0	0
Agency / seconded staff	154	0
Total	1,655	1,090

The figures for 2005/06 include staff costs within Notes 4.1, 4.3 and 4.4. In 2004/05 only staff costs within Notes 4.3 and 4.4 were included.

The staff costs from Note 4.1 included in this note for 2005-2006 are £386,358

4.8 Board Directors' remuneration

	£000	2004-05 £000
Non-officer members' remuneration	88	88
Executive Directors' remuneration:		
basic salaries	287	291
benefits	1	1
performance related bonuses	0	0
pension contributions	38	33
Compensation for loss of office	0	0
Pensions to former directors (early retirees)	0	0
Total	414	413

	£000	Chief Executive £000
Basic Salary	30	83
Benefits	0	0
Compensation for loss of office	0	0
Performance related bonuses	0	0
Pension contributions	4	11
Total	34	94

Remuneration waived by directors and allowances paid in lieu:	Number	£000
Directors' remuneration waived	0	0
Allowances paid in lieu of remuneration	0	0

The basis on which performance related bonuses are calculated is as follows:

There were no performance related bonuses paid in 2005/06

4.9 Average number of employees

The average number of employees during the year was:

	Permanent staff	Agency, temporary and contract staff	Staff on inward secondment	Total	2004-05
	Number	Number	Number	Number	Number
Executive Board Members	5	0	0	5	5
Other Local Health Board Staff	34	0	6	40	25
Recharged staff	0	1	0	1	0
Total	39	1	6	46	30

The average number of employees is calculated as the total number of employees under contract of service in each week in the financial year divided by the number of weeks in the financial year.

Expenditure on staff benefits

Nature of expenditure:	£00	£00
a.	0	0
b.	0	0
c.	0	0
d.	0	0
Total	0	0

The staff numbers for 2005/06 include staff reported within Notes 4.1, 4.3 and 4.4. In 2004/05 only staff numbers reported within Notes 4.3 and 4.4 were included.

The staff numbers from Note 4.1 included in this note for 2005-2006 are 12.

4.10 Retirements due to ill-health

During 2005-06 there were 0 early retirements from the LHB agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £0.

4.11 Public Sector Payment Policy - Measure of Compliance

The National Assembly for Wales requires LHB's to pay non-NHS trade creditors in accordance with the CBI prompt payment code and Government Accounting rules. The target is to pay all trade creditors within 30 days of receipt of goods or a valid invoice (whichever is the later) unless other payment terms have been agreed with the supplier.

	Number	£000	2004-05 £000
Non- NHS			
Total bills paid 2005-2006	1,028	1,613	2,044
Total bills paid within target	1,009	1,603	2,033
Percentage of bills paid within target	98.2%	99.4%	99.5%

In addition, the National Assembly for Wales require LHB's to pay other NHS bodies in accordance with Government Accounting rules. The target is to pay all other NHS bodies within 30 days of receipt of goods or a valid invoice by the authority (whichever is the later) unless other payment terms have been agreed with the NHS body.

	Number	£000	2004-05 £000
NHS			
Total bills paid 2005-2006	566	102,670	96,770
Total bills paid within target	565	102,667	96,765
Percentage of bills paid within target	99.8%	100.0%	100.0%

	Number	£000	2004-05 £000
Total			
Total bills paid 2005-2006	1,594	104,283	98,814
Total bills paid within target	1,574	104,270	98,798
Percentage of bills paid within target	98.7%	100.0%	100.0%

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

	2004-05 £	2004-05 £
Amounts included within Interest Payable arising from claims made by small businesses under this legislation (see note 4.4).	0	0
Compensation payable to cover debt recovery costs	0	0

5.1 Intangible Fixed Assets

	Software licences £000	Licenses and trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross cost at 1 April 2005	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Gross replacement cost at 31 March 2006	0	0	0	0	0
Accumulated amortisation at 1 April 2005	0	0	0	0	0
Provided during the year	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Accumulated amortisation at 31 March 2006	0	0	0	0	0
Net book value at 1 April 2005	0	0	0	0	0
Net book value at 31 March 2006	0	0	0	0	0

