

# Anglesey Local Health Board

## **Foreword to the Accounts**

These accounts for the period ended 30 September 2009 have been prepared to comply with HM Treasury's I-FReM by the Anglesey Local Health Board under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

**Operating Cost Statement  
for the period ended 30 September 2009**

	<b>6 months to</b>		12 months
	<b>30 September 2009</b>		2008-09
	<b>Note</b>	<b>£000</b>	£000
Expenditure on Primary Healthcare Services	2.1	<b>14,402</b>	30,444
Expenditure on secondary and community healthcare	2.2	<b>34,844</b>	66,284
Other programme expenditure	2.3	<b>272</b>	474
Administration expenditure	2.4	<b>675</b>	1,436
		<b><u>50,193</u></b>	<u>98,638</u>
 Less: Miscellaneous Income	 3	 <b><u>(389)</u></b>	 <u>(852)</u>
 Net Operating Costs		 <b><u>49,804</u></b>	 <u>97,786</u>

The notes on pages 6 to 52 form part of this account.

## Statement of Financial Position as at 30 September 2009

	30 September 2009	31 March 2009	1 April 2008
Note	£000	£000	£000
<b>Non-current assets:</b>			
Property, plant and equipment	10      5	7	11
Intangible assets	11      0	0	0
Trade and other receivables	17      0	0	0
Other financial assets	14      0	0	0
Other assets	15      0	0	0
<b>Total non-current assets:</b>	<u>5</u>	<u>7</u>	<u>11</u>
<b>Current assets</b>			
Inventories	16      0	0	0
Trade and other receivables	17      1,747	621	306
Other financial assets	14      0	0	0
Other assets	15      0	0	0
Cash and cash equivalents	18      12	49	819
	<u>1,759</u>	<u>670</u>	<u>1,125</u>
Non-current assets classified as held for sale	10      0	0	0
<b>Total current assets</b>	<u>1,759</u>	<u>670</u>	<u>1,125</u>
<b>Total assets</b>	<u>1,764</u>	<u>677</u>	<u>1,136</u>
<b>Current liabilities</b>			
Trade and other payables	19      5,965	6,489	5,123
Other financial liabilities	14      0	0	0
Provisions	20      219	119	191
<b>Total current liabilities</b>	<u>6,184</u>	<u>6,608</u>	<u>5,314</u>
<b>net current assets/ (liabilities)</b>	<u>(4,425)</u>	<u>(5,938)</u>	<u>(4,189)</u>
<b>Non-current liabilities</b>			
Trade and other payables	19      0	0	0
Provisions	20      0	0	0
Other financial liabilities	14      0	0	0
<b>Total non-current liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Assets less liabilities</b>	<u>(4,420)</u>	<u>(5,931)</u>	<u>(4,178)</u>
<b>Taxpayers' equity</b>			
General Fund	(4,422)	(5,932)	(4,178)
Revaluation reserve	2	1	0
Donated asset reserve	0	0	0
Government grant reserve	0	0	0
<b>Total taxpayers' equity</b>	<u>(4,420)</u>	<u>(5,931)</u>	<u>(4,178)</u>

The notes on pages 6 to 52 form part of this account.

The financial statements on pages 1 to 5 were approved by the Board on 25th February 2010 and signed on its behalf by:

Chief Executive.....

Date 25th February 2010

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

	General Fund	Revaluation reserve	Donated asset reserve	Government grant reserve	Total reserves
	£000s	£000s	£000s	£000s	£000s
<b>Balance at 31 March 2008</b>					
As previously stated	(4,178)	0	0	0	(4,178)
Prior Period Adjustment	0	0	0	0	0
<b>Restated balance at 1 April 2008</b>	<b>(4,178)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,178)</b>
<b>Changes in taxpayers' equity for 2008-09</b>					
Net gain/(loss) on revaluation of property, plant & equipment	0	1	0	0	1
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of investments	0	0	0	0	0
Receipt of donated or government granted assets	0	0	0	0	0
Release of reserves to OCS	0	0	0	0	0
Non-cash charges- cost of capital	(191)	0	0	0	(191)
Transfers between reserves	0	0	0	0	0
Net operating cost for the year	(97,786)	0	0	0	(97,786)
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	0
<b>Total recognised income and expense for 2008-09</b>	<b>(97,977)</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>(97,976)</b>
Net Assembly funding	96,223	0	0	0	96,223
<b>Balance at 31 March 2009</b>	<b>(5,932)</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>(5,931)</b>

The notes on pages 6 to 52 form part of this account.

**Statement of Changes in Taxpayers' Equity  
for the period ended 30 September 2009**

Changes in taxpayers' equity for the 6 months to 30 September 2009	General Fund	Revaluation reserve	Donated asset reserve	Government grant reserve	Total reserves
	£000s	£000s	£000s	£000s	£000s
<b>Balance at 31 March 2009</b>					
As previously stated	(5,932)	1	0	0	(5,931)
Prior Period Adjustment	0	0	0	0	0
<b>Restated balance at 1 April 2009</b>	(5,932)	1	0	0	(5,931)
Net gain/(loss) on revaluation of property, plant & equipment	0	1	0	0	1
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of investments	0	0	0	0	0
Receipt of donated or government granted assets	0	0	0	0	0
Release of reserves to OCS	0	0	0	0	0
Non-cash charges- cost of capital	(91)	0	0	0	(91)
Transfers between reserves	0	0	0	0	0
Net operating cost for the period	(49,804)	0	0	0	(49,804)
Transfers to/(from) other bodies within the Resource Account boundary	0	0	0	0	0
<b>Total recognised income and expense for 2009</b>	(49,895)	1	0	0	(49,894)
Net Assembly funding	51,405	0	0	0	51,405
<b>Balance at 30 September 2009</b>	(4,422)	2	0	0	(4,420)

The notes on pages 6 to 52 form part of this account.

## Cashflow Statement for the period ended 30 September 2009

	Notes	6 months to 30 September 2009 £000	12 months 2008-09 £000
<b>Cash Flows from operating activities</b>			
Net operating cost		(49,804)	(97,786)
Other cashflow transactions	32.2	12	(186)
Movement in working capital	32.1	(1,650)	1,051
Provisions utilised		0	(72)
Interest paid		0	0
<b>Net cash outflow from operating activities</b>		<b>(51,442)</b>	<b>(96,993)</b>
<b>Cash Flows from investing activities</b>			
Purchase of property, plant and equipment		0	0
Proceeds from disposal of property, plant and equipment		0	0
Purchase of intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
Interest received		0	0
Payment for investments		0	0
Proceeds of investments		0	0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Welsh Assembly Government funding (including capital)		51,405	96,223
Capital receipts surrendered		0	(0)
Capital element of payments in respect of finance leases and on-balance sheet finance		0	(0)
<b>Net financing</b>		<b>51,405</b>	<b>96,223</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(37)</b>	<b>(770)</b>
<b>Cash and cash equivalents at 1 April 2009</b>		<b>49</b>	<b>819</b>
<b>Cash and cash equivalents at 30 September 2009</b>		<b>12</b>	<b>49</b>

The notes on pages 6 to 50 form part of these accounts.

## Notes to the Accounts

### 1. Accounting policies

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

These accounts apply to the period 1 April 2009 to 30 September 2009 and form the final financial return for the Local Health Boards prior to the establishment of a new NHS Wales Local Health Board structure on 1 October 2009.

