

Welsh Ambulance Services NHS Trust

Foreword

These accounts for the year ended 31 March 2006 have been prepared by the Welsh Ambulance Services NHS Trust under section 98(2) of the National Health Service Act 1977 (as amended by section 24(2), schedule 2 of the National Health Service and Community Care Act 1990) in the form in which the National Assembly for Wales has, with the approval of Treasury, directed.

The main functions of the trust are to provide emergency and non-emergency ambulance services in Wales.

INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2006

	Note	£000	2004-05 £000
Income from activities	3	107,773	87,053
Other operating income	4	6,782	6,504
Total income		114,555	93,557
Operating expenses	5	(113,906)	(92,591)
Operating surplus/(deficit)		649	966
Costs of fundamental reorganisation/restructuring		0	0
Profit/(loss) on disposal of fixed assets	8	139	(10)
Surplus before interest		788	956
Interest receivable		437	371
Interest payable	9	(227)	(244)
Other finance costs	16	(204)	(129)
Surplus for the financial year		794	954
Public Dividend Capital dividends payable		(787)	(843)
Retained surplus for the year	17	7	111

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

		2004-05
	£000	£000
	Note	
Surplus/(deficit) for the financial year before dividend payments		954
Fixed asset impairment losses	17	0
Unrealised surplus/(deficit) on fixed assets revaluations/indexation	17	2,025
Increases in the donated asset and government grant reserves due to receipt of donated and government grant finance assets	17	0
Reduction in the donated asset and government grant reserves due to the depreciation, impairment and disposal of donated and government grant financed assets	17	(3)
Additions/(reductions) in "other reserves"	17	0
Defined benefit scheme actuarial gains & losses		0
		<u>0</u>
Total recognised gains and losses for the financial year		2,976
Prior period adjustment	17	0
		<u>0</u>
Total gains and losses recognised in the financial year		<u>1,628</u>
		<u>2,976</u>

BALANCE SHEET AS AT 31 MARCH 2006

			31 March	
			2005	
	Note	£000	£000	£000
Fixed assets				
Intangible assets	10	0		0
Tangible assets	11	37,471		37,889
			<u>37,471</u>	<u>37,889</u>
Current assets				
Stocks and work-in-progress	12	200		162
Debtors	13	14,744		12,730
Investments	14	15,000		0
Cash at bank and in hand	18.3	326		326
Total current assets			<u>30,270</u>	<u>13,218</u>
Creditors: amounts falling due within 1 year	15		<u>(6,578)</u>	<u>(6,269)</u>
Net current assets/(liabilities)			<u>23,692</u>	<u>6,949</u>
Total assets less current liabilities			<u>61,163</u>	<u>44,838</u>
Creditors: amounts falling due after more than one year	15		(1,249)	(1,370)
Provisions for liabilities and charges	16		<u>(29,521)</u>	<u>(12,763)</u>
Total assets employed			<u>30,393</u>	<u>30,705</u>
Financed by:				
Taxpayer's equity				
Public dividend capital	23.2		21,316	22,469
Revaluation reserve	17		10,510	9,792
Donated asset reserve	17		14	21
Government grant reserve	17		0	0
Other reserves	17		0	0
Income and expenditure reserve	17		<u>(1,447)</u>	<u>(1,577)</u>
Total taxpayer's equity			<u>30,393</u>	<u>30,705</u>

Signed on behalf of the Board on

Chairman

Chief Executive

Adopted by the Board on

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	Note	£000	£000	2004-05 £000
Operating activities				
Net cash inflow from operating activities	18.1		20,096	4,813
Returns on investments and servicing of finance				
Interest received		437		371
Interest paid		0		0
Interest element of finance leases		(227)		(244)
Net cash inflow/(outflow) from returns on investments and servicing of finance			210	127
Capital expenditure				
Payments to acquire tangible fixed assets		(3,348)		(6,208)
Receipts from sale of tangible fixed assets		485		10
Payments to acquire/ receipts from sale of intangible assets		0		0
Net cash inflow/(outflow) from capital expenditure			(2,863)	(6,198)
Public dividend capital dividends paid			(1,171)	(1,028)
Management of liquid resources				
Purchase of current asset investments		(15,000)		0
Sale of investments		0		0
Net cash inflow/(outflow) from management of liquid resources			(15,000)	0
Net cash inflow/(outflow) before financing			1,272	(2,286)
Financing				
Public dividend capital received		483		4,512
Public dividend capital repaid (not previously accrued)		(1,636)		(1,809)
Public dividend capital repaid (accrued in previous period)		0		0
Government loans received: short term		0		0
Government loans repaid: short term		0		0
Loan advances/brokerage received		0		0
Loan advances/brokerage repaid		0		(300)
Other capital receipts		0		0
Capital element of finance leases		(119)		(117)
Net cash inflow/(outflow) from financing			(1,272)	2,286
Increase/(decrease) in cash	18.2		0	0

Notes to the accounts

1. Accounting policies and other information

The National Assembly for Wales has directed that the financial statements of NHS trusts in Wales shall meet the accounting requirements of the NHS trust manual for accounts which shall be agreed with HM Treasury. The accounting policies contained in the manual follow UK generally accepted accounting practice for companies (UK GAAP) and HM Treasury's Resource Accounting Manual to the extent that they are meaningful and appropriate to the NHS, as determined by the National Assembly for Wales as approved by HM Treasury, which is advised by the Financial Reporting Advisory Board. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts. Standard accounting policies are laid down in the manual for accounts and the Draft Capital Accounting Manual, however may vary with approval of the Assembly. If a change in accounting policy is made it will be disclosed and accounted for in accordance with FRS18 and FRS3.

1.1 Accounting convention

This account has been prepared under the historical costs convention, modified to account for the revaluation of fixed assets at their value to the business by reference to their current cost. NHS Trusts are not required to provide a reconciliation between current costs surpluses and deficits and historical cost surpluses and deficits.

1.2 Acquisitions and discontinued operations

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

1.3 Income recognition

Income is accounted for applying the accruals convention. The main source of income for the trust is from commissioners in respect of healthcare services provided under Service and Financial Framework agreements. Income for patient care provided for other NHS bodies is recognised in accordance with the terms and conditions of the NHS contracts. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

1.4 Intangible fixed assets

Intangible assets are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued and they have a cost of at least £5,000.

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

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

1.5 Tangible fixed assets

i. Capitalisation

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

- individually have a cost of at least £5,000; or
- collectively have a cost of at least £5,000, where the assets are functionally interdependent, they had broadly simultaneous purchase dates and are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of an IT network which collectively has a cost more than £5000 and individually have a cost of more than £250; or
- form part of the initial equipping and setting up cost of a new building, ward or unit irrespective of their individual or collective cost.

ii. Valuation

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

Land and buildings are restated to current value using professional valuations in accordance with FRS15 every five years and in the intervening years by the use of indices. The buildings index is based on the 'All in Tender Price Index' published by the Building Cost Information Service. The land index is based on the residential building land values reported in the Property Market Report published by the Valuation Office.

Valuations are carried out by the District Valuers of the Inland Revenue at 5 yearly intervals. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Assembly and HM Treasury. The last asset valuations were carried out as at 30 September 2002 and were reflected in the 2002-03 balance sheet values.

The valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non-specialised operational property. The value of land for existing use purposes is assessed at existing use value. For non-operational properties, including surplus land, the valuations are carried out at open market value.

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

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

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

Residual interests in off-balance sheet Private Finance Initiative properties are included in tangible fixed assets as 'assets under construction and payments on account' where the PFI contract specifies the amount, or a nil value, at which the assets will be transferred to the Trust at the end of the contract. The residual interest is built up, on an actuarial basis, during the life of the contract by capitalising part of the unitary charge so that at the end of the contract the balance sheet value of the residual value plus the specified amount equal the expected fair value of the residual asset at the end of the contract. The estimated fair value of the asset on reversion is determined by the District Valuer. The District Valuer should provide an estimate of the anticipated fair value of the assets on the same basis as the District Valuer values the NHS Trusts estate.

Operational equipment is valued at net current replacement cost through annual uplift by the change in the value of the GDP deflator. Equipment surplus to requirements is valued at net recoverable amount.

iii. Depreciation

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives. No depreciation is provided on freehold land, assets in the course of construction and assets surplus to requirements.

Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer. Leaseholds are depreciated over the primary lease term. Equipment is depreciated on current cost evenly over the estimated life of the asset.

Impairment losses resulting from short-term changes in price that are considered to be recoverable in the longer term are taken in full to the revaluation reserve. These include impairments resulting from the revaluation of fixed assets from their cost to their value in existing use when they become operational. This may lead to a negative revaluation reserve in certain instances.

Where the useful economic life of an asset is reduced from that initially estimated due to the revaluation of an asset for sale, depreciation is charged to bring the value of the asset to its value at the point of sale. Useful asset lives are not included in the proforma accounts and should be included. Where there have been any significant changes to the useful economic life or residual values of assets, the reason and effect should be disclosed in the year of change. Where, under Financial Reporting Standard 11 a fixed asset impairment is charged to the Income and Expenditure account, offsetting income is paid by the Assembly via the Trust's main commissioner, to offset the charge. The income is used to repay Public Dividend Capital.

1.6 Cash Bank and Overdrafts

Cash, Bank and Overdrafts are recorded at current values and are only set-off where a formal agreement exists with the bank. Interest earned on bank accounts and interest charged on overdrafts are recorded as, respectively, 'Interest receivable' and 'Interest Payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate."

1.7 Donated fixed assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the donated asset reserve. Donated assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluation are also taken to the donated asset reserve and each year, an amount equal to the depreciation charge is released from this reserve to the Income and Expenditure account. Similarly, any impairment on donated assets charged to the Income and Expenditure account is matched by a transfer from the donated asset reserve. On sale of donated assets, the value of the sale proceeds is transferred from the Donated Asset Reserve to the Income and Expenditure Reserve.

1.8 Government grants

Government grants are grants from government bodies other than funds from NHS bodies or funds awarded by Parliamentary Vote. The government grants reserve is maintained at a level equal to the net book value of the assets which it has financed.

1.9 Leases

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

1.10 Private Finance Initiative

The NHS follows HM Treasury's 'Technical Note 1 (Revised) How to account for PFI transactions' which provides practical guidance for the application of the FRS5 amendment. PFI schemes are schemes under which the PFI operator receives an annual payment from the Trust for the services provided by the PFI operator in operating a property and for access to the property itself .

Where the balance of risks and rewards of ownership is borne by the PFI operator, the PFI payments are recorded as an operating expense. Where the trust has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by a charge to the Income and Expenditure account. Where, at the end of the PFI contract, a property reverts to the trust, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.

Where the balance of risks and rewards of ownership of the PFI property are borne by the trust, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

1.11 Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to the current cost due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.12 Research and development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria:

- * there is a clearly defined project;
- * the related expenditure is separately identifiable;
- * the outcome of the project has been assessed with reasonable certainty as to:
 - * its technical feasibility;
 - * its resulting in a product or service which will eventually be brought into use;
- * adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the income and expenditure account on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. The amortisation charge is calculated on the same basis as used for depreciation i.e. on a quarterly basis. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. The trust is unable to disclose the total amount of research and development expenditure charged in the income and expenditure account (a requirement of SSAP 13) because some research and development activity cannot be separated from patient care activity.

Fixed assets acquired for use in research and development are amortised over the life of the associated project.

1.13 Provisions

The trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. In accordance with FRS 12 provisions are only recognised where the transfer of economic benefit is probable, and the amount can be reasonably estimated. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms. The effect of the change is to increase the carrying value of the provision and this is shown in the Income and Expenditure Account and at Note 16.

In the prior year, as directed by the Assembly, the accounts departed from the requirements of FRS12 in relation to Agenda for Change Costs. For 2005-06, no such instruction has been issued by the Assembly and the Trust has applied FRS12 to Agenda for Change costs. This represents a change in accounting policy in 2005-06.

1.14 Contingent Liabilities

Contingent liabilities are recognised where the NHS Trust has

- A possible obligation arising from past events whose existence will be confirmed by the occurrence of future events not wholly within the Trust's control;
- A present obligation arising from past events for which it is not probable that a transfer of economic benefits will be required to settle the obligation; or
- A present obligation where the amount of the obligation cannot be measured with sufficient accuracy.

Contingent liabilities are not disclosed where the probability of them becoming liabilities is considered to be remote.

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

1.15 Losses and special payments

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

Losses and special payments are charged to the income and expenditure account on an accruals basis. However, note 22 is compiled directly from the losses and compensations register which is compared with the generality of payments.

Losses and special payments are charged to the income and expenditure account on an accruals basis. However, note 22 is compiled directly from the losses and compensations register which is prepared on a cash basis.

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

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

1.16 Pension costs

Past and present employees are covered by the provisions of the NHS Pension Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State. As a consequence it is not possible for the trust to identify its share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period. The total employer contribution payable in 2005-06 was £8,347,397 (£6,444,319 for 2004-05).

The Scheme is subject to a full valuation for FRS17 purposes every four years. The last valuation took place as at 31 March 2003. The scheme is also subject to a full valuation by the Government Actuary to assess the scheme's assets and liabilities to allow a review of the employers contribution rates, this valuation took place as at 31 March 2004 and has yet to be finalised. The last published valuation on which contributions are based covered the period 1 April 1994 to 31 March 1999. Between valuations, the Government Actuary provides an update of the scheme liabilities. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS pensions Agency website at www.nhspa.gov.uk. Copies can also be obtained from The Stationery Office.

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

NHS bodies are directed by the Secretary of State to charge employer's pension cost contributions to operating expenses as and when they become due.

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

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

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. For early retirements not funded by the scheme, the full amount of the liability for the additional costs is charged to the income and expenditure account at the time the Trust commits itself to the retirement, regardless of the method of payment.

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

1.17 Liquid resources

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

1.18 Value added tax

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

1.19 Foreign Exchange

Transactions that are 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 Income and Expenditure Account.

1.20 Third party assets

Assets belonging to third parties (such as money held on behalf of Patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in note 28 to the accounts.

1.21 Public Dividend Capital Dividends

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

1.22 Pooled budgets

The Trust has no pooled budgets.

2. Segmental reporting

The Trust has no business segments as defined in SSAP25 - Segmental Reporting.

