

## Powys Teaching Local Health Board - (Consolidated) Accounts

### FOREWORD

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

#### Statutory background

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

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

Powys tLHB hosts the Business Services Centre on behalf of all LHB's in Wales. In addition, it is also responsible for hosting the Community Health Councils in Wales, and specific functions in respect of the accounts of the former Health Authorities most significantly in respect of clinical negligence and fixed assets.

#### Performance Management and Financial Results

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

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

The primary performance measure for Local Health Boards is the Achievement of Operational Financial Balance on page 2. This note compares net operating costs expended against Resource Limits allocated by the Assembly and measures whether operational financial balance has been achieved in year. Note 2.2 measures capital expenditure against a Capital Resource Limit

**Operating Cost Statement  
for the year ended 31 March 2010**

	Note	2009-10 £'000	2008-09 £'000
Expenditure on Primary Healthcare Services	3.1	60,285	59,155
Expenditure on healthcare from other providers	3.2	89,585	73,830
Expenditure on Hospital and Community Health Services	3.3	100,942	102,893
		<u>250,812</u>	<u>235,878</u>
Less: Miscellaneous Income	4	28,884	29,350
<b>LHB net operating costs before interest and other gains and losses</b>		<b>221,928</b>	206,528
Investment Income	8	10	148
Other (Gains) / Losses	9	0	(84)
Finance costs	10	182	204
<b>Net operating costs for the financial year</b>		<b>222,100</b>	<b>206,500</b>

**Achievement of Operational Financial Balance**

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

	2009-10 £000
Net operating costs for the financial year	222,100
Less Non-discretionary expenditure	780
Less Revenue consequences of Bringing PFI schemes onto SoFP	0
<b>Net operating costs less non-discretionary expenditure and revenue consequences of PFI</b>	<b>221,320</b>
Revenue Resource Limit	221,333
<b>Under / (over) spend against Revenue Resource Limit</b>	<b>13</b>

The tLHB has met its financial duty to breakeven for 2009/10. This was made possible due to non repayable strategic assistance of £11M being approved by the Welsh Assembly Government.

In respect of the 2010/11 financial position, the tLHB is forecasting an overspend position of £8.7M at Month 2. The tHB in line with the guidance set out by the Assembly in WHC (2007)049 Statutory Duties of NHS Trusts and Local Health Boards is working to develop a robust long term financial recovery plan; maximising the efficient and effective use of resources available to the organisation without adversely affecting patient care.

**Statement of Financial Position as at 31 March 2010**

		<b>31 March 2010</b>	31 March 2009	1 April 2008
	<b>Notes</b>	<b>£'000</b>	£'000	£'000
<b>Non-current assets</b>				
Property, plant and equipment	11	<b>66,087</b>	173,804	183,660
Intangible assets	12	<b>0</b>	5	10
Trade and other receivables	15	<b>11,581</b>	15,883	8,408
Other financial assets	19	<b>0</b>	0	0
Other assets	20	<b>0</b>	0	0
<b>Total non-current assets</b>		<b>77,668</b>	189,692	192,078
<b>Current assets</b>				
Inventories	14	<b>129</b>	151	203
Trade and other receivables	15	<b>38,295</b>	26,406	32,662
Other financial assets	19	<b>0</b>	0	0
Other current assets	20	<b>0</b>	0	0
Cash and cash equivalents	18	<b>3,036</b>	167	1,951
		<b>41,460</b>	26,724	34,816
Non-current assets classified as "Held for Sale"	11	<b>0</b>	110	0
<b>Total current assets</b>		<b>41,460</b>	26,834	34,816
<b>Total assets</b>		<b>119,128</b>	216,526	226,894
<b>Current liabilities</b>				
Trade and other payables	16	<b>25,702</b>	20,950	21,747
Other financial liabilities	22	<b>0</b>	0	0
Provisions	17	<b>36,422</b>	25,155	32,503
Other liabilities	21	<b>0</b>	0	0
<b>Total current liabilities</b>		<b>62,124</b>	46,105	54,250
<b>Net current assets/ (liabilities)</b>		<b>(20,664)</b>	(19,271)	(19,434)
<b>Non-current liabilities</b>				
Trade and other payables	16	<b>0</b>	0	0
Other financial liabilities	22	<b>0</b>	0	0
Provisions	17	<b>19,193</b>	23,362	16,516
Other liabilities	21	<b>0</b>	0	0
<b>Total non-current liabilities</b>		<b>19,193</b>	23,362	16,516
<b>Total assets employed</b>		<b>37,811</b>	147,059	156,128
<b>Financed by :</b>				
<b>Taxpayers' equity</b>				
General Fund		<b>2,489</b>	19,542	16,657
Revaluation reserve		<b>31,425</b>	122,872	134,665
Donated asset reserve		<b>3,897</b>	4,645	4,806
Government grant reserve		<b>0</b>	0	0
<b>Total taxpayers' equity</b>		<b>37,811</b>	147,059	156,128

The financial statements on pages 2 to 55 were approved by the Board on 23rd June 2010 and signed on its behalf by:

Chief Executive Andrew Cottom

Date 23 June 2010

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

	General Fund £000s	Revaluation reserve £000s	Donated asset reserve £000s	Government grant reserve £000s	Total reserves £000s
<b>Changes in taxpayers' equity for 2009-10</b>					
<b>Balance at 1 April 2009</b>	19,542	122,872	4,645	0	147,059
Net operating cost for the year	(222,100)				(222,100)
Net gain/(loss) on revaluation of property, plant and equipment	0	(34,226)	246	0	(33,980)
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0	0	0
Impairments and reversals	0	0	0	0	0
Receipt / (disposal) of donated or government granted assets	0	0	57	0	57
Movements in other reserves	0	0	0	0	0
Release of reserves to OCS	0	0	(251)	0	(251)
Non-cash charges - cost of capital	2,955				2,955
Transfers between reserves	57,221	(57,221)	0	0	0
Transfers to/(from) other bodies within the Resource Accounting boundary	(72,800)	0	(800)	0	(73,600)
<b>Total recognised income and expense for 2009-10</b>	<b>(215,182)</b>	<b>31,425</b>	<b>3,897</b>	<b>0</b>	<b>(179,860)</b>
Net Assembly funding	217,671				217,671
<b>Balance at 31 March 2010</b>	<b>2,489</b>	<b>31,425</b>	<b>3,897</b>	<b>0</b>	<b>37,811</b>

Assets of £73.6m relating to the Residual Estate were transferred to other Health Boards within the resource accounting boundary on the 1st of October 2009

The notes on pages 7 to 55 form part of these accounts

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

	General Fund £000s	Revaluation reserve £000s	Donated asset reserve £000s	Government grant reserve £000s	Total reserves £000s
<b>Balance at 31 March 2008</b>	17,127	134,665	4,806	0	156,598
Changes in accounting policy	(470)	0	0	0	(470)
<b>Restated balance at 1 April 2008</b>	16,657	134,665	4,806	0	156,128
<b>Changes in taxpayers' equity for 2008-09</b>					
Net operating cost for the year	(206,500)				(206,500)
Net gain/(loss) on revaluation of property, plant and equipment	0	(11,516)	(74)	0	(11,590)
Net gain/(loss) on revaluation of intangible assets	0	0	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0	0	0
Impairments and reversals	0	0	0	0	0
Receipt / (disposal) of donated or government granted assets	0	0	151	0	151
Movements in other reserves	0	0	0	0	0
Release of reserves to OCS	0	0	(238)	0	(238)
Non-cash charges - cost of capital	5,101				5,101
Transfers between reserves	277	(277)	0	0	0
Transfers to/(from) other bodies within the Resource Accounting boundary	(2)	0	0	0	(2)
<b>Total recognised income and expense for 2008-09</b>	(201,124)	(11,793)	(161)	0	(213,078)
Net Assembly funding	204,009				204,009
<b>Balance at 31 March 2009</b>	19,542	122,872	4,645	0	147,059

The notes on pages 7 to 55 form part of these accounts

**Statement of Cash flows for year ended 31 March 2010**

	2009-10 £'000	2008-09 £'000
<b>Cash Flows from operating activities</b>		
Net operating cost before interest	(221,928)	(206,528)
Movements in Working Capital	35 (2,736)	(2,402)
Other cash flow adjustments	36 18,118	17,058
Provisions utilised	17 (3,909)	(7,337)
Interest paid	(182)	(204)
<b>Net cash outflow from operating activities</b>	<b>(210,636)</b>	<b>(199,413)</b>
<b>Cash Flows from investing activities</b>		
Purchase of property, plant and equipment	(4,874)	(6,864)
Proceeds from disposal of property, plant and equipment	650	188
Purchase of intangible assets	0	0
Proceeds from disposal of intangible assets	0	0
Payment for other financial assets	0	0
Proceeds from disposal of other financial assets	0	0
Payment for other assets	0	0
Proceeds from disposal of other assets	0	0
Interest received	10	148
Rental Income	0	0
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(4,214)</b>	<b>(6,528)</b>
<b>Net cash inflow/(outflow) before financing</b>	<b>(214,850)</b>	<b>(205,941)</b>
<b>Cash flows from financing activities</b>		
Welsh Assembly Government funding (including capital)	217,671	204,009
Capital receipts surrendered	(9)	(2)
Capital grants received	57	151
Capital element of payments in respect of finance leases and on-SoFP	0	0
Cash transferred (to)/ from other NHS bodies	0	0
<b>Net financing</b>	<b>217,719</b>	<b>204,158</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,869</b>	<b>(1,783)</b>
<b>Cash and cash equivalents at 1 April 2009</b>	<b>167</b>	<b>1,951</b>
<b>Cash and cash equivalents at 31 March 2010</b>	<b>3,036</b>	<b>168</b>

Included in 'Provisions Utilised' is £1.853m which relates to payments made on behalf of Powys tLHB by those trusts managing their respective Residual Claims. In order for an accurate All Wales picture, it is necessary to include these payments as 'Utilisations' in PtLHB's accounts. This methodology has been agreed by WAG & the WRP.

The notes on pages 7 to 55 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 Teaching Local Health Board are described below. They have been applied in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting convention

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

#### 1.2 Acquisitions and discontinued operations

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

#### 1.3 Income and funding

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

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

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

#### 1.4 Employee benefits

##### Short-term employee benefits

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

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

### Retirement benefit costs

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

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

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

### 1.5 Other expenses

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

### 1.6 Property, plant and equipment

#### Recognition

Property, plant and equipment is capitalised if:

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

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

#### Valuation

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



Land and buildings used for the tLHBs 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 – Modern Equivalent Asset

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 tLHBs business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the LHB; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

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

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

### **Measurement**

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

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

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

Freehold land and properties under construction are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the tLHB expects to obtain economic benefits or service potential from the asset. This is specific to the tLHB 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 tLHB checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

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

### **1.9 Borrowing costs**

Borrowing costs are recognised as expenses as they are incurred.