#### 1.1 Accounting convention

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

#### 1.2 Acquisitions and discontinued operations

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

#### 1.3 Income and funding

The main source of funding for the Local Health Boards are allocations (Assembly Funding) from the Welsh Assembly government within an approved cash limit, which is credited to the General Fund of the Local Health Board. Assembly funding is recognised in the financial period in which the cash is received.

Non discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Assembly Government. Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.

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

- Miscellaneous income is income which relates directly to the operating activities of the Local Health Board and is not funded by the Welsh Assembly Government.

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

#### 1.4 Employee benefits

##### Short-term employee benefits

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

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

## **Retirement benefit costs**

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

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

Where employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme this is disclosed. The scheme assets and liabilities attributable to those employees can be identified and are recognised in the LHB'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 year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs. Actuarial gains and losses during the year are recognised in the pensions reserve and reported as an item of other comprehensive income.

## **1.5 Other expenses**

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

## **1.6 Property, plant and equipment**

### **Recognition**

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or

Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

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

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

### **Valuation**

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



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

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

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

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

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

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

### **Subsequent expenditure**

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

## **1.7 Intangible assets**

### **Recognition**

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the LHB'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 £5,000.

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

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

### **Measurement**

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

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

### **1.8 Depreciation, amortisation and impairments**

Freehold land and properties under construction are not depreciated.

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

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

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

### **1.9 Borrowing costs**

### **1.10 Donated assets**

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

### **1.11 Government grants**

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

### **1.12 Non-current assets held for sale**

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

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

### **1.13 Leases**

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

#### **1.13.1 The Local Health Board as lessee**

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

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

#### **1.13.2 The health board as lessor**

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

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

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

#### **1.14 Inventories**

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

#### **1.15 Cash and cash equivalents**

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

#### **1.16 Provisions**

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

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

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

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

#### **1.17 Clinical negligence costs**

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

## **1.18 Financial assets**

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

### **1.18.1 Financial assets are initially recognised at fair value.**

Financial assets are classified into the following categories: financial assets 'at fair value through 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.

### **1.18.2 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 the operating cost statement. The net gain or loss incorporates any interest earned on the financial asset.

### **1.18.3 Held to maturity investments**

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

### **1.18.4 Available for sale financial assets**

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

### **1.18.5 Loans and receivables**

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques [specify – see IAS 39 AG 74 and following paragraphs]

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

At the balance sheet date, the Health board 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

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

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

### **1.19 Financial liabilities**

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

#### **1.19.1 Financial liabilities are initially recognised at fair value.**

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' or other financial liabilities.

#### **1.19.2 Financial liabilities 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 liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the operating cost statement. The net gain or loss incorporates any interest earned on the financial asset.

#### **1.19.3 Other financial liabilities**

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

### **1.20 Cost of Capital**

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

### **1.21 Value Added Tax**

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

### **1.22 Foreign currencies**

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

### **1.23 Third party assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Health board has no beneficial interest in them. Details of third party assets are given in Note 25 to the accounts.

### **1.24 Losses and Special Payments**

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

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

### **1.25 Pooled budget**

The LHB has not entered into any pooled budget arrangements

### **1.26 Critical Accounting Judgements and key sources of estimation uncertainty**

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

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

### **1.27 Key sources of estimation uncertainty**

The LHB does not consider that there are any estimation uncertainties at 30th September 2009 where there is a significant risk of causing any material adjustments to the carrying amount of assets and liabilities within the next financial year.

## 2. Analysis of gross operating costs

### 2.1 Expenditure on Primary Healthcare Services

			6 months to	12 months
	Cash limited	Non-cash limited	30 September 2009	2008-09
	£000	£000	Total £000	Total £000
General Medical Services	6,301	0	6,301	12,777
Pharmaceutical Services	1,301	26	1,327	2,671
General Dental Services	1,293	0	1,293	2,623
General Ophthalmic Services	0	121	121	243
Other Primary health care expenditure	707	0	707	1,150
Prescribed drugs and appliances	4,653	0	4,653	10,980
<b>Total</b>	<b>14,255</b>	<b>147</b>	<b>14,402</b>	<b>30,444</b>

### 2.2 Expenditure on secondary and community healthcare

	6 months to	12 months
	30 September 2009	2008-09
Goods and services from other NHS Wales Trusts	29,240	56,951
Goods and services from other non Welsh NHS bodies	1,147	2,243
Local Authorities	0	0
Voluntary organisations	68	130
NHS Funded Nursing Care	407	591
Continuing Care	3,884	6,170
Private providers	93	183
Specific projects funded by the Welsh Assembly Government	0	0
Other	5	16
<b>Total</b>	<b>34,844</b>	<b>66,284</b>

### 2.3 Other programme expenditure

	6 months to	12 months
	30 September 2009	2008-09
Salaries and wages	0	7
National Public Health Service	224	440
Losses, special payments and irrecoverable debts	0	0
Research and development	0	0
Other	48	27
<b>Total</b>	<b>272</b>	<b>474</b>

	6 months to	12 months
	30 September 2009	2008-09

#### Expenditure with Local Authorities is as follows:-

Rapid Response Scheme (Note 2.1 - Other Primary Health Care Expenditure)	35	115
Complementary Purchase Scheme (Note 2.1 - Other Primary Health Care Ex)	120	172
Support for Carers in the Community	17	0
Continuing Care	714	1,441
Funded Nursing Care	274	332



**2.4 Administration expenditure**

	<b>6 months to</b>	12 months
	<b>30 September</b>	2008-09
	<b>2009</b>	Total
	<b>£000</b>	£000
Non-officer members' remuneration	39	75
Other salaries and wages	366	833
Consultancy services	4	64
Establishment expenses	43	82
Transport and moveable plant	0	0
Premises and fixed plant	34	76
External contractors	0	18
Auditors' remuneration - audit fee	72	75
Auditors' remuneration - other fees	0	0
Business Services Centre / Business Services Partnership recharge	178	357
Interest payable - unwinding of discount	0	0
Interest payable - other	0	0
Capital - Depreciation	3	5
Amortisation	0	0
Capital charge interest	-91	-191
Impairments and reversals (property, plant, equipment)	0	0
Impairments and reversals (intangible assets)	0	0
Impairments and reversals of financial assets (by class)	0	0
Loss on disposal of non-current assets	0	0
Other	27	42
	<b>675</b>	<b>1,436</b>

**Business Services Centre / Business Services Partnership recharge (£178K)**

Included within the figure are recharges for external audit of the BSC (£6k) and the BSP (£1K)

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

	<b>6 months to</b>	12 months
	<b>30 September 2009</b>	2008-09
	<b>£000</b>	£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
Gross increase/(decrease) in provision for future payments	<u>0</u>	<u>0</u>
Irrecoverable debts	0	0
<b>Less:</b> income received/ due from Welsh Risk Pool	<u>0</u>	<u>0</u>
<b>Net cost :</b>	<u><u>0</u></u>	<u><u>0</u></u>

**3. Miscellaneous income**

	<b>6 months to 30 September 2009</b>	12 months 2008-09
	<b>£000</b>	£000
	<b>Note</b>	
Fees and Charges	<b>0</b>	0
Prescription charge income	<b>0</b>	0
Dental fee income	<b>246</b>	536
Deferred income released to revenue	<b>0</b>	0
Rental income from finance leases	<b>0</b>	0
Rental income from operating leases	<b>0</b>	0
Profit on disposal of non-current assets	<b>0</b>	0
Other	<b>143</b>	316
<b>Total</b>	<b>389</b>	852