3. Income from activities

	2004-05	
	£000	£000
Local health boards	1,561	1,390
Health Commission Wales	81,244	66,335
NHS trusts	15,578	15,572
Strategic health authorities and primary care trusts	0	0
Foundation Trusts	0	0
Local authorities	0	0
National Assembly for Wales	8,748	3,075
Non NHS:		
Private patient income	6	8
Overseas patients (non-reciprocal)	0	0
Road Traffic Act charges	0	0
Other income from activities	636	673
Total	107,773	87,053

RTA income is subject to a provision for doubtful debts of 8.7% to reflect expected rates of collection.

Income from Health Commission Wales includes £12,516k relating to funding for Agenda for Change costs for 2005/06. Income from National Assembly from Wales includes £7,043k relating to funding received for Agenda for Change for 2004/05.

4. Other operating income

	2004-05	
	£000	£000
Patient transport services	0	0
Education, training and research	1,362	1,380
Charitable and other contributions to expenditure	1,375	1,377
Transfer from the donated asset reserve	7	3
Transfer from the government grant reserve	0	0
Non-patient care income generation schemes	582	525
Other income:		
Provision of laundry, pathology, payroll services	0	0
Accommodation and catering charges	0	0
Mortuary fees	0	0
Staff payments for use of cars	204	142
Business unit (please state)	0	0
Other	3,252	3,077
Total	6,782	6,504

Other income of £3,252k includes the following sources:

Non-ambulance transport for other NHS Trusts	2,474	2,347
Other minor services income	778	730
Total	3,252	3,077

5. Operating expenses

5.1 Operating expenses comprise

	£000	2004-05 £000
Goods and services from other NHS bodies	714	593
Goods and services from other NHS Foundation Trusts	0	0
Purchase of healthcare from non-NHS bodies	104	0
Directors' costs	528	469
Staff costs	84,880	61,723
Supplies and services - clinical	1,691	1,950
Supplies and services - general	842	877
Establishment	3,549	3,301
Transport	14,440	14,440
Premises	3,398	2,592
Depreciation and amortisation	3,575	3,153
Fixed asset impairments and reversals	666	0
Audit fees	106	106
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	(990)	2,471
Other operating expenses	403	916
Total	113,906	92,591

Staff costs in 2005/06 include £6,339k of costs for Agenda for Change for 2004/05 and £14,840 for 2005/06.

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

	£000	2004-05 £000
Increase/decrease in provision for future payments:		
Clinical negligence	(567)	4,665
Personal injury	16	2,037
All other losses and special payments	191	105
Defence legal fees and other administrative costs	(2)	319
Gross increase/decrease in provision for future payments	(362)	7,126
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	(97)	47
Less: income received/ due from Welsh Risk Pool	(531)	(4,702)
Total charge	(990)	2,471

The Personal injury net figure of £16,000 includes £(1,189,792) (2004-05 £1,502,912) in respect of permanent injury benefits

* Contribution to Welsh Risk Pool not payable directly by Trusts from 01.04.04

5.3 Commitments under non-cancellable operating leases

	Land and buildings		Other leases	
	£000	2004-05 £000	£000	2004-05 £000
Operating leases which expire:				
Within 1 year	0	0	334	409
Between 1 and 5 years	0	0	1,782	2,383
After 5 years	0	0	201	201
Total	0	0	2,317	2,993

Operating expenses include £4,276,185 for operating lease rentals (2004-05 £5,318,722).
and £nil for hire of plant/machinery (2004-05 £ nil).

5.4 Directors' remuneration

	Remuneration as Director £000	Other remuneration £000	Total £000	2004-05 £000
Non-executive directors' remuneration	79	0	79	64
Executive directors' remuneration:				
basic salaries	434	0	434	380
benefits	9	0	9	13
performance related bonuses	0	0	0	0
pension contributions paid	61	0	61	53
Sub-total	583	0	583	510
Compensation for loss of office	0	0	0	0
Pensions for directors and former directors (other than from the NHS pension scheme)	0	0	0	0
Total	583	0	583	510

No performance related bonuses were paid to any Director of the Trust during the financial year 2005-06.

£nil was waived by directors and £nil allowances were paid in lieu.

5.4 Directors' remuneration (continued):

The remuneration of the chairman, chief executive and (where the chief executive is not the highest paid member) the highest paid director is as follows:

	Remuneration as director £000	Other remuneration £000	Total £000	2004-05 £000
Chairman				
Basic remuneration	39	0	39	35
Benefits	0	0	0	0
	<u>39</u>	<u>0</u>	<u>39</u>	<u>35</u>
Chief Executive				
Basic salaries	118	0	118	92
Benefits	0	0	0	4
Performance related bonuses	0	0	0	0
	<u>118</u>	<u>0</u>	<u>118</u>	<u>96</u>
Pension contributions	179	0	179	13
	<u>297</u>	<u>0</u>	<u>297</u>	<u>109</u>
Highest paid director*				
Basic salaries	0	0	0	0
Benefits	0	0	0	0
Performance related bonuses	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Pension contributions	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

During 2005/2006, Mr A. Page, Chief Executive was on long term sick with effect from November 2005 until the end of the financial year. During this period Mr. M.F.Webb acted up into the position but received no remuneration in respect of acting up duties. The Chief Executive remuneration also includes an amount of £9,000 in respect of Mr R . C. Thayne who was Interim Chief Executive during March 2006.

The Pension Contributions of the Chief Executive in 2005/06 includes a provision of £162,000 for potential premature retirement benefits (Note 16). This provision has not been paid and remains subject to the conclusion of an on-going review.

6. Employee costs and numbers

6.1 Employee costs

	Permanent Staff	Staff on inward secondment	Agency temporary and contract staff	Total	2004-05
	£000	£000	£000	£000	£000
Salaries and wages	71,134	0	0	71,134	51,720
Social security costs	5,660	0	0	5,660	3,798
Pension costs	8,347	0	0	8,347	6,444
Other pension costs	180	0	0	180	160
Total	85,321	0	0	85,321	62,122

6.2 Average number of employees

	Permanent Staff	Staff on inward secondment	Agency temporary and contract staff	Total	2004-05
	Number	Number	Number	Number	Number
Medical and dental	1	0	0	1	1
Ambulance staff	2,070	0	0	2,070	2,056
Administrative and estates	217	0	0	217	213
Healthcare assistants and other support staff	122	0	0	122	117
Nursing, midwifery and health visiting staff	0	0	0	0	0
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and technical staff	0	0	0	0	0
Social care staff	0	0	0	0	0
Other	0	0	0	0	0
Total	2,410	0	0	2,410	2,387

6.3 Employee benefits

The Trust does not have an employee benefit scheme.

6.4 Trust management costs	2004-05		2004-05	
	£000	Percentage of total income	£000	Percentage of total income
Trust management costs	4,369	3.8%	3,821	4.1%
Income	114,555		93,557	

This cost information is collected using the definition for Trust management costs from WHC(2000)113

6.5 Retirement costs due to ill-health

During 2005-06 (prior year 2004-05) there were 10 (16) early retirements from the Trust 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 £1,084,923 (£1,688,686).