Tangible fixed assets

5.2 Tangible assets at the balance sheet date:

Cost or valuation	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
At 1 April 2005	0	0	0	0	0	19	0	23	42
Indexation	0	0	0	0	0	1	0	0	1
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated government granted	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
At 31 March 2006	0	0	0	0	0	20	0	23	43
Depreciation									
At 1 April 2005	0	0	0	0	0	5	0	5	10
Indexation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated government granted	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	3	0	5	8
At 31 March 2006	0	0	0	0	0	8	0	10	18
Net book value									
at 1 April 2005	0	0	0	0	0	14	0	18	32
Net book value									
at 31 March 2006	0	0	0	0	0	12	0	13	25
Net book value of assets held under finance leases and hire purchase contracts									
Total	0	0	0	0	0	0	0	0	0
The total amount of depreciation charged in the Operating Cost Statement in respect of assets held under finance leases and hire purchase contracts:									
Total	0	0	0	0	0	0	0	0	0
Value of assets held at open market value	0	0	0	0	0	0	0	0	0

Tangible Fixed Assets (continued)

The net book value of land and buildings at 31 March 2006 comprises:

	£000	2004-05 £000
Freehold	0	0
Long leasehold	0	0
Short leasehold	0	0
	<hr/>	<hr/>
Total	0	0
	<hr/>	<hr/>

Net profit/(loss) on disposal of fixed assets

	£000	2004-05 £000
During the year the LHB disposed of fixed assets with the net book value of,	0	0
The gross proceeds from the sale(s) were	0	0
giving a net profit/(loss) on disposal of	<hr/> 0	<hr/> 0
The LHB paid over to the National Assembly for Wales the net proceeds from disposal of and retained the costs of disposal, met of,	0	0
	0	0

6.1 Debtors

Amounts falling due within one year:	£000	2004-05 £000
National Assembly for Wales	8	33
Health Commission Wales	0	67
Local Health Boards	105	7
Primary Care Trusts	0	0
NHS Trusts	0	2
Welsh Risk Pool	0	0
Capital debtors	0	0
Other debtors	197	261
Provision for irrecoverable debts	0	0
Pension Prepayments:	0	0
Other prepayments and accrued income	109	111
	<hr/>	<hr/>
Sub total	419	481
	<hr/>	<hr/>
Amounts falling due after more than one year:	£000	£000
National Assembly for Wales	0	0
Health Commission Wales	0	0
Local Health Boards	0	0
Primary Care Trusts	0	0
NHS Trusts	0	0
Welsh Risk Pool	0	0
Capital debtors	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments	0	0
Other prepayments and accrued income	0	0
	<hr/>	<hr/>
Sub total	0	0
	<hr/>	<hr/>
Total	419	481

6.2 Creditors

		2004-05
Amounts falling due within one year:	£000	£000
National Assembly for Wales	16	0
Health Commission Wales	0	0
Local Health Boards	1	7
NHS Trusts	1,587	452
Primary Care Trusts	10	0
Income tax and social security	31	30
Non-NHS creditors	6,256	6,893
Capital Creditors	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases and HP contracts	0	0
GPFH savings	0	0
Pensions: staff	10	10
Accruals	2,950	2,121
Deferred Income	0	0
Other creditors	0	0
	<hr/>	<hr/>
Total	10,861	9,513

6.3 Creditors

		2004-05
Amounts falling due after more than one year:	£000	£000
Obligations under finance leases and HP contracts	0	0
NHS creditors	0	0
Assembly loans	0	0
Pensions: staff	277	227
Other	0	0
	<hr/>	<hr/>
Total	277	227

6.4 Provisions for liabilities and charges

	At 1 April 2005	Structured settlement cases trans- ferred to WRP	Transfer of prov- isions to creditors	Change in discount rate	Arising during the year	Reversed unused	Utilised during the year	Unwind- ing of discount	At 31 March 2006
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Clinical negligence	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration costs.	0	0	0	0	0	0	0		0
Sub-total	0	0	0	0	0	0	0	0	0
Pensions	0			0	0	0	0	0	0
Other	977			0	381	(441)	(153)		764
Total	977	0	0	0	381	(441)	(153)	0	764

Expected timing of cash flows:

	Within 1 year £000	Between 2 and 5 years £000	After 5 years £000	Total £000
Clinical negligence	0	0	0	0
Personal injury	0	0	0	0
All other losses and special payments	0	0	0	0
Defence legal fees and other administration costs	0	0	0	0
Pensions	0	0	0	0
Other	764	0	0	764
Total	764	0	0	764

The LHB estimates that in 2006-07 it will receive £0, and in 2007-08 and beyond £0 from the Welsh Risk Pool in respect of losses and special payments.