**Analysis of "Other" Miscellaneous Income is as follows:-**

	<b>6 months to 30 September 2009</b>	12 months 2008-09
FP10 drugs expenditure recovered from Trusts	38	90
Recovery of overpayment to independent contractors	14	9
Emergency Intervention Scheme Income	0	39
Amounts reclaimed from WAG for ARMD Exp	0	144
Other Miscellaneous receipts	91	34
	<b>143</b>	<b>316</b>

**4. Investment revenue**

	<b>6 months to</b> <b>30 September 2009</b> <b>£000</b>	12 months 2008-09 £000
<b>Rental revenue</b>		
Finance lease contingent rental revenue	0	0
Finance lease rentals	0	0
Other	0	0
<b>Subtotal</b>	<u>0</u>	<u>0</u>
Bank deposits	0	0
Other loans and receivables	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

**5. Other gains and losses**

	<b>6 months to</b> <b>30 September 2009</b> <b>£000</b>	12 months 2008-09 £000
Gain/(loss) on disposal of financial assets	0	0
Change in fair value of financial assets at fair value		
- through profit and loss	0	0
- classified as available for sale	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

**6. Finance costs**

	<b>6 months to</b> <b>30 September 2009</b> <b>£000</b>	12 months 2008-09 £000
Interest on obligations under finance leases	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Other finance costs	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

**7. Operating leases****As lessee****Payments recognised as an expense**

	<b>6 months to</b>	12 months
	<b>30 September 2009</b>	2008-09
	<b>£000</b>	£000
Minimum lease payments	26	37
Contingent rents	0	0
Sub-lease payments	0	0
<b>Total</b>	<b>26</b>	<b>37</b>

**Total future minimum lease payments**

	<b>6 months to</b>	12 months
	<b>30 September 2009</b>	2008-09
	<b>£000</b>	£000
Payable:		
Not later than one year	19	35
Between one and five years	7	2
After 5 years	0	0
<b>Total</b>	<b>26</b>	<b>37</b>

Total future sublease payments expected to be received £

**As lessor**

	<b>6 months to</b>	12 months
	<b>30 September 2009</b>	2008-09
	<b>£000</b>	£000
<b>Rental revenue</b>		
Rent	0	0
Contingent rent	0	0
<b>Total revenue rental</b>	<b>0</b>	<b>0</b>

**Total future minimum lease payments**

	<b>£000</b>	£000
Receivable:		
Not later than one year	0	0
Between one and five years	0	0
After 5 years	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**8. Employee costs and numbers****8.1 Employee costs**

	Permanent Staff	Staff on Inward Secondment	6 months to		12 months 2008-09
			30 September 2009	Total	
	£000	£000	Agency Staff £000	£000	£000
Salaries and wages	542	54	0	596	1,269
Social security costs	69	7	0	76	87
Employer contributions to NHS Pension Scheme	41	4	0	45	158
Other pension costs	0	0	0	0	32
<b>Total</b>	<b>652</b>	<b>65</b>	<b>0</b>	<b>717</b>	<b>1,546</b>

**8.2 Average number of employees**

	Permanent staff	Staff on inward secondment	Agency staff	Total	2008-09
	No.	No.	No.	No.	No.
Medical and dental	1	0	0	1	1
Ambulance staff	0	0	0	0	0
Administrative and estates	21	0	0	21	23
Healthcare assistants and other support staff	0	0	0	0	0
Nursing, midwifery and health visiting staff	6	4	0	10	6
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and therapeutic staff	5	0	0	5	4
Social care staff	0	0	0	0	0
Other	1	0	0	1	0
<b>Total</b>	<b>35</b>	<b>4</b>	<b>0</b>	<b>38</b>	<b>34</b>

**8.3. Retirements due to ill-health**

There were no 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

**8.4 Employee benefits**

£000

The LHB does not have an employee benefit scheme.

0

Analysis of Employee Costs as follows:-	6 months to	
	30 September 2009	12 months 2008-09
	Total £000	£000
Note 2.1 Primary Health Care salaries and wages	276	648
Note 2.2 Secondary Care NHS Funded Care salaries and wages	16	60
Note 2.3 Other Programme Expenditure salaries and wages	0	7
Note 2.4 Administration Expenditure salaries and wages	360	831
<b>Total</b>	<b>652</b>	<b>1,546</b>

## 9. Public Sector Payment Policy - Measure of Compliance

### 9.1 Prompt payment code - measure of compliance

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

	Number	£000
<b>NHS</b>		
Total bills paid	377	33,281
Total bills paid within target	374	33,281
Percentage of bills paid within target	99.2%	100.0%
<b>Non-NHS</b>		
Total bills paid	1,408	4,370
Total bills paid within target	1,399	4,334
Percentage of bills paid within target	99.4%	99.2%
<b>Total</b>		
Total bills paid	1,785	37,651
Total bills paid within target	1,773	37,615
Percentage of bills paid within target	99.3%	99.9%

### 9.2 The Late Payment of Commercial Debts (Interest) Act 1998

	£
Amounts included within finance costs from claims made under this legislation	0
Compensation paid to cover debt recovery costs under this legislation	0
<b>Total</b>	<b>0</b>

**10. Property, plant and equipment**

Cost or valuation	Buildings, excluding		Assets under					Furniture fittings	Total
	Land	dwellings	Dwellings	on account	Plant and machinery	Transport equipment	Information technology		
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 April 2008</b>	0	0	0	0	0	0	23	28	51
Indexation	0	0	0	0	0	0	1	0	1
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
<b>At 31 March 2009</b>	0	0	0	0	0	0	24	28	52
<b>Depreciation</b>									
<b>At 1 April 2008</b>	0	0	0	0	0	0	12	28	40
Indexation	0	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0	5	0	5
<b>At 31 March 2009</b>	0	0	0	0	0	0	17	28	45
<b>Net book value at 1 April 2008</b>	0	0	0	0	0	0	11	0	11
<b>Net book value At 31 March 2009</b>	0	0	0	0	0	0	7	0	7
<b>Net book value at 31 March 2009 comprises :</b>									
<b>Purchased</b>	0	0	0	0	0	0	7	0	7
<b>Donated</b>	0	0	0	0	0	0	0	0	0
<b>Government Granted</b>	0	0	0	0	0	0	0	0	0
<b>Asset financing :</b>									
<b>Owned</b>	0	0	0	0	0	0	7	0	7
<b>Held on finance lease</b>	0	0	0	0	0	0	0	0	0
<b>On-balance sheet PFI contracts</b>	0	0	0	0	0	0	0	0	0
<b>PFI residual interests</b>	0	0	0	0	0	0	0	0	0

The net book value of land, buildings and dwellings at 30 September 2009 comprises :