7. Public Sector Payment Policy - Measure of Compliance

7.1 Prompt payment code - measure of compliance

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

	Number	£000	2004-05 £000
NHS			
Total bills paid 2005-06	990	1,445	1,463
Total bills paid within target	955	1,402	1,390
Percentage of bills paid within target	96.5%	97.0%	95.0%
Non-NHS			
Total bills paid 2005-06	31,484	24,420	25,943
Total bills paid within target	30,416	23,753	25,190
Percentage of bills paid within target	96.6%	97.3%	97.1%
Total			
Total bills paid 2005-06	32,474	25,865	27,406
Total bills paid within target	31,371	25,155	26,580
Percentage of bills paid within target	96.6%	97.3%	97.0%

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

	2004-05 £	2004-05 £
Amounts included within Interest Payable (note 9) arising from claims made under this legislation and compensation paid to cover debt recovery costs.	0	0

8. Profit (loss) on disposal of fixed assets

Profit / (loss) on the disposal of fixed assets is made as follows:

	2004-05
	£000
Profit on disposal of land and buildings	132
Loss on disposal of land and buildings	0
Profit on disposal of plant and equipment	7
Loss on disposal of plant and equipment	0
Profit on disposal of intangible fixed assets	0
Loss on disposal of intangible fixed assets	0
	<u>139</u>

9. Interest payable

	2004-05
	£000
Government borrowing	0
Finance leases and PFI schemes	227
Other	0
	<u>227</u>

10. Intangible fixed assets

	Software licences £000	Licenses and trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross cost at 1 April	0	0	0	0	0
Indexation	0	0	0	0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Other revaluations	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Gross cost at 31 March	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Accumulated amortisation at 1 April	0	0	0	0	0
Indexation	0	0	0	0	0
Impairments	0	0	0	0	0
Reclassifications	0	0	0	0	0
Other revaluations	0	0	0	0	0
Provided during the year	0	0	0	0	0
Disposals	0	0	0	0	0
Accumulated amortisation at 31 March	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net book value at 1 April	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net book value at 31 March	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

11. Tangible fixed assets

11.1 Tangible assets at the balance sheet date:

Cost or valuation	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction and payments on account	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
				£000					
At 1 April 2005	5,390	21,988	0	5,043	14,009	9,316	2,050	94	57,890
Indexation	252	379	0	86	295	197	44	2	1,255
Additions									
- purchased	0	269	0	2,367	166	261	265	0	3,328
- donated	0	0	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	200	0	(3,187)	65	2,833	24	65	0
Impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	(666)	0	0	0	0	(666)
Disposals	(140)	(200)	0	0	(37)	(345)	(5)	0	(727)
At 31 March 2006	5,502	22,636	0	3,643	14,498	12,262	2,378	161	61,080
Depreciation									
At 1 April 2005	0	2,125	0	0	10,290	6,186	1,379	21	20,001
Indexation									
- purchased	0	36	0	0	217	131	29	1	414
- donated	0	0	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(35)	19	16	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	0	0	0	0	0	0	0	0
Disposals	0	(33)	0	0	(38)	(305)	(5)	0	(381)
Provided during the year	0	947	0	0	1,013	1,322	264	29	3,575
At 31 March 2006	0	3,075	0	0	11,447	7,353	1,683	51	23,609
Net book value at 1 April 2005	5,390	19,863	0	5,043	3,719	3,130	671	73	37,889
Net book value at 31 March 2006	5,502	19,561	0	3,643	3,051	4,909	695	110	37,471
Net book value of assets held under finance leases and hire purchase contracts									
Total	0	2,282	0	0	0	0	0	0	2,282
The total amount of depreciation charged in the Income and Expenditure account in respect of assets held under finance leases and hire purchase contracts:									
Total	0	119	0	0	0	0	0	0	119

Of the totals at 31 March 2006, £nil related to land valued at open market value and £nil related to buildings, installations and fittings valued at open market value.

Figures for freehold land and buildings are given gross with separate accumulated depreciation.

Other in-year revaluations relates to prior year expenditure for the Ambulance Radio Reprocedurement Project which has now transferred to a revenue project.

11.2 Fixed asset investments at the balance sheet included in fixed assets comprise:

The Trust had no fixed asset investments at the balance sheet date.

11.3 The net book value of land and buildings at the balance sheet date comprise:	31 March 2005	
	£000	£000
Freehold	19,181	19,079
Long leasehold	5,882	6,174
Short leasehold	0	0
Total	25,063	25,253

12. Stocks and work-in-progress	31 March 2005	
	£000	£000
Raw materials and consumables	200	162
Work-in-progress	0	0
Finished processed goods	0	0
Total	200	162

13. Debtors	31 March 2005	
	£000	£000
Amounts falling due within one year:		
Welsh Risk Pool	5,686	5,193
NHS debtors	4,905	3,878
PDC dividend debtors	505	121
Other debtors	1,562	1,395
Provision for irrecoverable debts	(88)	(187)
Other prepayments and accrued income	2,174	2,330
Sub-total	14,744	12,730
Amounts falling due after more than one year:		
Welsh Risk Pool	0	0
NHS debtors	0	0
Other prepayments and accrued income	0	0
Other debtors	0	0
Sub-total	0	0
Total	14,744	12,730

14. Investments

		31 March 2005 £000
Government securities	15,000	0
Local authorities	0	0
Other	0	0
Total	15,000	0

15. Creditors**15.1 Creditors at the balance sheet date are made up of:**

		31 March 2005 £000
Amounts falling due within one year:	£000	£000
Bank overdrafts	0	0
Interest payable	0	0
Loan advance/brokerage	0	0
Payments received on account	0	0
NHS creditors	393	273
Non-NHS trade creditors - revenue	1,872	1,096
Non-NHS trade creditors - capital	906	927
Non-NHS trade creditors - losses and special payments	0	0
Tax and social security costs	1,340	562
PDC dividend payable	0	0
Obligations under finance leases and hire purchase contracts	119	117
Obligations under PFI schemes	0	0
Other creditors - superannuation	792	750
Other creditors - all other creditors	5	576
Accruals	1,151	1,968
Deferred income	0	0
Sub-total	6,578	6,269
Amounts falling due after more than one year:		
Loan advance/brokerage	0	0
Obligations under finance leases and hire purchase contracts	1,249	1,370
Obligations under PFI schemes	0	0
NHS creditors	0	0
Non-NHS trade creditors - losses and special payments	0	0
Deferred income	0	0
Other	0	0
Sub-total	1,249	1,370
Total	7,827	7,639

NHS creditors include:

£nil for payments due in future years under arrangements to buy out the liability for early retirements over 5 instalments; and
£nil outstanding pensions contributions at 31 March 2006 (£nil at 31 March 2005).

15.2 Loan advance/strategic assistance funding

31 March

2005

Amounts falling due:**£000**

£000

In one year or less	0	0
Between one and two years	0	0
Between two and five years	0	0
In five years or more	0	0
Sub-total	<u>0</u>	<u>0</u>
Wholly repayable within five years	0	0
Wholly repayable after five years, not by instalments	0	0
Wholly or partially repayable after five years by instalments	0	0
Sub-total	<u>0</u>	<u>0</u>
Total repayable after five years by instalments	0	0

Details of loan/brokerage:

The Trust has no loans/brokerage.