Provision under "Other" includes:

Provision of bad debt with Chemist	62
NHS Continuing Care	461
Secondary Care Provision	60
GMS Provision	100
Agenda for Change	46
Legal Costs	35

Continuing Care Provision Note - additional disclosure relating to the provision for continuing care cases that have been accounted for elsewhere.

The provision for continuing care of £460,647 included in the accounts relates only to those costs for continuing care occurring after 1st April 2003.

6.5 General fund

The movement on the General fund in the year comprised:

	£000
At 1 April 2005	(10,084)
Net operating cost for the financial year	(157,700)
Net Assembly funding (including capital)	156,939
Capital charge interest	(379)
Transfers to NHS bodies	0
Transfer to general fund of realised elements of the revaluation reserve	0
	<hr/>
Balance at 31 March 2006	<u>(11,224)</u>

6.6 Donated asset reserve

The movement on the donated asset reserve in the year comprised:

	£000
Balance at 1 April 2005	0
Additions	0
Impairments	0
Revaluation and indexation	0
Disposals and write-offs	0
Depreciation	0
	<hr/>
Balance at 31 March 2006	<u>0</u>

6.7 Revaluation reserve

The movement on the revaluation reserve in the year comprised:

	£000
Balance at 1 April 2005	2
Revaluation	0
Indexation	1
Transfer to general fund - realised revaluation	0
	<hr/>
Balance at 31 March 2006	<u>3</u>

6.8 Contingent liabilities -

The following contingent losses/gains have not been included in the accounts

Nature:	2004-05	
	£000	£000
Legal claims for third parties liabilities	0	0
Doubtful debts	0	0
Other	0	0
Total	0	0

Uncertainties affecting outcome:

6.9 Intra Government balances

	Debtors: Amounts falling due within one year £000	Debtors: Amounts falling due after more than one year £000	Creditors: Amounts falling due within one year £000	Creditors: Amounts falling due after more than one year £000
Balances with other central government bodies	46	0	77	277
Balances with local authorities	13	0	256	0
Balances with NHS trusts and Foundation trusts	0	0	1597	0
Balances with Local Health Boards	105	0	1	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to government	255	0	8930	0
Total at 31 March 2006	419	0	10861	277

6.10 Post balance sheet events

Post balance sheet events having a material effect on the accounts are:

1.	0
	
2.	0
	
Total		0

6.11 Capital commitments

The Local Health Board has the following capital commitments:

		2004-05
Contracted	0	0
Authorised but not contracted	0	0
Total	0	0

6.12 Related Party transactions**£000**

Total value of transactions with Board members and key senior staff in 2005-2006

0

Wrexham Local Health Board is a body corporate established by order of the National Assembly.

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

	2005/06	2004/05
	£m	£m
North East Wales NHS Trust	90.3	85.3
Conwy & Denbighshire NHS Trust	5.1	4.8
Powys LHB	0.9	0.8
Velindre NHS Trust	0.7	0.6
North West Wales NHS Trust	0.2	0.1
Welsh Ambulance NHS Trust	0.1	0.1

There were also material transactions with entities in England, namely:

Robert Jones & Agnes Hunt NHS Trust	4.6	2.7
Royal Liverpool & Broadgreen NHS Trust	0.5	0.5
Countess of Chester NHS Trust	0.4	0.4
Shropshire County Primary Care Trust	0.3	0.3
Royal Shrewsbury NHS Trust	0.3	0.3

In addition, the Local Health Board has a significant number of material transactions with other Government Departments and other central and local government bodies. Most of these transactions have been with Wrexham County Borough Council in respect of the Rapid Response Scheme, NHS Registered Nursing Care and NHS Continuing Care