	£000
Freehold	0
Long Leasehold	0
Short Leasehold	0
	<u>0</u>



**10. Property, plant and equipment (continued)**

Cost or valuation	Buildings, excluding		Assets under					Furniture fittings	Total
	Land	dwellings	Dwellings	on account	Plant and machinery	Transport equipment	Information technology		
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 April 2009</b>	0	0	0	0	0	0	24	28	52
Indexation	0	0	0	0	0	0	1	0	1
Additions - purchased	0	0	0	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
<b>At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25</b>	<b>28</b>	<b>53</b>
<b>Depreciation</b>									
<b>At 1 April 2009</b>	0	0	0	0	0	0	17	28	45
Indexation	0	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0	3	0	3
<b>At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>28</b>	<b>48</b>
<b>Net book value at 1 April 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>7</b>
<b>Net book value At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>5</b>
<b>Net book value at 30 September 2009 comprises :</b>									
<b>Purchased</b>	0	0	0	0	0	0	5	0	5
<b>Donated</b>	0	0	0	0	0	0	0	0	0
<b>Government Granted</b>	0	0	0	0	0	0	0	0	0
<b>Asset financing :</b>									
<b>Owned</b>	0	0	0	0	0	0	0	0	0
<b>Held on finance lease</b>	0	0	0	0	0	0	0	0	0
<b>On-balance sheet PFI contracts</b>	0	0	0	0	0	0	0	0	0
<b>PFI residual interests</b>	0	0	0	0	0	0	0	0	0

The net book value of land, buildings and dwellings at 30 September 2009 comprises :

	£000
Freehold	0
Long Leasehold	0
Short Leasehold	0
	<u>0</u>

**Disclosures:**

There are no items required for disclosure.

**11. Intangible Non-Current Assets**

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure	2008-09 Total
	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation :</b>						
<b>At 1 April 2008</b>	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Additions	0	0	0	0	0	0
Donations	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
<b>At 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation</b>						
At 1 April 2008	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Additions	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0
<b>At 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>at 1 April 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>At 31 March 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>At 31 March 2009</b>						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0

**11. Intangible Non-Current Assets (continued)**

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure	2008-09 Total
	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation :</b>						
<b>At 1 April 2009</b>	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Additions	0	0	0	0	0	0
Donations	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
<b>At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation</b>						
At 1 April 2009	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Additions	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0
<b>At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>at 1 April 2008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>At 30 September 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value</b>						
<b>At 30 September 2009</b>						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0

**12. Impairments**

	To 30 September 2009		2008-09	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Loss as a result of catastrophe	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Miscellaneous Income	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Impairments charged in the year to the revaluation reserve**

Charged to revaluation reserve	0	0	0	0
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Note significant events and circumstances giving rise to impairments and impairment reversal

**13. Capital commitments****Contracted capital commitments at 30 September 2009**

	To 30 September 2009 £000	2008-09 £000
	Property, plant and equipment	0
Intangible assets	0	0
	<b>0</b>	<b>0</b>

**14. Other Financial Assets and Liabilities**

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

**Other Financial liabilities**

Financial liabilities carried at fair value through profit and loss:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Narrative disclosures - Financial Instruments

**15. Other assets**

	Current 30 September 2009 £000	Non-current 30 September 2,009 £000	Current 2008-09 £000	Non-current 2008-09 £000	Current 2008-09 £000	Non-current 2008-09 £000
Other assets	0	0	0	0	0	0
<b>Total</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**16. Inventories****16.1 Inventories**

	<b>30 September</b>	<b>31 March</b>	<b>1 April</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Drugs	0	0	0
Consumables	0	0	0
Energy	0	0	0
Work in progress	0	0	0
Other	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

**16.2 Inventories recognised in expenses**

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
<b>Total</b>	<b>0</b>	<b>0</b>

<b>17. Trade and other receivables</b>	<b>30 September 2009</b>	<b>31 March 2009</b>	<b>1 April 2008</b>
<b>Amounts falling due within one year</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	4	31	0
Welsh Health Boards	270	78	74
Welsh NHS Trusts	1,172	311	22
Other NHS Trusts	190	0	0
Other NHS	0	0	0
Welsh Risk Pool	0	0	0
Pension Prepayments:	0	0	0
Other debtors	18	196	187
Provision for irrecoverable debts	0	0	0
Capital debtors	0	0	0
Other prepayments and accrued income	93	5	23
<b>Sub-total</b>	<b>1,747</b>	<b>621</b>	<b>306</b>
<b>Amounts falling due after more than one year:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	0	0	0
Welsh Health Boards	0	0	0
Welsh NHS Trusts	0	0	0
Other NHS Trusts	0	0	0
Other NHS	0	0	0
Welsh Risk Pool	0	0	0
Pension Prepayments	0	0	0
Other debtors	0	0	0
Provision for irrecoverable debts	0	0	0
Capital debtors	0	0	0
Other prepayments and accrued income	0	0	0
<b>Sub total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Trade and other Receivables</b>	<b>1,747</b>	<b>621</b>	<b>306</b>

No interest is charged on trade receivables.



**17.1 Provision for the impairment of receivables**

	<b>30 September</b>	<b>31 March</b>	<b>1 April</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at beginning of the year	0	0	0
Amount written off during the year	0	0	0
Amount recovered during the year	0	0	0
(Decrease)/increase in allowance recognised in income statement	0	0	0
<b>Balance at end of the year</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 18. Cash and cash equivalents

	<b>30 September</b>	<b>31 March</b>
	<b>2009</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>
Opening balance	<b>49</b>	<b>819</b>
Net change in cash and cash equivalent balances	<b>-37</b>	<b>(770)</b>
Closing balance	<b>12</b>	<b>49</b>
Commercial banks and cash in hand	<b>0</b>	<b>0</b>
Held at Paymaster General	<b>12</b>	<b>49</b>

**19. Trade and other payables**

	<b>30 September 2009 £000</b>	<b>31 March 2009 £000</b>	<b>1 April 2008 £000</b>
Welsh Assembly Government	9	0	5
Welsh Health Boards	127	182	12
Welsh NHS Trusts	29	101	69
Other NHS	181	90	167
Income tax and social security	28	30	35
Non-NHS creditors	3,539	2,295	2,683
Capital Creditors	0	0	0
Overdraft	0	0	0
Obligations under finance leases and HP contracts	0	0	0
Pensions: staff	0	0	0
Accruals	2,052	3,791	2,152
Deferred Income	0	0	0
Other creditors	0	0	0
<b>Sub Total</b>	<b>5,965</b>	<b>6,489</b>	<b>5,123</b>
<b>Amounts falling due after more than one year:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	0	0	0
Welsh Health Boards	0	0	0
Welsh NHS Trusts	0	0	0
Other NHS	0	0	0
Income tax and social security	0	0	0
Non-NHS creditors	0	0	0
Capital Creditors	0	0	0
Overdraft	0	0	0
Rentals due under operating leases	0	0	0
Obligations under finance leases and HP contracts	0	0	0
Pensions: staff	0	0	0
Accruals	0	0	0
Deferred Income	0	0	0
Other creditors	0	0	0
<b>Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Trade Payables and other Current Liabilities</b>	<b>5,965</b>	<b>6,489</b>	<b>5,123</b>

20. Provisions

	At 1 April 2008	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2009
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	191			32	(72)	(32)		119
<b>Total</b>	<b>191</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>(72)</b>	<b>(32)</b>	<b>0</b>	<b>119</b>
<b>Non Current</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	0			0	0	0		0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	191			32	(72)	(32)		119
<b>Total</b>	<b>191</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>(72)</b>	<b>(32)</b>	<b>0</b>	<b>119</b>

Expected timing of cash flows:

	Within 1 year	2 and 5 years	6 and 10 years	After 10 years	After 50 years	After 75 years	Totals
				£000	£000	£000	£000
Clinical negligence	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	0	0	0	0	0	0	0
Restructuring	0	0	0	0	0	0	0
Other	119	0	0	0	0	0	119
<b>Total</b>	<b>119</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>119</b>

Provisions at 31st March 2009 comprised of 4 unsettled continuing health care ombudsmen cases, necessary building work required on termination of the LHB headquarters lease and an estimate for outstanding agenda for change costs.