15.3 Finance lease obligations

31 March

2005

Payable:**Total****£000**

£000

Within one year	346	346
Between one and two years	0	0
Between two and five years	1,384	1,384
After five years	5,745	6,112
Sub-total	<u>7,475</u>	<u>7,842</u>
Less finance charges allocated to future periods	(6,107)	(6,355)
Total	<u>1,368</u>	<u>1,487</u>

15.4 Finance lease commitments

The Trust has entered into no new contracts to lease (building assets) under finance leases during the financial year 2005/06.

16. Provisions for liabilities and charges

	At 1 April 2005 £000	Structured settlement cases trans- ferred to Risk Pool £000	Transfer of prov- isions to creditors £000	Arising during the year £000	Reversed unused £000	Utilised during the year £000	Unwinding of discount £000	At 31 March 2006 £000
Clinical negligence	4,907	0	0	583	(1,150)	(83)	0	4,257
Personal injury	5,871	0	0	2,847	(2,831)	(701)	198	5,384
All other losses and special payments	5	0	0	194	(3)	(196)	0	0
Defence legal fees and other administration	508	0	0	520	(522)	(234)		272
Sub-total	11,291	0	0	4,144	(4,506)	(1,214)	198	9,913
Pensions relating to:								
former directors	0			0	0	0	0	0
other staff	160			31	0	(17)	6	180
Restructurings	674			0	(674)	0		0
Other	638			18,823	0	(33)		19,428
Total	12,763	0	0	22,998	(5,180)	(1,264)	204	29,521

Expected timing of cash flows:

	Between			Totals £000
	Within 1 year £000	2 and 5 years £000	After 5 years £000	
Clinical negligence	4,257	0	0	4,257
Personal injury	1,721	760	2,903	5,384
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	272	0	0	272
Pensions - former directors	0	0	0	0
Pensions - other staff	18	67	95	180
Restructuring	0	0	0	0
Other	19,428	0	0	19,428
Total	25,696	827	2,998	29,521

£724,935.98 of the provision movement relates to the change in discount rate from 3.5% to 2.2% on the 1 April 2005.

The Trust estimates that in 2006-07 it will receive £1,429k and in 2007-08 and beyond £4,257k, from the Welsh Risk Pool in respect of the losses and special payments (including clinical negligence).

"Other" Provisions include the following

- £646,000 which relates to the provision of unpaid annual leave entitlement to staff in respect of frozen holiday leave entitlement agreed a number of years ago for a proportion of Trust's employees.

-£511,000 relates to the provision for Excess Mileage which is the potential liability for mileage in excess of that anticipated within the lease agreements.

- £18,109,000 which relates to the expected costs relating to the Agenda for Change initiative which provides nationally agreed new standardised pay scales for most staff working in the NHS (Medical and Dental and some very senior staff are the main exclusions) less payments made on account. The accruals/provisions reflect the cost of these additional charges for the

period 1/10/2004 (effective date) to 31/3/2006, which have not yet been paid to staff. This includes unpaid costs relating to 2004-05 as no provision was made for these costs in the 2004-05 accounts on the instruction of the Assembly. The provision in the 2005-06 accounts is compliant with the requirements of Financial Reporting Standard 12 'Provisions for liabilities and charges'.

-£162,000 which relates to the provision for the capitalised cost of the premature retirement benefits in respect of the Chief Executive. This remains subject to the conclusion of an on-going review.

17. Movements on reserves**Movements on reserves in the year comprised the following:**

	Revaluation reserve £000	Donated asset reserve £000	Govern- ment grant reserve £000	Other reserves £000	Income & expenditure reserve £000	Total £000
At 1 April 2005 as previously stated	9,792	21	0	0	(1,577)	8,236
Prior period adjustment					0	0
At 1 April 2005 as restated	9,792	21	0	0	(1,577)	8,236
Transfer from income and expenditure account					7	7
Impairments	0	0	0			0
Surplus (deficit) on revaluation / indexation of fixed assets	841	0	0			841
Transfer of realised profits/ (losses)	0	0	0		0	0
Receipt of donated/government granted assets		0	0			0
Depreciation, impairment and disposal of donated/government granted assets		(7)	0			(7)
Other transfers between reserves	(123)	0	0	0	123	0
Other reserve movements				0		0
At 31 March 2006	10,510	14	0	0	(1,447)	9,077

18. Notes to the cash flow statement

18.1 Reconciliation of operating surplus to net cash inflow from operating activities:	£000	2004-05 £000
Total operating surplus/(deficit)	649	966
Depreciation charge	3,575	3,153
Fixed asset impairment and reversals	666	0
Transfer from the donated asset reserve	(7)	(3)
Transfer from the government grant reserve	0	0
(Increase)/decrease in stocks	(38)	15
(Increase)/decrease in debtors	(1,630)	(3,402)
Increase/(decrease) in creditors	123	(1,981)
Increase/(decrease) in provisions	16,758	6,065
Net cash inflow from operating activities before restructuring costs	20,096	4,813
Payments in respect of fundamental reorganisation/restructuring	0	0
Net cash inflow from operating activities	20,096	4,813

18.2 Reconciliation of net cash flow to movement in net debt	£000	2004-05 £000
Increase/(decrease) in cash in the period	0	0
Cash inflow from new debt	0	0
Cash inflow from loan advance/brokerage	0	0
Cash outflow from debt repaid and finance lease capital payments	119	417
Cash (inflow)/outflow from (decrease)/increase in liquid resources	15,000	0
Change in net debt resulting from cash flows	15,119	417
Non-cash changes in debt	0	0
Net debt at 1 April	(1,161)	(1,578)
Net debt at 31 March	13,958	(1,161)

18.3 Analysis of changes in net debt

	At 1 April 2005 £000	Cash flows £000	Non-cash changes £000	At 31 March 2006 £000
Cash at OPG bank	392	308		700
Cash at commercial bank and in hand	(66)	(308)		(374)
Bank overdrafts	0	0		0
Debt due within one year	0	0	0	0
Debt due after one year	0	0	0	0
Debt due from loan advance/brokerage	0	0	0	0
Finance leases	(1,487)	119	0	(1,368)
Current asset investments	0	15,000	0	15,000
	(1,161)	15,119	0	13,958

19. Capital commitments

Commitments under capital expenditure contracts at the balance sheet date were £ 114,836 (and in 2004-05 were £ 383,298).

20. Post balance sheet events

The Trust had no post balance sheet events having a material effect on the accounts.

21. Contingencies**Contingent Liabilities**

Provision has not been made in the 2005-06 accounts for the following amounts:	£000	31 March 2005 £000
Legal claims for alleged medical or employer negligence	2,359	3,262
Doubtful debts	0	0
Other	0	0
Total value of disputed claims	2,359	3,262
Amount recovered under insurance arrangements in the event of these claims being successful	(1,976)	(2,734)
Net contingent liability	383	528

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

22. Losses and special payments

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

Losses and special payments are charged to the income and expenditure account in accordance with UK GAAP but are recorded in the losses and special payments register when payment is made. Therefore this note is compiled on a cash basis.