### **1.10 Donated assets**

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

### **1.11 Government grants**

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

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

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

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

### **1.13 Leases**

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

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

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

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

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

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

Health Board's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the tLHB'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 Teaching Local Health Board has a present legal or constructive obligation as a result of a past event, it is probable that the Teaching 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 Teaching 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 Teaching Local Health Board has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

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

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

## **1.18 Financial assets**

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

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

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

### **1.18.2 Financial assets at fair value through OCS**

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

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

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

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

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

### **1.18.5 Loans and receivables**

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

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

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

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

### **1.19 Financial liabilities**

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

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

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

#### **1.19.2 Financial liabilities at fair value through OCS**

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

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

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

### **1.20 Cost of Capital**

The cost of capital applies to all the assets and liabilities of the Teaching 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 tLHB has no beneficial interest in them. Details of third party assets are given in Note 24 to the accounts.

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

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

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

### **1.25 Pooled budget**

The tLHB has entered into a pooled budget with Powys Local Authority. Under the arrangement funds are pooled in accordance with section 31 of the NHS (Wales) Act 2006 for Funded Nursing Care activities and section 33 of the NHS (Wales) Act 2006 for the provision of Community Equipment.

The pools are hosted by Powys County Council. The tLHB accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

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

In the application of the tLHB'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**

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **1.28 Private Finance Initiative (PFI) transactions**

The tLHB does not have any Private Finance Initiative transactions

### **1.29 Contingencies**

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

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

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

### **1.30 EU Emissions Trading Scheme**

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



## 2. Achievement of Operational Financial Balance

### 2.1 Revenue Resource Limit

The results reporting that the tLHB has achieved Operational Financial Balance are shown on the face of the Operating Cost Statement.

### 2.2 Capital Resource Limit

2009-10

£000

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

<b>Gross capital expenditure</b>	4,796
Add: Loss in respect of disposals of donated assets	0
Less NBV of property, plant and equipment and intangible assets disposed of	(201)
Less capital grants	0
Less donations	(57)
<b>Charge against Capital Resource Limit</b>	4,538
Capital Resource Limit	4,544
<b>(Over) / Underspend against Capital Resource Limit</b>	<u>6</u>

### 3. Analysis of gross operating costs

#### 3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2009-10 Total £'000	2008-09 £'000
General Medical Services	31,324		31,324	30,603
Pharmaceutical Services	4,034	(84)	3,950	4,053
General Dental Services	6,949		6,949	7,001
General Ophthalmic Services	0	864	864	837
Other Primary Health Care expenditure	619		619	750
Prescribed drugs and appliances	16,579		16,579	15,911
<b>Total</b>	<b>59,505</b>	<b>780</b>	<b>60,285</b>	<b>59,155</b>

#### 3.2 Expenditure on healthcare from other providers

	2009-10 £'000	2008-09 £'000
Goods and services from other NHS Wales Health Boards	29,464	25,620
Goods and services from other NHS Wales Trusts	567	0
Goods and services from other non Welsh NHS bodies	40,580	31,441
Local Authorities	2,544	2,575
Voluntary organisations	1,216	1,094
NHS Funded Nursing Care	1,890	1,889
Continuing Care	10,255	7,807
Private providers	2,126	2,269
Specific projects funded by the Welsh Assembly Government	0	0
National Public Health Service / Public Health Wales	826	810
Business Services Centre / Business Services Partnership	0	0
Other	117	325
<b>Total</b>	<b>89,585</b>	<b>73,830</b>

Included in Goods and services from other NHS Wales Health Boards are the transfer of Mental Health from directly provided services to purchased services from Aneurin Bevan Local Health Board (1.545M), Betsi Cadwallader University Local Health Board (0.759M) and Abertawe Bro Morgannwg University Local Health Board (0.407M) from the 1st December 2009.

### 3.3 Expenditure on Hospital and Community Health Services

	2009-10	2008-09
	£'000	£'000
Goods and services from other NHS bodies	5,140	4,421
Goods and services from other NHS Foundation Trusts	0	0
Goods and services from non-NHS bodies	0	0
Directors' costs	900	874
Staff costs	67,736	67,595
Supplies and services - clinical	3,811	4,302
Supplies and services - general	1,136	1,251
Consultancy Services	391	278
Establishment	4,570	4,503
Transport	674	516
Premises	6,094	5,681
External Contractors	0	0
Depreciation	3,929	4,976
Amortisation	5	5
Fixed asset impairments and reversals (Property, plant & equipment)	472	379
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets (by class)	0	0
Capital charge interest	2,955	5,101
Audit fees	317	219
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	212	59
Research and Development	0	0
Other operating expenses	2,600	2,733
<b>Total</b>	<b>100,942</b>	<b>102,893</b>

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

	2009-10	2008-09
	£000	£000
<b>Increase/(decrease) in provision for future payments:</b>		
Clinical negligence	8,499	6,086
Personal injury	487	366
All other losses and special payments	2	2
Defence legal fees and other administrative costs	284	(220)
Gross increase/(decrease) in provision for future payments	9,272	6,234
Premium for other insurance arrangements	0	0
Irrecoverable debts	14	17
<b>Less: income received/ due from Welsh Risk Pool</b>	<b>(9,074)</b>	<b>(6,192)</b>
<b>Total</b>	<b>212</b>	<b>59</b>

Personal injury includes £9k (2008-09 £4k) in respect of permanent injury benefits