## 20. Provisions (continued)

	At 1 April 2009	Structured settlement cases transferr-ed to Risk Pool	Transfer of provisions to creditors	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 30 September 2009
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>								
Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	119			140	0	(40)		219
<b>Total</b>	<b>119</b>	<b>0</b>	<b>0</b>	<b>140</b>	<b>0</b>	<b>(40)</b>	<b>0</b>	<b>219</b>

**Non Current**

Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	0			0	0	0		0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TOTAL**

Clinical negligence	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0		0
Pensions relating to: former directors	0			0	0	0	0	0
Pensions relating to: other staff	0			0	0	0	0	0
Other	119			140	0	(40)		219
<b>Total</b>	<b>119</b>	<b>0</b>	<b>0</b>	<b>140</b>	<b>0</b>	<b>(40)</b>	<b>0</b>	<b>219</b>

**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	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0
Pensions - former directors	0	0	0	0	0	0	0
Pensions - other staff	0	0	0	0	0	0	0
Restructuring	0	0	0	0	0	0	0
Other	219	0	0	0	0	0	219
<b>Total</b>	<b>219</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>219</b>

Provisions at 31st March 2010 comprised of 4 unsettled continuing health care ombudsmen cases, necessary building work required on termination of the LHB headquarters lease and an estimate for outstanding agenda for change costs.

**21. Finance leases****21.1 Finance leases obligations (as lessee)****Amounts payable under finance leases:**

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

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

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

**OTHER**

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

**21.2 Finance lease receivables (as lessor)****Amounts receivable under finance leases:**

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



**22. Financial risk management**

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

**Currency risk**

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

**Interest rate risk**

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

**Credit risk**

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

**Liquidity risk**

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

**Maturity of financial liabilities**

	<b>30 September 2009 £'000</b>
In one year	0
In more than one year but not more than two years	0
In more than two years but not more than five years	0
In more than five years	0
<b>Total</b>	<b>0</b>

**23. Financial Instruments**

<b>Financial assets</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Loans and receivables £000</b>	<b>Available for sale £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0	0
Other financial assets	0	0	0	0
Cash at bank and in hand	12	0	0	12
Other financial assets	1,654	0	0	1,654
<b>Total at 30 September 2009</b>	<b>1,666</b>	<b>0</b>	<b>0</b>	<b>1,666</b>

<b>Financial liabilities</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Other £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	6,184	0	6,184
<b>Total at 30 September 2009</b>	<b>6,184</b>	<b>0</b>	<b>6,184</b>

<b>Financial assets</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Loans and receivables £000</b>	<b>Available for sale £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0	0
Other financial assets	0	0	0	0
Cash at bank and in hand	49	0	0	49
Other financial assets	616	0	0	616
<b>Total at 31 March 2009</b>	<b>665</b>	<b>0</b>	<b>0</b>	<b>665</b>

<b>Financial liabilities</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Other £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	6,608	0	6,608
<b>Total at 31 March 2009</b>	<b>6,608</b>	<b>0</b>	<b>6,608</b>

<b>Financial assets</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Loans and receivables £000</b>	<b>Available for sale £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0	0
Other financial assets	0	0	0	0
Cash at bank and in hand	819	0	0	819
Other financial assets	283	0	0	283
<b>Total at 1 April 2008</b>	<b>1,102</b>	<b>0</b>	<b>0</b>	<b>1,102</b>

<b>Financial liabilities</b>	<b>At "fair value" through P&amp;L £000</b>	<b>Other £000</b>	<b>Total £000</b>
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	5,314	0	5,314
<b>Total at 1 April 2008</b>	<b>5,314</b>	<b>0</b>	<b>5,314</b>

**24. Contingencies**

	<b>30 September 2009</b>
Contingent liabilities	<b>£000</b>
(list)	<b>0</b>
	<b>0</b>
	<hr/>
	<b>0</b>
	<hr/>
Contingent assets	
(list)	<b>0</b>
	<b>0</b>
	<b>0</b>
	<hr/>
	<b>0</b>
	<hr/>

**Continuing Healthcare Cost uncertainties**

Liabilities for continuing care costs continue to be a significant financial issue for the LHB. The December 2009 deadline for reclaiming pre-1/4/2003 care costs has resulted in a large increase in the number of claims registered, regarding both pre and post 1/4/2003 costs. Anglesey LHB is responsible for post 1/4/2003 costs and the financial statements include the following amounts relating to those uncertain continuing healthcare costs:

Note 20 includes £180k provision made for probable continuing care costs relating to 4 claims received.

However in addition the LHB has another 53 claims for which the assessment process has not yet started. The assessment process is highly complex, involves multi-disciplinary teams and for those reasons can take many months. At this stage, the LHB does not have the information to make a judgement on the likely success or otherwise of these claims, however they may result in significant additional costs to the LHB.

Any continuing healthcare claims which relate to pre-1/4/2003 are passed to Powys LHB who are responsible for that element of costs.

## **25. Third Party assets**

The LHB has no third party assets

## **26. Events after Reporting Period**

In 2008 the Health and Social Services Minister in the Welsh Assembly Government gave approval for the reconfiguration of NHS Trusts and LHBs to create 7 new LHBs from 1st October 2009.

On 30th September 2009, Anglesey LHB along with Gwynedd LHB, Conwy LHB, Denbighshire LHB, Flintshire LHB, Wrexham LHB, North West Wales NHS Trust and North Wales NHS Trust were dissolved and Betsi Cadwaladr University Local Health Board was established. All of the assets and liabilities of Anglesey LHB transferred to the new LHB at that date and all operations are continuing.

**27. Related Party Transactions**

£000

Total value of transactions with Board members and key senior staff during the six months to 30 Sept 2009 **0**

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

The Assembly is regarded as a related party. During the six months to 30 Sept 2009 Anglesey 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,

NHS providers with which the LHB has had material transactions are disclosed in note 4.2 to the accounts. In addition two Non-Officer Members of the LHB Board (Mr M Jamison and Mr C Barton) were also members of North West Wales NHS Trust Board during the period.