Gross loss to the Exchequer

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

	<u>Amounts paid out in year</u>		<u>Approved to write-off in year</u>	
	Number	£	Number	£
Clinical negligence	1	83,105	2	3,039
Personal injury	108	701,237	72	609,140
All other losses and special payments	115	195,289	143	161,135
Total	224	979,631	217	773,314

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

	<u>Amounts paid out in year</u>	<u>Cumulative amount</u>	<u>Approved to write-off in year</u>
	£	£	£
Cases exceeding £250,000			
Include case reference	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
Sub-total	0	0	0
All other cases	979,631	2,221,735	773,314
Total cases	979,631	2,221,735	773,314

23.1 Movements in Government funds

	£000	2004-05 £000
Surplus/(deficit) for the financial year	794	954
Public dividend capital dividends	(787)	(843)
Subtotal	7	111
Gains/(losses) from revaluation/indexation of purchased fixed assets	841	2,024
Impairment of fixed assets	0	0
New public dividend capital	483	4,512
Public dividend capital repaid	(1,636)	(1,809)
Public dividend capital repayable	0	0
New loans from Government	0	0
Government loans repaid	0	(300)
Transfers from the donated asset reserve	0	0
Additions to/ transfers from the government grant reserve	0	0
Addition/(reduction) in other reserves	0	0
Net addition/(reduction) to Government funds	(305)	4,538
Opening Government funds at 1 April	30,834	26,296
Before deducting prior period adjustment of	0	0
Closing Government funds	30,529	30,834

23.2 Movements in public dividend capital

	£000	2004-05 £000
At 1 April 2005	22,469	19,766
New PDC issued in year	483	4,512
PDC due but not issued	0	0
PDC repaid in year	(1,636)	(1,809)
PDC repayable	0	0
At 31 March 2006	21,316	22,469

24. Financial performance targets

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

24.1 Breakeven	£'000
Target retained surplus	0
Actual retained surplus	<u>7</u>
Variance	(7)

The Trust has broken even in 2005-06.

The Income and Expenditure reserve deficit of (£1,447,000) as reported incorporates a technical non-cash timing difference of £2,213,000 from 2001/02 which relates to long term provisions.

Excluding this, the cumulative Income and Expenditure position as at 31st March 2006 is a surplus of £766,000, which is the result of the transfer from the Revaluation Reserve for fixed assets which have been disposed of.

For 2006/07 the Trust has identified a shortfall relating to underfunding of recurrent costs of Agenda for Change and shortfall in inflation funding.

These shortfalls are to be addressed through agreed savings plans and a balanced income and expenditure budget is expected to be approved by the Board as part of 2006/07 Business Plan.

24.2 External financing	31 March		
The Trust is given an external financing limit which it is permitted to undershoot	2005		
	£000	£000	£000
External financing limit set by the Assembly		1,272	2,286
Cash flow financing	1,272		2,286
Finance leases taken out in the year	0		0
Other capital receipts	<u>0</u>		<u>0</u>
External financing requirement		<u>1,272</u>	<u>2,286</u>
Undershoot (overshoot)		<u>0</u>	<u>0</u>

The Trust has achieved its external financing limit.

24.3 Creditor payment

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

	2005-06
Total number of non-NHS bills paid 2005-06	31,484
Total number of non-NHS bills paid within target	30,416
Percentage of non-NHS bills paid within target	96.6%

The Trust has met the target.

25. Related Party transactions

The Trust is a body corporate established by order of the Secretary of State.

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

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

	INCOME RECEIVED/DUE £'000	
	2005-06	2004-05
Welsh Assembly Government	10,674	3,075
Health Commission Wales	81,244	66,335
Bro Morgannwg NHS Trust	2,003	1,181
Cardiff & Vale NHS Trust	3,843	3,694
Carmarthenshire NHS Trust	690	783
Ceredigion & Mid Wales NHS Trust	327	299
Conwy & Denbighshire NHS Trust	978	1,083
Gwent Healthcare NHS Trust	2,926	2,826
North East Wales NHS Trust	871	856
North Glamorgan NHS Trust	491	476
North West Wales NHS Trust	1,524	1,370
Pembrokeshire & Derwen NHS Trust	732	644
Pontypridd & Rhondda NHS Trust	779	752
Powys Healthcare NHS Trust	455	442
Swansea NHS Trust	2,081	2,085
Velindre NHS Trust	490	420
University of Wales College of Medicine LHB's/BSC	2,037	1,535
TOTAL	<u>112,145</u>	<u>87,856</u>

The Trust also incurred expenditure with the above health bodies and Trusts in 2005/06.

Six (6) health bodies received more than £100,000 from the Trust during 2005/06, namely:

North East Wales NHS Trust (£266k) for Payroll and Occupational Health Services;

North West Wales NHS Trust (£381k) for lease of Premises and Estates services and Conwy and

Denbighshire NHS Trust (£164k), Cardiff and Vale NHS Trust (£119k) and Gwent Healthcare NHS Trust (£150k) for services such as Works Admin, Drugs and Domestic; Bro Morgannwg NHS Trust (£426k) for services such as Stores Issues and Drugs.

26. Other/ Private finance transactions

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

27. Third party assets

The Trust has no Third Party Assets.

28. Financial instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationships that the NHS Trust has previously had with Health Authorities and now with Health Commission Wales and Local Health Boards, and the way those Health bodies are financed, the NHS Trusts are not exposed to the degree of financial risk faced by business entities.

Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. NHS Trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing NHS Trusts in undertaking its activities.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than the currency profile. Provisions are shown gross. Any amount expected in reimbursement against a provision and included in debtors, is separately disclosed.

Liquidity Risk

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

Interest-rate risks

£nil of the Trust's financial assets and £nil of its financial liabilities carry nil or fixed rates of interest. The NHS Trust is not, therefore, exposed to significant interest-rate risk.

Foreign currency risk

The NHS Trust have no/negligible foreign currency income or expenditure.

The NHS Trust may hold any of the following financial assets and liabilities:

Assets: investments, long-term debtors and accrued income, short-term debtors and accrued income (not disclosed in this note as permitted by FRS 13), cash.

Liabilities: loans and overdrafts, long-term creditors, short-term creditors (not disclosed in this note as permitted by FRS 13), provisions arising from contractual arrangements, finance lease obligations, Public Dividend Capital

The powers of NHS Trusts to invest and borrow are limited. The Board has determined that in order to maximise income from cash balances held, any balance of cash which is not required will be invested. The amount of investment is capped by Direction of the Assembly at an average daily cleared balance of £50,000 and NHS Trusts may only invest in instruments and institutions approved by the Assembly. The Trust does not borrow from the private sector. All other financial instruments are held for the sole purpose of managing the cash flow of the Trust on a day to day basis or arise from the operating activities of the Trust. The management of risks around these financial instruments therefore relates primarily to the Trust's overall arrangements for managing risks to their financial position, rather than the Trust's treasury management procedures.