During the year none of the Board Members or members of the key management staff or other related parties has undertaken any material transactions with Wrexham LHB. However, Non Officer Board Members have declared their involvement with organisations as noted below with which the Board has financial commitments:

- (a) Practicing GPs within the LHB area
- (b) The Ophthalmic and Pharmaceutical members receive reimbursement for the provision of services from the LHB
- (c) Board members and staff of North Wales NHS Trusts
- (d) Officers and Councillors of Wrexham County Borough Council
- (e) Members with a declared interest in voluntary organisations which receive grant assistance or who supply services to the LHB

6.12 Related Party transactions

The names and relationships of the Non-Executive Directors with the LHB during the year are as follows:

Dr TG Roberts (Chair), GP	Mrs ME Dykins, Voluntary Sector
Dr RM Pickles, GP	Miss J Williams, Voluntary Sector
Dr PD Saul, GP	Dr EE Roberts, Dental Member, Conwy & Denbighshire NHS Trust
Dr JRA Davies, GP	Ms J Armstrong-Owen, North East Wales NHS Trust
Ms SEL Jones, Pharmacist	Mr M Common, North East Wales NHS Trust
Mr G Seys-Llewelyn, Optician	Dr P Rutherford, North East Wales NHS Trust
Mrs Jane Sankey, North East Wales NHS Trust	Mr A Figiel, Wrexham County Borough Council
Dr P Stevenson, NPHS	Mr Andrew Bailey, Wrexham County Borough Council
Mrs Margaret Williams, Associate Member Community Health Council	Cllr Joan Lowe, Wrexham County Borough Council
Mr James Wild, Community Member	Mr P Walton, Wrexham County Borough Council
	Mrs Sally Rees, Carer Member

6.13 Losses and special payments

Losses and special payments are transactions that the National Assembly for Wales would not have contemplated when it allocated and distributed funding for the National Health Service. By their nature they items that should not arise. They are therefore subject to special control procedures compared with the generality of payments and special notation in the accounts to draw them to the attention of the National Assembly for Wales. They are divided into different categories, which govern the way each individual case is handled. These payments are charged to the Operating Cost Statement in accordance with UK GAAP but are recorded in the losses and special payments register when payment is made. Therefore, this note is compiled on a cash basis.

	Number of cases	Value of cases £
Personal injury	0	0
Fraud cases	2	1,195
All other losses and special payments	129	81,535
Total losses and special payments	<u>131</u>	<u>82,730</u>

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			
.....	0	0	0
.....	0	0	0
.....	0	0	0
.....	0	0	0
.....	0	0	0
.....	0	0	0
.....	0	0	0
.....	0	0	0
.....	0	0	0
.....	0	0	0
Sub-total	<u>0</u>	<u>0</u>	<u>0</u>
All other cases	<u>82,730</u>	<u>0</u>	<u>97,389</u>
Total cases	<u>82,730</u>	<u>0</u>	<u>97,389</u>

6.14 Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Due to the way that LHB's in Wales are financed, they are not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The LHB's have no power 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 LHB's in undertaking their activities.

Liquidity Risk

The LHB's income allocations and capital expenditure are financed from resources voted annually by Parliament. Therefore, they are not exposed to significant liquidity risks.

Interest-rate Risk

All the LHB's financial assets and financial liabilities carry nil or fixed rates of interest. Therefore, they are not exposed to interest-rate risk.

Foreign Currency Risk

The LHB's have negligible foreign currency income or expenditure. Therefore, they are not exposed to significant foreign currency risk.

6.15 Finance lease obligations

The future minimum lease payments under finance leases to which the Local Health Board was committed at the balance sheet date were as follows:

	£000	2004-05 £000
Within 1 year	0	0
Between 1 and 5 years	0	0
After 5 years	0	0
	<hr/>	<hr/>
Subtotal	0	0
	<hr/>	<hr/>
Less finance charges allocated to future periods	0	0
	<hr/>	<hr/>
Total	0	0

The total net obligation under finance leases can be analysed as follows:

Creditors: amounts due within one year	0	0
Creditors: amounts due after more than one year	0	0