Other related entities with which the LHB has had material transactions include:

	6 months to 30 Sept 2009		12 Months 2008-09	
	Income	Expenditure	Income	Expenditure
	£'000	£'000	£'000	£'000
Powys Local Health Board	0	130	0	302

In addition, the Local Health Board has a significant number of material transactions with other Government Departments and other central and local Government bodies. The most significant of these transactions are as follows:

	6 months to 30 Sept 2009		12 Months 2008-09	
	Income	Expenditure	Income	Expenditure
	£'000	£'000	£'000	£'000
Isle of Anglesey County Council	0	1,160	0	2,060

GP, Optometry, Dental and Pharmacy Board members received payments to their medical, optical, dental or pharmacy practices from the LHB. These transactions were made under normal trading conditions i.e. as arm's length transactions:

Name	Practice Name	Board Position
Dr H Parry	Cambria Surgery, Holyhead	Non - Officer Member
Dr M Williams	Parc Glas Surgery, Bodorgan	Medical Director
Mr B Allport	Llandudno	Non - Officer Member
Mr D Barlow	Rhosneigr	Non - Officer Member

The following LHB Board members were associated with voluntary organisations that the LHB provided grants to during the six months to 30 Sept 2009:

Name	Voluntary Organisation	Board Position
Mrs K Dignam	Medrwn Mon, Crossroads, Carers Outreach	Non - Officer Member
Rev H Meredydd	Crossroads	Non - Officer Member

	6 months to 30 Sept 2009	12 Months 2008-09
Grant Expenditure:	£	£
Medrwn Mon	0	1,505
Crossroads	9,804	16,188
Carers Outreach	1,405	2,764

**28. Intra Government balances**

	Trade receivables		Trade payables	
	Amounts falling due within one year	Amounts falling due after more than one year	Amounts falling due within one year	Amounts falling due after more than one year
<b>To 30 September 2009</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	4	0	9	0
Welsh Local Health Boards	270	0	127	0
Welsh NHS Trusts	1,172	0	29	0
Health Commission Wales	0	0	0	0
All English Health Bodies	190	0	181	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	0	0	0	0
Credit note provision	0	0	0	0
<b>Sub-total</b>	<b>1,636</b>	<b>0</b>	<b>346</b>	<b>0</b>
Other Central Government Bodies				
Other Government Departments	0	0	28	0
HMRC	5	0	86	0
Local Authorities	0	0	947	0
Balances with Public Corporations & trading funds	0	0	0	0
Balances with bodies external to Government	106	0	4,558	0
<b>TOTAL</b>	<b>1,747</b>	<b>0</b>	<b>5,965</b>	<b>0</b>
<b>2008-09</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Welsh Assembly Government	31	0	0	0
Welsh Local Health Boards	78	0	182	0
Welsh NHS Trusts	311	0	101	0
Health Commission Wales	0	0	0	0
All English Health Bodies	0	0	90	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	0	0	0	0
Miscellaneous	193	0	6,086	0
Credit note provision	0	0	0	0
<b>Sub-total</b>	<b>613</b>	<b>0</b>	<b>6,459</b>	<b>0</b>
Other Central Government Bodies				
Other Government Departments	0	0	0	0
HMRC	8	0	30	0
Local Authorities	0	0	0	0
Balances with Public Corporations & trading funds	0	0	0	0
Balances with bodies external to Government	0	0	0	0
<b>TOTAL</b>	<b>621</b>	<b>0</b>	<b>6,489</b>	<b>0</b>

**29. 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

	<b>Amounts paid out during period to 30 September 2009</b>		<b>Approved to write-off to 30 September 2009</b>	
	<b>Number</b>	<b>£</b>	<b>Number</b>	<b>£</b>
Clinical negligence	0	0	0	0
Personal injury	0	0	0	0
All other losses and special payments	0	0	0	0
<b>Total</b>	<b>159</b>	<b>1,908</b>	<b>159</b>	<b>1,908</b>

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

<b>Cases exceeding £250,000</b>	Case reference	Case type	<b>Amounts</b>	<b>Cumulative</b>	<b>Approved to</b>
			<b>paid out in year £</b>	<b>amount £</b>	<b>write-off in year £</b>
			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
			0	0	0
<b>Sub-total</b>			<b>0</b>	<b>0</b>	<b>0</b>
<b>All other cases</b>			1,908	0	1,908
<b>Total cases</b>			<b>1,908</b>	<b>0</b>	<b>1,908</b>

### **30. Pooled budgets**

\*The Health Board has no pooled budgets.



**31. First time adoption**

	<b>General Fund £000</b>	<b>Revaluation Reserve £000</b>	<b>Donated Asset Reserve £000</b>	<b>Government Grant Reserve £000</b>	<b>Total Reserves £000</b>
Taxpayers' equity at 31 March 2009 under UKGAAP	(5,926)	1	0	0	(5,925)
Adjustment to remove negative balances on revaluation reserves	0	0	0	0	0
<b>Adjusted Taxpayers' equity at 31 March 2009</b>	<b>(5,926)</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>(5,925)</b>
<b>Adjustments for IFRS changes</b>					
PFI	0	0	0	0	0
Leases	0	0	0	0	0
Others (specify)	(6)	0	0	0	-6
<b>Taxpayers' equity at 1 April 2009 under IFRS</b>	<b>(5,932)</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>(5,931)</b>
Net operating costs for 2008-09 under UKGAAP	97,784	0	0	0	0
Adjustments for IFRS changes :					
PFI	0	0	0	0	0
Leases	0	0	0	0	0
Others (specify)	2	0	0	0	0
<b>Net operating costs for 2008-09 under IFRS</b>	<b>97,786</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Narrative disclosure

IFRS Adjustment made for annual leave accrual

**32. Cashflow Notes****32.1 Movements in working capital**

	6 months to 30 September 2009 £000	12 months 2008-09 £000
(Increase)/decrease in receivables	-1,126	(315)
(Increase)/decrease in inventories	0	0
(Increase)/decrease in payables	-524	1,366
<b>Subtotal</b>	-1,650	1,051
Less Movement in receivables relating to items not passing through the OCS	0	0
Less Movement in payables relating to items not passing through the OCS	0	0
<b>Subtotal</b>	0	0
<b>Total</b>	(1,650)	1,051

**32.2 Other cashflow adjustments**

	30 September 2009	2008-09
Depreciation	3	5
Amortisation	0	0
Impairments and reversals	0	0
Cost of Capital Charge	(91)	(191)
Profit/(Loss) on disposal	0	0
Finance Costs	0	0
Interest Revenue	0	0
Change in fair value of financial instruments	0	0
Provisions - Arising in Year	140	32
Provisions - Reversed unused	-40	(32)
Provisions - unwinding of discount	0	0
<b>Total</b>	12	(186)

**32.3 Analysis of changes in net debt**

	As at 1 April 2009 £000	Cash flows £000	As at 30 September 2009 £000
OPG cash at bank	49	-37	12
Commercial cash at bank and in hand	0	0	0
Bank overdraft	0	0	0
<b>Total</b>	49	-37	12

### 33.1 Salaries and pension entitlement of senior managers

Name and title	To 30 September 2009	To 30 September 2009	To 30 September 2009	2008-09	2008-09	2008-09
	Salary (bands of £5,000) £'000	Other (bands of £5,000) £'000	Benefits in kind (to nearest £100) £'00	Salary (bands of £5,000) £'000	Other (bands of £5,000) £'000	Benefits in kind (to nearest £100) £'00
<b>Executive Directors</b>						
Mrs L Joannou - Chief Executive	35-40	0	21	75-80	0	36
Dr M Williams - Medical Director	15-20	0	0	35-40	0	0
Mr J Hughes - Director of Finance	0-5	0	1	60-65	0	28
Mrs A Constantine - Director of Commissioning & Performance	0	0	0	20-25	0	0
Mrs E Powell - Nurse Director	25-30	0	0	50-55	0	0
<b>Non Officer Members</b>						
Dr W Roberts - Chair	10-15	0	0	25-30	0	0
Rev H Meredydd - Vice Chair	0-5	0	0	5-10	0	0
Dr H Parry - Non officer member	0-5	0	0	5-10	0	0
Mr D J Barlow - Non officer member	0-5	0	0	5-10	0	0
Mr B Allport - Non officer member	0-5	0	0	5-10	0	0
Mrs P Lewis - Non officer member	0	0	0	0	0	0
Mrs P Hughes - Non officer member	0-5	0	0	5-10	0	0
Mrs K Dignam - Non officer member	0-5	0	0	5-10	0	0
Prof E Jacks - Non officer member	0-5	0	0	5-10	0	0
Mr B Williams - Non officer member	0	0	0	0	0	0
Mr A Roberts - Non Officer member	0	0	0	0	0	0
Dr A Squire - Non Officer Member	0	0	0	0-5	0	0
Dr D Ap Dafydd - Non Officer Member	0-5	0	0	0-5	0	0
Mr T Gwyn Jones - Non Officer Member	0	0	0	0	0	0
Cllr R Medi - Non Officer Member	0	0	0	0	0	0
Cllr S Williams - Non Officer Member	0	0	0	0	0	0
Cllr D Jones - Non Officer Member	0	0	0	0	0	0
Mr C Barton - Associate member	0	0	0	0	0	0
Mrs C Williams - Associate member	0	0	0	0	0	0
Mr M Jamieson - Associate member	0	0	0	0	0	0