29. Intra Government balances

	Debtors: Amounts falling due within one year £000	Debtors: Amounts falling due after more than one year £000	Creditors: Amounts falling due within one year £000	Creditors: Amounts falling due after more than one year £000
National Assembly for Wales	1187	0	0	0
Welsh Local Health Boards	144	0	78	0
Welsh NHS Trusts	1010	0	315	0
Health Commission Wales	3225	0	0	0
All English Health Bodies	255	0	0	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	-588	0		
Sub total	<u>5,233</u>	<u>0</u>	<u>393</u>	<u>0</u>
Other Central Government Bodies				
Other Government Departments*	0	0	0	0
Revenue & Customs	0	0	0	0
Local Authorities	0	0	0	0
Balances with Public Corporations and trading fund	0	0	0	0
Balances with bodies external to Government	0	0	0	0
TOTAL	<u><u>5,233</u></u>	<u><u>0</u></u>	<u><u>393</u></u>	<u><u>0</u></u>

* Other Government Departments with Balances > £1,000k

Please specify:

30. Pooled budgets

The Trust has no pooled budgets.

31. Other

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

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

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

Date: 2006 Chief Executive

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

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

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

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

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

By Order of the Board

Signed:

Date:2006

Chairman:

Date:2006

Chief Executive:

Date:2006

Director of Finance:

The Financial Report

Statement of Internal Control 2005-2006

1. Scope of Responsibility

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

The Trust's system of internal control is based on a continuous risk management process designed to identify the principal risks to the organisation's achieving its objectives, to assess the nature of those risks and to manage them effectively, efficiently and economically.

The organisation's responsibilities for internal control are also considered in the quarterly accountability reviews held with the Welsh Assembly Government.

As accountable officer, I also have responsibility for achieving the Trust's Statutory Financial Duties. Together with the Director of Finance I have since my appointment monitored the Trust's Financial Performance and can confirm that all relevant financial duties have been met.

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 risks of failure to achieve objectives and adhere to policies; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

- Identify and prioritise the risks to the achievement of organisational objectives
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically

The system of internal control has been in place in the organisation for the year ended 31 March 2006 and up to the date of approval of the accounts, and accords with Welsh Assembly Government Guidance.

3. Capacity to handle risk

The Trust's Risk Management Policy and Strategy as endorsed by the Board sets out the role and responsibilities of the Chief Executive in relation to Risk Management. The Chief Executive has overall responsibility for risk management and the Director of Operations has been designated the Executive Director with delegated responsibility for risk management and health and safety. During 2004-2005 the Risk Management Committee and the Clinical Governance Committee merged to form a new Governance Committee comprising three Non-Executive Directors with Executive Directors and other senior managers in attendance. The Governance Committee has three Sub-Committees: the Risk Management Sub-Committee, the Clinical Governance Sub-Committee and the Patients and Public Involvement Sub-Committee. This development promotes fuller integration of Clinical and Non-Clinical Governance and Controls Assurance. For the year to 31 March 2006 the Director of Operations was Chairman of the Trust's Risk Management Sub-Committee, and all the Executive Directors were members.

The Risk Management Sub-Committee was responsible for:

- a) Trust-wide co-ordination and prioritisation of risk management issues, including the co-ordination and implementation of the Risk Management Strategy
- b) The review of the Trust's compliance with the Welsh Risk Management Standards and the promotion of the Trust's compliance
- c) Overseeing the requirements of the Welsh Risk Pool Scheme
- d) Setting a programme to review practices within the Trust to ensure that risks are identified and managed
- e) Approving draft Health and Safety Policies, Procedures, Protocols and Guidance and overseeing the work of the National Joint Committee for Health, Safety and Welfare to ensure that Risk Management is properly co-ordinated across the Trust and to ensure also that managers and the Board are continually informed of significant risk issues
- f) Cascading requirements of Trust Policy and Strategy down to operational managers and ensuring local implementation

The various elements of the work of the Risk Management Committee are managed and co-ordinated by the Trust's Risk Manager.

Risk Management, Health and Safety and Adverse Incident Reporting are included in Corporate Induction and Departmental Induction Programmes for staff.

The Trust is an active part of networks with other Ambulance Services in England and Scotland, as well as all-Wales networking of Risk Managers and Health and Safety Managers, in order to "benchmark" and thereby maintain awareness of, and benefit from, information about best practice.

During 2003 / 04, the Trust's clinical services were reviewed by the Commission for Health Improvement (CHI). During 2005-2006 the resulting report was helpful in continuing to identify both areas of good practice and some scope for further improvement, which the Trust has been addressing by implementation of an agreed Action Plan.

4. The Risk and Control Framework

The Risk Management framework is set out in the Risk Management Policy and Strategy approved by the Board. The key elements of the Strategy include:

- A Policy Statement setting out the Trust's commitment and approach to risk management and confirming that risk management is everyone's responsibility within the Trust
- A general overview that describes the way in which the Risk Management Strategy is fully consistent with the strategies, aims and objectives of the Trust and confirms that a co-ordinated and holistic attitude and approach towards Risk Management is integral to Management of the Trust
- Designated responsibilities of Committees and individuals

- Risk Management processes that include arrangements for risk identification, classification, risk profiling and the Risk Register, risk control and monitoring
- Communications and dissemination to key stakeholders
- Disaster recovery and contingency planning
- Training arrangements
- Principal Committees for managing risks, including terms of reference
- Clinical Governance Framework

Risk assessment processes are included with the following policies:

- Adverse Incident and Hazard Reporting Policy**
- Health and Safety Policy**
- Moving and Handling Policy**
- Violence and Aggression Policy**
- Control of Infection Policy**
- Lone Working Policy**

Work has been undertaken during the financial year and will be further progressed during 2006/2007 to develop the Assurance Framework agreed by the Board which will cover the following:

- Main activities of the Trust**
- Objectives and targets which the Trust is striving to achieve or meet**
- Identification of the risks to the achievement of objectives and achieving targets**
- Identification and examination of the system of internal control in place to manage the risks**
- Identification and examination of the review and assurance mechanisms which relate to the effectiveness of the system of internal control**

Risk Management Framework

During the period covered by the Statement of Internal Control the generic risk priorities of the Trust included: emergency ambulance response times, the condition of the Trust's Estate, plans for the replacement of the radio communications system, violence and aggression against staff, moving and handling, and driving and safety.

The Trust was required to comply with 29 of the 38 Welsh Risk Management Standards and each year the Trust is required to conduct a self-assessment of compliance with each of these Standards and submit the results to the Welsh Assembly Government.

The Trust's compliance with the Welsh Risk Management Standards has been assessed and Standards Lead Officers have presented progress reports to the Risk Management Sub-Committee on a cyclical basis. Compliance with the Standards has remained relatively high although further work needs to be undertaken in respect of selected areas of assessment. With regard to the core Standards, the Welsh Risk Pool assessment of compliance was as follows:

Risk Management Policy and Strategy	90%
Risk Profile	82%
Adverse Incident and Hazard Reporting	96%

The Trust's assessment of compliance with the other core Standards was as follows:

Governance	93 %
Financial Management	98 %

The overall score for externally assessed standards was 74% which is marginally below the expected compliance target of 75%. Overall, I do not believe that this has any implications that would detract from the levels of overall assurance provided by compliance with Welsh Risk Pool Standards, which remains significant.

Feedback received from the Welsh Risk Pool assessment confirmed that the promotion of risk management has continued throughout the Trust, evidenced by the changing culture observed.

There are however, a few areas where further work is required to ensure that the Trust regains the progress made last year in some key standards. During the next year the Trust will address these areas, and ensure the ongoing development of risk management contributes to the delivery of high quality patient care.