Included within note 3.3 are the running expenses of the tLHB's provider function plus the hosted functions held by Powys tLHB on behalf of NHS Wales, these are:

Business Services Centre  
 Community Health Councils  
 Residual Clinical Negligence  
 Residual Estates

#### 4. Miscellaneous Income

	2009-10 £'000	2008-09 £'000
Local Health Boards	19,102	19,889
Health Commission Wales	37	36
NHS trusts	15	912
Strategic health authorities and primary care trusts	643	650
Foundation Trusts	0	0
Local authorities	76	175
Welsh Assembly Government	1,372	1,490
Non NHS:		
Prescription charge income	91	0
Dental fee income	1,572	1,640
Private patient income	7	60
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	115	49
Other income from activities	1,142	1,031
Patient transport services	76	23
Education, training and research	168	254
Charitable and other contributions to expenditure	190	148
Transfer from the donated asset reserve	251	238
Transfer from the government grant reserve	0	0
Non-patient care income generation schemes	0	0
Business Services Centre / Business Services Partnership	0	264
Deferred income released to revenue	139	69
Contingent rental income from finance leases	0	0
Rental income from operating leases	132	128
Other income:		
Provision of laundry, pathology, payroll services	0	0
Accommodation and catering charges	308	48
Mortuary fees	9	0
Staff payments for use of cars	0	0
Business unit (please state)	0	0
Other	3,439	2,246
<b>Total</b>	<b>28,884</b>	<b>29,350</b>

The majority of miscellaneous income receivable from Local Health Boards relates to the Business Services Centre hosted services on behalf of NHS Wales

## 5. Employee benefits and staff numbers

### 5.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2008-09
	£000	£000	£000	£000	£000
Salaries and wages	54,669	676	1,926	57,271	58,357
Social security costs	3,768	28	0	3,796	3,807
Employer contributions to NHS Pension Scheme	6,843	16	0	6,859	6,857
Other pension costs	710	0	0	710	(636)
Other employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
<b>Total</b>	<b>65,990</b>	<b>720</b>	<b>1,926</b>	<b>68,636</b>	<b>68,385</b>

### 5.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2008-09
	Number	Number	Number	Number	Number
Medical and dental	25	0	3	28	35
Ambulance staff	0	0	0	0	0
Administrative and estates	737	19	43	799	839
Healthcare assistants and other support staff	394	0	0	394	389
Nursing, midwifery and health visiting staff	490	0	0	490	537
Nursing, midwifery and health visiting learners	0	0	0	0	1
Scientific, therapeutic and technical staff	141	0	1	142	178
Social care staff	0	0	0	0	0
Other	0	0	0	0	13
<b>Total</b>	<b>1,787</b>	<b>19</b>	<b>47</b>	<b>1,853</b>	<b>1,992</b>

A significant decrease in staff numbers relates to the transfer of Mental Health Services staff to neighbouring Local Health Boards on 1st December 2009.

### 5.3. Retirements due to ill-health

During 2009-10 there were 5 early retirements from the tLHB 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 £ 290,146.47 .

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

## 5.5 Pension costs

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

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

### a) Full actuarial (funding) valuation

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

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

### b) Accounting valuation

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

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

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

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

### c) Scheme provisions

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

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

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

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

## 6. Operating leases

### LHB as lessee

The Teaching Local Health Board has the following operating leases:

- various short term leases on properties at fixed rentals subject to periodic reviews.
- vehicle leases generally for a period of three years

<b>Payments recognised as an expense</b>	<b>2009-10</b>	2008-09
	<b>£000</b>	£000
Minimum lease payments	<b>1,533</b>	1,533
Contingent rents	<b>0</b>	0
Sub-lease payments	<b>0</b>	0
<b>Total</b>	<b>1,533</b>	1,533

### **Total future minimum lease payments**

<b>Payable</b>	<b>£000</b>	£000
Not later than one year	<b>1,335</b>	1,195
Between one and five years	<b>3,044</b>	2,314
After 5 years	<b>182</b>	394
<b>Total</b>	<b>4,561</b>	3,903

Total future sublease payments expected to be received are £Nil

### LHB as lessor

There are no significant leasing arrangement where the Teaching Local Health Board is lessor. The below amounts relates to the rental of accommodation on various short term leases at fixed rentals subject to period reviews

<b>Rental revenue</b>	<b>£000</b>	£000
Rent	<b>132</b>	128
Contingent rents	<b>0</b>	0
<b>Total revenue rental</b>	<b>132</b>	128

### **Total future minimum lease payments**

<b>Receivable</b>	<b>£000</b>	£000
Not later than one year	<b>132</b>	128
Between one and five years	<b>126</b>	0
After 5 years	<b>153</b>	0
<b>Total</b>	<b>411</b>	128

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

### 7.1 Prompt payment code - measure of compliance

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

<b>NHS</b>	<b>Number</b>	<b>£000</b>
Total bills paid 2009-10	<b>2,945</b>	<b>166,199</b>
Total bills paid within target	<b>2,540</b>	<b>163,747</b>
Percentage of bills paid within target	<b>86.2%</b>	<b>98.5%</b>
<b>Non-NHS</b>		
Total bills paid 2009-10	<b>71,770</b>	<b>60,124</b>
Total bills paid within target	<b>68,695</b>	<b>58,507</b>
Percentage of bills paid within target	<b>95.7%</b>	<b>97.3%</b>
<b>Total</b>		
Total bills paid 2009-10	<b>74,715</b>	<b>226,323</b>
Total bills paid within target	<b>71,235</b>	<b>222,254</b>
Percentage of bills paid within target	<b>95.3%</b>	<b>98.2%</b>