Benefits in kind above relate to car allowances

Mrs A Constantine resigned her post as Director of Commissioning and Performance on 31st August 2008.

Mr B Williams (Non officer member) was deceased in September 2008.

Cllr R Medi resigned on 31st March 2009 and was replaced by Cllr Dylan Jones.

### 33. Remuneration Report

#### 33.2 Pension benefits

Name and title	Real	Lump	Total	Lump	Cash	Cash	Real	Employers
	increase in pension at 60 (bands of £2,500)	sum at age 60 related to real increase in pension	accrued pension at age 60 at 30 September 2009 (bands of £2,500)	sum at age 60 related to accrued pension at 30 September	Equivalent Transfer Value at 30 September 2009	Equivalent Transfer Value at 31 March 2009	increase on cash equivalent transfer value	contribution to stakeholder pension
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors								
Mrs L Joannou Chief Executive	0-2.5	0-2.5	70-75	50-55	282	259	17	0
Dr M Williams Medical Director	*	*	*	*	*	*	*	*
Mr J Hughes Director of Finance	0-2.5	0-2.5	15-20	10-15	83	77	4	0
E Powell Nurse Director	0-2.5	0-2.5	25-30	20-25	132	122	7	0

### **34. Operating segments**

The LHB has no operating segments

### **35. Additional Information**

#### **Forecast Financial Position 2009/2010**

Local Health Boards have a statutory duty to ensure that net operating costs do not exceed their revenue resource limit. In accordance with WHC (2007) 49 Statutory Financial Duties of NHS Trusts and Local Health Boards, even where an approved Financial Recovery Plan (FRP) is in place, failure to achieve financial balance will be deemed to have taken place and the LHB have failed its financial duty.

In 2008, the Health and Social Services Minister in the Welsh Assembly Government gave approval for the restructuring of Local Health Boards and NHS Trusts to create one new Local Health Board in North Wales (Betsi Cadwallader University Local Health Board) with effect from 1st October 2009. However, Anglesey Local Health Board is still required to plan to achieve a break-even position for the six month period ended 30th September 2009 and work with the other NHS organisations in North Wales to achieve agreement on a single North Wales Annual Operating Framework submission.

A North Wales community 2009/2010 Annual Operating Framework was agreed with the Welsh Assembly Government at the beginning of the year. Plans have been developed to mitigate the Health Community's risks and to ensure the achievement of the 2009/2010 Annual operating Framework/Local Delivery Plan targets within the health economy's total resources available. In addition, the Local Health Board submitted a balanced 2009/2010 Financial Plan to the Assembly as approved by the Board in March 2009.

At the time of producing these accounts, the Local Health Board was still planning to achieve the agreed financial targets for 2009/2010. However, responsibility for the delivery of the final six months of the agreed Financial Plan falls to the Betsi Cadwallader University Local Health Board.

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

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

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

Date ..... 2010 ..... Chief Executive

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

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

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

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

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

**By Order of the Board**

**Signed:**

Chairman: ..... Dated: ..... 2010

Chief Executive: ..... Dated: ..... 2010

Director of Finance: ..... Dated: ..... 2010

## PROFORMA STATEMENT ON 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 performance of the Anglesey Local Health Board is held to account via the Welsh Assembly Government Local Health Economy, and organisation specific reviews. Routine performance reporting is provided to the Welsh Assembly Government through the Balanced Scorecard, Health Care Standards for Wales Improvement Plan and Financial Monitoring Returns.

### 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 period ended 30 September 2009 and up to the date of approval of the accounts to 30 September 2009, and accords with Welsh Assembly Government guidance.

### 3. Capacity to handle risk

The Board takes overall responsibility for risk management and a risk management framework, control, assurance and review process was in place throughout the period. WAG guidance identifies the standards which effectively define the governance framework required by a Local Health Board to manage its overall business. The LHB had, for prior full year periods, provided a self assessment against Healthcare Standards and utilised the toolkit to identify and manage unacceptable and key risks. The LHB has a Risk Management Strategy which embraces the risk management framework and sets out the responsibilities of the Board, committees, Executive Directors, managers and staff. The Audit and Integrated Governance Committee reviews the establishment and maintenance of an effective system of integrated governance, risk management and internal control across all activities (both clinical and non clinical), that support the achievement of the organisations objectives. The committee reviews; the risk and control statements, ensures there are assurance processes in place to indicate compliance with objectives and management of principal risks, promotes learning and training, ensures appropriate structures are in place to manage risks, reviews the adequacy of policies, monitors compliance with Healthcare Standards and of the implementation of the Healthcare Standards Improvement Plan.

The risk management process has an identified directorate lead, the Director of Finance, and key groups and staff support the process and take responsibility for day to day management of risks. Reports on risk and assurances are received through the Audit and Integrated Governance Committee and the Board.

Staff and management have received guidance on risk management internally and from Internal Audit and, where identified, have applied good practice.



#### 4. The risk and control framework

The LHB's risk management framework links to the strategic and organisational objectives and is an integrated part of management activity.

The key elements of risk management are:

A risk management strategy underpinned by other relevant policies including the Incident Reporting Policy, Health and Safety Policy and complaints policy.

A top down and systematic approach to the identification of principal risks which threaten the achievement of primary objectives is adopted.

Risk is identified, evaluated and controlled through:

The strategy which defines; the objectives of Risk Management, the process and structure by which it is undertaken, lead responsibility and arrangements, key policies, procedures and risk management practices, the approach to the identification, assessment, scoring, treatment and monitoring of risk and defines acceptable risk.

Measures are in place to evaluate and mitigate risks and ensure systems operate effectively. e.g. A risk notification process, which includes the identification, evaluation, analysis, risk control review and follow up of risks has been established and adopted at Executive Management Level. Once identified the risks are then incorporated on the LHB's Assurance Framework which is reviewed on a regular basis by the Executive Management Team and is a standing agenda item on all the organisation's meetings.

Risk management is embedded through:

A fundamental tenant of the Risk Management Strategy is that all managers and staff must accept that the management of risks in their services and departments is one of their key operational and day to day responsibilities as noted within their job descriptions.

A rolling programme of training is delivered on three levels as described within the Risk Management Strategy.

Risk management is a standing agenda item on all the organisation's committees / meetings.