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, the Governance Committee and its

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

- The Board's role is to provide active leadership of the Trust within a framework of prudent and effective controls that enable risk to be assessed and managed.
- The Audit Committee, as part of an integrated committee structure, is pivotal in advising the Board on the effectiveness of the system of internal control.
- The Governance Committee and the Risk Management and Clinical Governance Sub-Committees are key components by which I am able to assess the effectiveness and assure the Board of risk management generally and clinical risk.
- The Internal Audit Department provides quarterly reports to the Audit Committee and full reports to the Director of Finance and Line Management. The Audit Committee also receives details of actions that remain outstanding following any follow-up of previous audit work. The Director of Finance also meets with the Audit Manager.
- The Trust's Executive and senior management team implement risk management policy as approved by the Board.
- The Trust also has procedures in place for the management of Health and Safety Executive Improvement Notices. These are regularly reviewed to ensure that the Trust complies with the requirements of Improvement Notices as soon as practicably possible and that the Trust is not placed in breach of Health and Safety for lengthy periods of time.

During the financial year in question, the Trust experienced significant changes in senior management. Substantive Chief Executive, Mr Don Page was on extended sick leave from November 2005 until the end of the Financial Year. Mr Roger Thayne was appointed interim Chief Executive in March 2006 before his subsequent resignation in May 2006. Mr John Bottell, Director of Operations retired on the grounds of ill health and was replaced by Dr A.V Dellen in March 2006. Trust Chair Roy Norris stood down from his term of office on 31 March 2006 and was succeeded by Mr Stuart Fletcher.

Dr A.V Dellen was appointed interim Chief Executive in May 2006.

Significant challenges continued to be experienced in relation to areas such as financial pressures and the Agenda for Change Assimilation process, as well as continuing efforts to improve Ambulance Response Times across Wales.

The organisation's overall arrangements for internal control and risk management provided assurance that these challenges were generally met and managed with maximum effectiveness.

In addition to the Trust's Internal arrangements, assurance can also be taken into account from a number of independent external sources, such as Health and Safety Executive Reviews, professional accreditation of the Ambulance training school and the Trust's Finance Training programmes, CHC and non Executive visits at station level, Welsh Risk Pool reviews, the work of the Trust's Nominated Local Counter Fraud Specialist, and independent monitoring of the CHI Action Plan by the Welsh Assembly Government Regional Office.

The Trust also participated in revised Performance monitoring arrangements to the Welsh Assembly Government's Regional Office by means of Quarterly Balanced Scorecard Reporting.

Any significant internal control issues would be reported to the Board via the Audit Committee. During the year, a particular issue arose relating to Ambulance Vehicle Procurement in 2004/05 which led to a specific review by the Trusts External Auditors of processes, procedures and accountability arrangements. Lessons learnt from this review will help inform the further development of Internal Control arrangements within the Trust.

6. Risk Management Information Technology System

The integrated, networked computer system called DATIX provides various modules of the system including those for Adverse Incident Reporting (Clinical and Non-Clinical), Claims Management, Complaints Management and the establishment and monitoring of a computerised Risk Register, providing integrated recording and monitoring of risk management data to support and improve the risk management process.

Signed:.....Interim Chief Executive Date:.....

(On behalf of the Board)

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

I certify that I have audited the financial statements on pages 2 to 34 under Section 61 of the Public Audit (Wales) Act 2004. These financial statements have been prepared under the accounting policies set out on pages 6 to 11.

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

Respective responsibilities of Directors, the Chief Executive and Auditor

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

I report my opinion to you as to whether the financial statements give a true and fair view and whether the financial statements and the part of the remuneration report to be audited are properly prepared in accordance with the National Health Service Act 1977 and National Assembly for Wales directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Trust has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

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

I review whether the statement on pages 37 to 41 reflects the Trust's compliance with the Treasury and Assembly's guidance on the Statement on Internal Control and I report if it does not, or if it is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and that part of the remuneration report to be audited are free from

that the financial statements and that part of the remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error and that, in all material respects,

the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements and that part of the remuneration report to be audited.

Opinion

In my opinion:

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

I have no observations to make on these financial statements.

Jeremy Colman
Auditor General for Wales
3 July 2006

Wales Audit Office
Deri House
Park Grove
Cardiff

**NATIONAL HEALTH SERVICE ACT 1977
THE NATIONAL HEALTH SERVICE TRUSTS (WALES)
ACCOUNTS DIRECTIONS**

The National Assembly for Wales, in pursuance of Section 98(2) of the National Health Service Act 1977 with the approval of the Treasury, hereby gives the following directions:

1. In these directions, unless the context otherwise requires:
"the Act" means the National Health Service Act 1977;
"Trust" means each and every NHS Trust in Wales.

FORM OF ACCOUNTS

2. The accounts required by Section 98(2) of the Act to be prepared by the Trust in respect of the financial year ended 31 March 1997 and subsequent years shall be as set out in the following paragraphs and Schedules.

ACCOUNTS OF THE TRUST

3. The accounts in respect of the funds attributable to the performance of functions by the Trust shall comprise:
- a. a foreword;
 - b. an income and expenditure account;
 - c. a balance sheet;
 - d. a cash flow statement;
 - e. a statement of total recognised gains and losses; and
 - f. such notes as may be necessary for the purposes referred to in paragraph 4 below.
4. The accounts shall give a true and fair view of the income and expenditure and cash flow for the year, and the state of affairs as at the end of the financial year. Subject to the foregoing requirement, the accounts shall also, without limiting the information given and as described in the Schedule, meet:
- a. the accounting and disclosure requirements of the Companies Act. The disclosure exemptions permitted by the Companies Act will not apply unless specifically authorised by the Assembly with the approval of the Treasury;
 - b. best commercial accounting practice including accounting standards issued or adopted by the Accounting Standards Board, with the exception of the requirement contained in FRS 3 for the inclusion of a note showing historical cost profits and losses;
 - c. all relevant guidance given in "Government Accounting" and in "Trading Accounts: A Guide for the Government Departments and Non-Departmental Public Bodies" and in "The NHS Trust Manual for Accounts";
 - d. any disclosure and accounting requirements which the Assembly or Treasury may issue from time to time;
- insofar as these are appropriate to the Trust and are in force for the financial period for which the accounts are to be prepared.

5. The income and expenditure account and balance sheet shall be prepared under the historical cost convention, modified by the inclusion of fixed assets at their value to the business by reference to current costs.

Dated.....

Signed by the authority of the National Assembly for Wales

Signed.....

Member of the Senior Civil Service
National Assembly for Wales

SCHEDULE

Foreword

1. The foreword shall include a statement that the accounts have been prepared in accordance with these Directions given by the National Assembly for Wales.

2. The foreword shall describe the statutory background and main functions of the Trust.

Income and Expenditure Account and Balance Sheet

3. The income and expenditure account and balance sheet shall follow the prescribed format shown in Annex C to the "Trading Accounts" booklet, modified as appropriate.

Cash Flow Statement

4. The recommendations of Financial Reporting Standard No. 1 (revised) shall be followed in preparing the cash flow statement.

Notes to the Account

5. The notes to the account shall, inter alia, include details of the accounting policies adopted.

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

7. The account shall be signed and dated by the Chief Executive and Chairman of the Trust.

8. The accounts direction shall be reproduced as an appendix to the account.