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

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



## 8. Investment Income

	2009-10 £000	2008-09 £000
<b>Rental revenue :</b>		
PFI Finance lease income	0	0
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
<b>Interest revenue :</b>		
Bank accounts	10	148
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Total</b>	<b>10</b>	<b>148</b>

## 9. Other gains and losses

	2009-10 £000	2008-09 £000
Gain/(loss) on disposal of property, plant and equipment	0	84
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through OCS	0	0
Change in fair value of financial liabilities at fair value through OCS	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<b>0</b>	<b>84</b>

## 10. Finance costs

	2009-10 £000	2008-09 £000
Interest on loans	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts		
main finance cost	0	0
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Provisions unwinding of discount	182	204
Other interest expense	0	0
<b>Total interest expense</b>	<b>182</b>	<b>204</b>
PDC dividends payable	0	0
Other finance costs	0	0
<b>Total</b>	<b>182</b>	<b>204</b>

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or valuation at 1 April 2009</b>	72,135	104,300	834	454	6,005	332	4,800	630	189,490
Indexation	0	0	0	0	300	17	0	28	345
Additions - purchased	0	3,227	0	749	127	74	474	89	4,740
Additions - donated	0	0	0	0	57	0	0	0	57
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	(37,678)	(36,475)	0	0	0	0	0	0	(74,153)
Reclassifications	(353)	367	0	(367)	0	0	(10)	10	(353)
Revaluations	(18,015)	(23,540)	(134)	0	0	0	0	0	(41,689)
Impairments	(466)	(6)	0	0	0	0	0	0	(472)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	(729)	0	0	0	0	0	0	(729)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	(98)	(463)	0	0	(178)	0	0	0	(739)
<b>At 31 March 2010</b>	15,525	46,681	700	836	6,311	423	5,264	757	76,497
<b>Depreciation at 1 April 2009</b>	0	8,046	46	0	4,032	196	3,025	341	15,686
Indexation	0	0	0	0	202	10	0	14	226
Transfer from/into other NHS bodies	0	(914)	0	0	0	0	0	0	(914)
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	(8,047)	(45)	0	0	0	0	0	(8,092)
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	(226)	0	0	0	0	0	0	(226)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	(21)	0	0	(178)	0	0	0	(199)
Provided during the year	0	2,829	22	0	481	34	513	50	3,929
<b>At 31 March 2010</b>	0	1,667	23	0	4,537	240	3,538	405	10,411
<b>Net book value at 1 April 2009</b>	72,135	96,254	788	454	1,973	136	1,775	289	173,804
<b>Net book value at 31 March 2010</b>	15,525	45,014	677	836	1,774	183	1,726	352	66,087
<b>Net book value at 31 March 2010 comprises :</b>									
Purchased	15,525	41,610	677	836	1,281	183	1,726	352	62,190
Donated	0	3,404	0	0	493	0	0	0	3,897
Government Granted	0	0	0	0	0	0	0	0	0
	15,525	45,014	677	836	1,774	183	1,726	352	66,087
<b>Asset financing :</b>									
Owned	15,525	45,014	677	836	1,774	183	1,726	352	66,087
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
	15,525	45,014	677	836	1,774	183	1,726	352	66,087
<b>The net book value of land, buildings and dwellings at 31 March 2009 comprises :</b>									
									£000
Freehold									61,216
Long Leasehold									0
Short Leasehold									0
									61,216

Of the ILHB's opening total fixed assets balance, £102 million relates to the Residual Estate. The estate comprises properties previously accounted for by the former Health Authorities and now registered in the name of the Welsh Assembly Government, which were transferred to the ILHB on its establishment on 1 April 2003. The properties are not owned by Powys ILHB but are held either for sale or are occupied by other health organisations across Wales.

As part of the reorganisation of the NHS in Wales, the Residual Estate transferred in ownership to other Health Boards and Trust in Wales on 1st October 2009. Assets of £73.24m relating to the Residual Estate were transferred to other Health Boards identified in 'Transfer from/into other NHS bodies' in note 11.1. Assets of £0.45m were transferred to NHS Trusts reflected in the Disposals line in note 11.1.

Within the Provider segment of the ILHB, there was one impairment in year of £0.006m for Ynys Y Plant as part of the revaluation exercise undertaken at 1st April 2009.

Within the Residual Estate segment of the ILHB prior to transfer, there was one impairment in year of £0.466m for Lluesty Hospital due to lower estimates of sales value.

There has been a disposal in year from the provider segment of Coelbren Health Clinic to Abertawe Bro Morgannwg University Local Health Board at 31st March 2010