6.16 Pooled Budgets

Pooled budget memorandum account for the period 01-04-05 - 31-03-06

Commissioning of Step Up Step Down Beds

Gross funding	Cash	Staff	Other	Total
	£000	£000	£000	£000
Wrexham Local Health Board Wanless Budget	20	0	0	20
Wrexham County Borough Council Flexibilities Grant	23	0	0	23
Wrexham County Borough Council Social Services	2	0	0	2
Wrexham Local Health Board	2	0	0	2
Total Funding	47	0	0	47
Expenditure				
Block Purchase of 3 Step Up/Step Down Beds (April to December 2005)	36	0	0	36
Spot Purchase of Step Up Beds (January to March 2006)	10	0	0	10
Total Expenditure	46	0	0	46
Net under spend	1	0	0	1

7 Additional Information

[Brokerage](#)

In achieving the financial targets for 2005/06, the Welsh Assembly Government agreed adjustments to the LHB's Resource and Cash Limit as follows:

Resource Limit and Cash Limit	£1 million brokered forward to 2006/07
Cash Limit Only	£4.35 million brokered forward to 2006/07

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

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

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

Date: 2006 Chief Executive

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

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

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

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

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

By Order of the Board

Signed:

Chairman: Dated: 2006

Chief Executive: Dated: 2006

Director of Finance: Dated: 2006

STATEMENT ON INTERNAL CONTROL 2005/06

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 Wrexham Local Health Board is accountable to the Welsh Assembly Government (WAG). The accountability for the management of risk is through WAG Regional Offices' monitoring and review arrangements with the LHB. These arrangements include agreement of the annual Service and Financial Framework (SaFF); the LHB's annual review; and through monthly financial and performance monitoring return processes.

The WAG also receive reports on risk management for the LHB including those from the Welsh Risk Pool Auditors; the Mersey Internal Audit Agency (MIAA) Director of Audit's annual report; and the LHB's Risk Management Annual Report.

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 2006 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 risk management process is led by the Director of Finance who Chairs the LHB's Risk Management Group (RMG) with representation from each Directorate. The RMG reports to the Audit Committee which provides an overview of the work for assurance purposes for the Board. The RMG is advised by the MIAA who are represented on the Group.

The overall risk management process includes the following elements:

- * the maintenance and development of a Risk Register with individual Directorate sections which cross reference to Welsh Risk Management Standards.
- * self assessment and audit review against Welsh Risk Management Standards.
- * Board level involvement in the agreement of the Risk Register section on high level risks.
- * Audit Committee review of the RMG's work, the Risk Register and the Risk Management Annual Report.
- * Training and awareness sessions on various aspects of risk management.

4. The risk and control framework

The LHB's risk strategy is managed operationally through the process of compiling the Risk Register which is regarded as the prime document, which is cross referenced to tasks and evidence requirements of the Welsh Risk Management Standards. The register is compiled by the Directorate members of the RMG who identify and evaluate risks on behalf of their Directors who control the risks within their remit.

The LHB's performance against the Risk Management Standards for 2005/06 is as follows:

Standard		Score %
A	Risk Management Policy and Strategy	82
B	Risk Assessment and Treatment	82
C	Adverse Incident and Hazard Reporting	83
D	Policies and Procedure	76
E	Governance	95
F	Financial Management	94
G	Facilitating Primary Care	76
I	Records Management	78

Risk Management is embedded in the Organisation by:

- * Directorate leads developing local sections of the Risk Register and actions to mitigate risks identified.
- * Identified lead managers responsible for implementing compliance with Risk Management Standards.
- * Involvement of the Audit Committee and the Board as described in 3. above.

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 Risk Committee, if appropriate) and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board maintains an overview of management controls through management and audit reporting and through reviewing the high level risk register and the more detailed assurance work of the Audit Committee. The Audit Committee reviews all external audit, internal audit and counter fraud plans and reports and receives all risk management reports.

Signed
 Chief Executive
 (On behalf of the Board)

Date

ACCOUNT OF - 2005-2006

THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY THE NATIONAL ASSEMBLY FOR WALES IN ACCORDANCE WITH SECTION 98(2) OF THE NATIONAL HEALTH SERVICE ACT 1977 AND WITH THE APPROVAL OF TREASURY

LOCAL HEALTH BOARDS

1. The National Assembly for Wales (NAW) directs that an account shall be prepared for the financial year ended 31 March 2006 and subsequent financial years in respect of the Local Health Boards (LHB). The basis of preparation and the form and content shall be as set out in the following paragraphs and Schedules.