Local Health, Social Care and Wellbeing Strategies form the basis of the commissioning plans and together with the Health Commission Wales (Specialist Services) Annual Commissioning Plan are used to inform the Trust and Local Authority planning processes. The process recognises "Designed for Life", the health and social care strategy for Wales for 2005-2015, "Improving Health in Wales", the response to the Review of Health and Social Care ('Wanless report), Welsh Priorities and Planning Guidance, Annual Strategic and Financial Framework Guidance, the National Reporting Framework; National clinical quality improvement targets, financial responsibilities; Public Service VFM agreements and standards.

2008-09 and 2007-08 Self Assessment against Healthcare Standards for Wales

The LHB recognises that performance against most, if not all healthcare standards contribute to overall good risk management across the range of the organisations' activities.

The LHB completed a self-assessment against all healthcare standards for both years. The Board was engaged in the process for 2008-09 and approved the sign off by the Chief Executive following quality checks at directorate level.

In compliance with guidance received from the Regional Office, any Criterion within the specific Standards which were self assessed as Aware (Score of 1) or Responding (Score of 2) are included within the LHB's Healthcare Standards for Wales Improvement Plan for 2008/9. For the four standards that underpin the management of risk achieved the results are in the following table:

**Table of scores - key standards for risk management**

Std	Performance	LHB Assessments		HIW Validation	
	Objective	2007-2008	2008-2009	2007-2008	2008-2009
14	Safety & Health	Developing	Practising	Developing	Practising
16	Patient Safety - learning from incidents	Practising	Practising	Practising	Practising
27	Governance arrangements	Developing	Developing	Developing	Developing
28	Clinical Governance and Audit	Practising	Practising	Practising	Practising

In 2008-09 the Internal Auditors undertook the following work:

- Reviewed the self assessment input on the HIW HCS tool for the four key standards specified in the SIC. This included a review of the explanation, the evidence that supports the explanation and the appropriateness of the self-assessed score in consideration of the maturity matrix requirements.
- Assessed the process adopted by the LHB in preparing and completing the self assessment.
- Reviewed action plans and the process for monitoring progress, evaluating what improvements have been demonstrated for those areas that were reported as being aware and/or responding.
- Confirmed that the Board are appropriately engaged.

#### Healthcare Standards Improvement Plan in 2009/2010

- A local healthcare standards improvement plan for the year is in place which has been agreed by the Board. The plan addresses all aware and responding level actions and is monitored via monthly exception reports to the local Executive Management Team with highlight reports being provided to the Betsi Cadwaladr University Health Board (BCUHB) Safety and Standards Committee. A review of the local healthcare standards improvement plan was undertaken to identify high level issues or actions that required transferring into the new organisation (BCUHB) Improvement Plan. The plan was approved by the BCUHB meeting on 1st October and reported to the Regional Office of the Welsh Assembly Government on the 31st October 2009.
- Healthcare standards are embedded in the activity of the organisation by board meeting agenda items being linked to the appropriate Healthcare Standard.
- For the whole of 2009/2010 the new Local Health Board will be required to embed standards within the new structures ensuring; roles and responsibilities are agreed, awareness raising is effective and timely, that the standards are mapped to the organisations objectives, sound processes and evidence supports assessments and assurance mechanisms are comprehensive and effective.

Priorities and risks that stemmed from the transition period are included within the Legacy statements that formed part of the overall handover process to ensure continuity of service in the new Local Health Board. These are based on a common format agreed with all North Wales NHS bodies, included a commentary on implications for the successor body and allowed for electronic links to supporting documents. An organisation lead is reflected against each theme. Access is available through the NHS North Wales Reform Intranet Page.

## 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.

### Obligations under equality, diversity and human rights legislation

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

The strategies, policies, functions and service delivery of the LHB does not discriminate against employees or sections of the community. Service provision is compliant with human rights, disability, gender and race equality legislation. Documentation in support of the measures is located on the LHB's information database and is subject to review and monitoring.

Promoting equality and fairness continues to be a high priority for the LHB in its role as both an employer and commissioner of services.

The LHB has developed a Single Equality Scheme which sets out how our commitment to equality in service provision and in our employment practices will be translated into actions. It builds on the previous separate race, gender and disability schemes and associated action plans and now includes actions related to age, religion / belief and sexual orientation equality. It was approved and adopted by the Board in May 2008.

Quarterly progress reports on the supporting SES Action Plan have been produced. Detailed equality impact assessments are scheduled for work on such areas as the development of clinical strategies for hospital based unscheduled care; primary and community services; and mental health services. The LHB continues to support primary care contractors in ensuring that the duties under the disability scheme are fulfilled.

There are numerous HR policies in place which also support the organisation to comply with statutory obligations under equality, diversity and human rights legislation.

The LHB's Revised Welsh Language scheme 2008 - 2011 received Welsh Language Board approval on 31st March 2008 and operates in accordance with the requirements of the Welsh Language Act.

The effectiveness of the systems of internal control is ensured through a process of:

Board engagement through receipt of minutes and reports from committees, groups and directorates and actions taken on identified risks and recommendations.

The Audit and Integrated Governance Committee met regularly and received assurances from Internal Audit, External Audit, other independent bodies and Executive Directors. The committee was responsible for agreeing the annual internal audit strategy and plan and received the annual Director of Audit's report, for 2008-2009, on assurances provided.

The Risk Management process is supported by the Risk Management and Governance processes, committees or groups. This provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principle objectives have been reviewed.

Internal Audit provided an independent service, conforming with Welsh Assembly Governance Guidance, that reviewed risks and controls through a risk based plan, an assignment risk assessment, supplied assurances on risks and controls, actions and good practice guidance as appropriate. The Director of Internal Audit's opinion provides me with an opinion on the overall arrangements for gaining assurance through the Risk Management Framework and on the controls reviewed as part of the internal audit work.

Other review and assurance mechanisms include regular or annual reports by; directors on Clinical and Non clinical risks through appropriate committees and groups, HIW, External audit and partnerships. The External Audit report includes a reference to the effectiveness of internal controls.

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.

## **6. Significant internal control problems**

There have been no significant internal control issues identified during 2009/10.

## **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 Anglesey Local Health Board for the six months ended 30 September 2009 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Operating Cost Statement, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them.

### **Respective responsibilities of Directors, the Chief Executive and the Auditor**

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

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

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

In addition I report to you if in my opinion, Anglesey Local Health 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 HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Anglesey Local Health Board'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 Anglesey Local Health Board's corporate governance procedures or its risk and control procedures.

### **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. 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 Anglesey Local Health Board's circumstances, and are consistently applied and adequately disclosed.

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

### **Opinion**

In my opinion:

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

### **Emphasis of Matter**

In forming my opinion, I have considered the disclosure made in note 24 concerning the additional liabilities that may arise from continuing healthcare claims. Whilst the Local Health Board has provided me with sufficient, appropriate evidence to enable me to satisfy myself as to whether IAS37 Provisions, Contingent Liabilities and Contingent Assets would require recognition of a provision, I consider that the uncertainties relating to these amounts are significant and that once additional assessments of these claims have been undertaken they may result in significant additional costs to the Local Health Board. My opinion is not qualified in this respect.

My opinion is not qualified in respect of the above item.

### **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 Anglesey LHB's arrangements for securing economy, efficiency and effectiveness in its use of resources for the period ended 30 September 2009 will be reported separately in my published Audit Letter for the six month period.

Gillian Body  
Auditor General for Wales  
24 March 2010

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