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or valuation at 1 April 2008</b>	83,442	99,757	810	453	6,059	322	4,100	619	195,562
Indexation	(12,516)	2,975	24	14	182	10	0	11	(9,300)
Additions - purchased	2,626	2,967	0	401	488	0	670	0	7,152
Additions - donated	0	146	0	0	5	0	0	0	151
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	384	0	(414)	0	0	30	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Impairments	0	(415)	0	0	0	0	0	0	(415)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	(1,349)	(753)	0	0	0	0	0	0	(2,102)
Reclassified as held for sale	(34)	(76)	0	0	0	0	0	0	(110)
Disposals	(34)	(685)	0	0	(729)	0	0	0	(1,448)
<b>At 31 March 2009</b>	<b>72,135</b>	<b>104,300</b>	<b>834</b>	<b>454</b>	<b>6,005</b>	<b>332</b>	<b>4,800</b>	<b>630</b>	<b>189,490</b>
<b>Depreciation at 1 April 2008</b>	0	4,548	22	0	4,250	158	2,642	282	11,902
Indexation	0	118	1	0	128	5	0	1	253
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Impairments	0	(36)	0	0	0	0	0	0	(36)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Other in-year revaluations	0	(65)	0	0	0	0	0	0	(65)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	(616)	0	0	(729)	0	0	0	(1,344)
Provided during the year	0	4,096	23	0	383	33	383	58	4,976
<b>At 31 March 2009</b>	<b>0</b>	<b>8,046</b>	<b>46</b>	<b>0</b>	<b>4,032</b>	<b>196</b>	<b>3,025</b>	<b>341</b>	<b>15,686</b>
<b>Net book value at 1 April 2008</b>	<b>83,442</b>	<b>95,209</b>	<b>788</b>	<b>453</b>	<b>1,809</b>	<b>164</b>	<b>1,458</b>	<b>337</b>	<b>183,660</b>
<b>Net book value at 31 March 2009</b>	<b>72,135</b>	<b>96,254</b>	<b>788</b>	<b>454</b>	<b>1,973</b>	<b>136</b>	<b>1,775</b>	<b>289</b>	<b>173,804</b>
<b>Net book value at 31 March 2009 comprises :</b>									
Purchased	71,285	92,996	788	454	1,434	136	1,775	289	169,156
Donated	850	3,259	0	0	539	0	0	0	4,648
Government Granted	0	0	0	0	0	0	0	0	0
	72,135	96,255	788	454	1,973	136	1,775	289	173,804
<b>Asset financing :</b>									
Owned	72,135	96,255	788	454	1,973	136	1,775	289	173,804
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
	72,135	96,255	788	454	1,973	136	1,775	289	173,804
<b>The net book value of land, buildings and dwellings at 31 March 2009 comprises :</b>									
Freehold									£000
Long Leasehold									163,989
Short Leasehold									5,173
									15
									<b>169,177</b>

## 11. Property, plant and equipment (continued)

### 11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
<b>Balance brought forward 1 April 2009</b>	34	76	0	0	0	110
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Less assets sold in the year	-34	-76	0	0	0	-110
Less impairment of assets held for sale	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance brought forward 1 April 2008</b>	0	0	0	0	0	0
Plus assets classified as held for sale in the year	34	76	0	0	0	110
Less assets sold in the year	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2009</b>	<b>34</b>	<b>76</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>110</b>

The above transaction relates to the sale of Tawelfan, a property located within a residential estate within Ystradgynlais. Its main use in recent years was a base for a community mental health team, which has now been relocated into the local community hospital. This property had been recognised as held for sale at the 31st March 2009 and the sale completed in October 2009.

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

ii) Assets donated in the year were purchased from funds donated by the public and charitable organisations and from funds provided by associations linked to specific hospitals.

ii) Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. Land and buildings are restated to current value using professional valuations carried out by the District Valuers of the Inland Revenue at 5 yearly intervals and in the intervening years by the use of indices provided from the District Valuer via the Assembly. The valuations are carried out primarily on the basis of Modern Equivalent Asset cost for specialised operational property and existing use value for non-specialised operational property. For non-operational properties the valuations are carried out at open market value.

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

iv) There is considered to be no material difference between the open market value of properties and the existing use value at which they are held.

## 12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	2009-10 Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2009</b>	<b>91</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>91</b>
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
<b>Gross cost at 31 March 2010</b>	<b>91</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>91</b>
<b>Amortisation at 1 April 2009</b>	<b>86</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>86</b>
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
Provided during the year	5	0	0	0	0	5
Reclassified as held for sale	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
<b>Amortisation at 31 March 2010</b>	<b>91</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>91</b>
<b>Net book value at 1 April 2009</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
<b>Net book value at 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 31 March 2010</b>						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
<b>Total at 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 12. Intangible non-current assets (continued)

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	2008-09 Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2008</b>	<b>91</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>91</b>
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
<b>Gross cost at 31 March 2009</b>	<b>91</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>91</b>
<b>Amortisation at 1 April 2008</b>	<b>81</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>81</b>
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairment Charge	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0
Provided during the year	5	0	0	0	0	5
Reclassified as held for sale	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
<b>Amortisation at 31 March 2009</b>	<b>86</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>86</b>
<b>Net book value at 1 April 2008</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>
<b>Net book value at 31 March 2009</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
<b>At 31 March 2009</b>						
Purchased	5	0	0	0	0	5
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
<b>Total at 31 March 2009</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>

### 13 . Impairments

	2009-10		2008-09	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Loss as a result of catastrophe	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	472	0	379	0
<b>Total</b>	<b>472</b>	<b>0</b>	<b>379</b>	<b>0</b>
<b>Impairments charged in the year to the revaluation reserve</b>				
Charged to revaluation reserve	33,980	0	11,590	0

The impairment arose as a result of valuations of certain assets, primarily hospital land and buildings, by the District Valuer which indicated that the carrying value of the assets including enhancements was above the latest valuation carried out using Modern Equivalent Asset methodology. A further impairment arose relating to lower estimates of sales value on Lluesty Hospital within the Residual Estate.