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

- (a) generally accepted accounting practice in the United Kingdom (UK GAAP);
- (b) the accounting and disclosure requirements of the Companies Act;
- (c) all relevant accounting standards issued or adopted by the Accounting Standards Board, in so far as they are appropriate to the NHS and are in force for the financial year for which the accounts are to be prepared;
- (d) accounting guidance approved by the FRAB and contained in the Financial Reporting Manual (FReM), as detailed in the LHB Manual for Accounts, but specifically excluding schedules 1 and 5;
- (e) the historical cost convention modified by the inclusion of fixed assets at their value to the business by reference to current costs; and stocks at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

FORM AND CONTENT

3. The account of the LHB for the year ended 31 March 2006 and subsequent years shall comprise an operating cost statement, a balance sheet, a cash flow statement and a statement of recognised gains and losses as long as these statements are required by FRAB, including such notes as are necessary to ensure a proper understanding of the accounts.
4. For the financial year ended 31 March 2006 and subsequent years, the account of the LHB shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, recognised gains and losses and cashflows during the year.
5. The balance sheet shall be signed by the chief executive and the director of finance of the LHB and dated.

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.
8. Notes providing further explanations of figures in the accounts shall be made where it is considered appropriate for a proper understanding of the accounts.

Signed by the authority of the National Assembly of Wales

Signed : Christine Daws

Dated :

ACCOUNT OF - 2005-2006

SCHEDULE 1

APPLICATION OF THE ACCOUNTING AND DISCLOSURE REQUIREMENTS OF THE COMPANIES ACT AND ACCOUNTING STANDARDS

Companies Act

1. The disclosure exemptions permitted by the Companies Act shall not apply to the NHS unless specifically approved by the Treasury.
2. The Companies Act requires certain information to be disclosed in the Director's Report. To the extent that it is appropriate, the information relating to NHS bodies shall be contained in the foreword.
3. The operating cost statement, balance sheet and cashflow statement shall have regard to the format prescribed in the Financial Reporting Manual.
5. NHS bodies are not required to provide the historical cost information described in paragraph (33) of Schedule 4 to the Companies Act.

Accounting Standards

6. NHS bodies are not required to include a note showing historical cost profits and losses as described in FRS 3.

SCHEDULE 2

ADDITIONAL REQUIREMENTS

1. The foreword shall include a statement that the account has been prepared to comply with a Direction given by the National Assembly for Wales in accordance with section 98(2) of the NHS Act 1977.
2. The foreword shall also contain a description of the statutory background and main functions of the LHB together with a fair review of their operational and financial activities and a summary of their performance against targets.

Wrexham Local Health Board

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

I certify that I have audited the financial statements on pages 2 to 35 under Section 61 of the Public Audit (Wales) Act 2004. These financial statements have been prepared under the accounting policies set out on pages 6 to 11.

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

Respective responsibilities of Directors, the Chief Executive and Auditor

As described on pages 36 and 37 the Directors and the Chief Executive are responsible for the preparation of the financial statements in accordance with Section 98(2) of the National Health Service Act 1977 and National Assembly for Wales directions made thereunder and for ensuring the regularity of financial transactions. The Directors and the Chief Executive are also responsible for the preparation of the Foreword and contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report 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 the National Health Service Act 1977 and National Assembly for Wales directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Board has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

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

I review whether the statement on pages 38 to 39 reflects the Board's compliance with the Treasury and Assembly's guidance on the Statement on Internal Control and I report if it does not, or if it is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Board's corporate governance procedures or its risk and control procedures.

Basis of Opinion

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

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

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of Wrexham Local Health Board as at 31 March 2006 and of its net operating costs, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the National Health Service Act 1977 and directions made thereunder by the National Assembly for Wales;
- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the National Health Service Act 1977 and directions made thereunder by the National Assembly for Wales; and
- in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

Jeremy Colman
Auditor General for Wales
3 July 2006

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