## 14. Inventories

	<b>31 March</b>	31 March	1 April
	<b>2010</b>	2009	2008
	<b>£000</b>	£000	£000
Drugs	<b>80</b>	<b>101</b>	<b>99</b>
Consumables	<b>20</b>	<b>19</b>	<b>75</b>
Energy	<b>26</b>	<b>29</b>	<b>26</b>
Work in progress	<b>0</b>	<b>0</b>	<b>0</b>
Other	<b>3</b>	<b>2</b>	<b>3</b>
<b>Total</b>	<b>129</b>	151	203

## 15. Trade and other Receivables

<b>Current</b>	<b>31 March 2010 £000</b>	<b>31 March 2009 £000</b>	<b>1 April 2008 £000</b>
Welsh Assembly Government	507	465	417
Welsh Health Boards	802	304	508
Welsh NHS Trusts	308	273	255
Non - Welsh Trusts	954	329	163
Other NHS	326	0	14
Welsh Risk Pool	33,487	22,007	28,774
Capital debtors	0	0	0
Other debtors	756	1,755	1,571
Provision for irrecoverable debts	(104)	(169)	(196)
Pension Prepayments	0	0	0
Other prepayments and accrued income	1,259	1,442	1,156
<b>Sub total</b>	<b>38,295</b>	<b>26,406</b>	<b>32,662</b>
<b>Non-current</b>			
Welsh Assembly Government	0	0	0
Welsh Health Boards	0	0	0
Welsh NHS Trusts	0	0	0
Non - Welsh Trusts	0	0	0
Other NHS	0	0	0
Welsh Risk Pool	11,581	15,883	8,320
Capital debtors	0	0	0
Other debtors	0	0	88
Provision for irrecoverable debts	0	0	0
Pension Prepayments	0	0	0
Other prepayments and accrued income	0	0	0
<b>Sub total</b>	<b>11,581</b>	<b>15,883</b>	<b>8,408</b>
<b>Total</b>	<b>49,876</b>	<b>42,289</b>	<b>41,070</b>
<b>Receivables past their due date but not impaired</b>			
By up to three months	870	814	625
By three to six months	309	34	8
By more than six months	479	203	434
	<b>1,658</b>	<b>1,051</b>	<b>1,067</b>
<b>Provision for impairment of receivables</b>			
Balance at 1 April	(169)	(196)	(97)
Amount written off during the year	13	69	0
Amount recovered during the year	73	112	0
(Increase) / decrease in receivables impaired	(21)	(154)	(99)
Balance at 31 March	<b>(104)</b>	<b>(169)</b>	<b>(196)</b>

## 16. Trade and other payables

<b>Current</b>	<b>31 March 2010 £000</b>	31 March 2009 £000	1 April 2008 £000
Welsh Assembly Government	40	60	175
Welsh Health Boards	4,883	1,046	800
Welsh NHS Trusts	62	1,827	2,053
Other NHS	3,687	2,894	2,648
Income tax and social security	1,155	214	1,243
Non-NHS creditors	1,962	1,751	2,475
Capital Creditors	661	738	299
Overdraft	0	0	0
Rentals due under operating leases	0	0	0
Obligations under finance leases, HP contracts and PFI contracts	0	0	0
Pensions: staff	964	199	995
Accruals	12,015	11,989	10,990
Deferred Income	273	232	69
Other creditors	0	0	0
<b>Total</b>	<b>25,702</b>	<b>20,950</b>	<b>21,747</b>
<b>Non-current</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, HP contracts and PFI contracts	0	0	0
Pensions: staff	0	0	0
Accruals	0	0	0
Deferred Income	0	0	0
Other creditors	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 17. Provisions

	At 1 April 2009	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors and between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2010
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>								
Clinical negligence	20,717	0	10,842	6,774	(2,013)	(5,360)	0	30,960
Personal injury	562	0	250	629	(409)	(142)	2	892
All other losses and special payments	0	0	0	2	(2)	0	0	0
Defence legal fees and other administration	657	0	448	353	(205)	(312)		941
Pensions relating to former directors	0		0	0	0	0	0	0
Pensions relating to other staff	806		589	(133)	(634)	(13)	180	795
Restructuring	0		0	0	0	0	0	0
Other	2,413		0	1,577	(632)	(524)		2,834
<b>Total</b>	<b>25,155</b>	<b>0</b>	<b>12,129</b>	<b>9,202</b>	<b>(3,895)</b>	<b>(6,351)</b>	<b>182</b>	<b>36,422</b>
<b>Non Current</b>								
Clinical negligence	14,684	0	(10,842)	7,085	0	0	0	10,927
Personal injury	357	0	(250)	0	0	0	0	107
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	948	0	(448)	243	(14)	0		729
Pensions relating to former directors	0		0	0	0	0	0	0
Pensions relating to other staff	7,373		(796)	963	0	(110)	0	7,430
Restructuring	0		0	0	0	0	0	0
Other	0		0	0	0	0		0
<b>Total</b>	<b>23,362</b>	<b>0</b>	<b>(12,336)</b>	<b>8,291</b>	<b>(14)</b>	<b>(110)</b>	<b>0</b>	<b>19,193</b>
<b>TOTAL</b>								
Clinical negligence	35,401	0	0	13,859	(2,013)	(5,360)	0	41,887
Personal injury	919	0	0	629	(409)	(142)	2	999
All other losses and special payments	0	0	0	2	(2)	0	0	0
Defence legal fees and other administration	1,605	0	0	596	(219)	(312)		1,670
Pensions relating to former directors	0			0	0	0	0	0
Pensions relating to other staff	8,179		(207)	830	(634)	(123)	180	8,225
Restructuring	0			0	0	0	0	0
Other	2,413			1,577	(632)	(524)		2,834
<b>Total</b>	<b>48,517</b>	<b>0</b>	<b>(207)</b>	<b>17,493</b>	<b>(3,909)</b>	<b>(6,461)</b>	<b>182</b>	<b>55,615</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	Total
	£000	£000	£000	£000	£000	£000	£000
Clinical negligence	30,960	10,927	0	0	0	0	41,887
Personal injury	892	16	24	67	0	0	999
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	941	729	0	0	0	0	1,670
Pensions relating to former directors	0	0	0	0	0	0	0
Pensions relating to other staff	795	2,966	2,714	1,750	0	0	8,225
Restructuring	0	0	0	0	0	0	0
Other	2,834	0	0	0	0	0	2,834
<b>Total</b>	<b>36,422</b>	<b>14,638</b>	<b>2,738</b>	<b>1,817</b>	<b>0</b>	<b>0</b>	<b>55,615</b>

The tLHB estimates that in 2010-11 it will receive £33,487k and in 2011-12 and beyond £11,581k from the Welsh Risk Pool in respect of losses and special payments

£37,898k of provisions relate to the probable liabilities of the former Health Authorities in respect of Medical Negligence and Personal Injury Claims for incidents which occurred before the establishment of NHS Trusts (Pre 1996 and Pre 1992 depending on the Trust).

Contingent Liabilities are directly and solely linked to these claims.

The tLHB has accounted for £0.455m of other provisions relating to the Agenda for Change terms and conditions for NHS staff pay. These provisions are estimates based on the best available information at the time of preparing the accounts and as such there may be an element of variability between the calculated provision and the actual costs incurred by the tLHB when they are finally discharged.

Also included within 'other' is £1.629m relating to retrospective continuing care claims.

17. Provisions (continued)

	At 1 April 2008	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors and between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2009
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>								
Clinical negligence	26,672	0	(2,241)	9,945	(5,328)	(8,331)	0	20,717
Personal injury	770	0	(127)	384	(220)	(247)	2	562
All other losses and special payments	0	0	0	2	(2)	0	0	0
Defence legal fees and other administration	1,662	0	(148)	138	(149)	(846)		657
Pensions relating to former directors	0			0	0	0	0	0
Pensions relating to other staff	1,006		431	(164)	(613)	(56)	202	806
Restructuring	0			0	0	0	0	0
Other	2,393			1,846	(1,207)	(619)		2,413
<b>Total</b>	<b>32,503</b>	<b>0</b>	<b>(2,085)</b>	<b>12,151</b>	<b>(7,519)</b>	<b>(10,099)</b>	<b>204</b>	<b>25,155</b>

<b>Non Current</b>								
Clinical negligence	7,997	0	2,241	6,755	(25)	(2,284)	0	14,684
Personal injury	0	0	127	230	0	0	0	357
All other losses and special payments	0	0	0	0	0	0	0	0
Defence legal fees and other administration	323	0	148	498	(11)	(10)		948
Pensions relating to former directors	0			0	0	0	0	0
Pensions relating to other staff	8,196		(630)	526	218	(937)	0	7,373
Restructuring	0			0	0	0	0	0
Other	0			0	0	0		0
<b>Total</b>	<b>16,516</b>	<b>0</b>	<b>1,886</b>	<b>8,009</b>	<b>182</b>	<b>(3,231)</b>	<b>0</b>	<b>23,362</b>

<b>TOTAL</b>								
Clinical negligence	34,669	0	0	16,700	(5,353)	(10,615)	0	35,401
Personal injury	770	0	0	614	(220)	(247)	2	919
All other losses and special payments	0	0	0	2	(2)	0	0	0
Defence legal fees and other administration	1,985	0	0	636	(160)	(856)		1,605
Pensions relating to former directors	0			0	0	0	0	0
Pensions relating to other staff	9,202		(199)	362	(395)	(993)	202	8,179
Restructuring	0			0	0	0	0	0
Other	2,393			1,846	(1,207)	(619)		2,413
<b>Total</b>	<b>49,019</b>	<b>0</b>	<b>(199)</b>	<b>20,160</b>	<b>(7,337)</b>	<b>(13,330)</b>	<b>204</b>	<b>48,517</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	20,717	14,684	0	0	0	0	35,401
Personal injury	562	270	23	64	0	0	919
All other losses and special payments	0	0	0	0	0	0	0
Defence legal fees and other administration	657	948	0	0	0	0	1,605
Pensions relating to former directors	0	0	0	0	0	0	0
Pensions relating to other staff	806	3,143	3,111	1,119	0	0	8,179
Restructuring	0	0	0	0	0	0	0
Other	2,413	0	0	0	0	0	2,413
<b>Total</b>	<b>25,155</b>	<b>19,045</b>	<b>3,134</b>	<b>1,183</b>	<b>0</b>	<b>0</b>	<b>48,517</b>

## 18. Cash and cash equivalents

	2009-10	2008-09
	£000	£000
Balance at 1 April	167	1,951
Net change in cash and cash equivalent balances	2,869	(1,784)
Balance at 31 March	<u>3,036</u>	<u>167</u>
Made up of:		
Cash held at Office of HM Paymaster General / GBS	3,013	866
Commercial banks and cash in hand	23	(699)
Investments in National Loan Fund	0	0
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<b>3,036</b>	<b>167</b>
Bank overdraft - Office of HM Paymaster General / GBS	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in Statement of Cash Flows</b>	<b><u>3,036</u></b>	<b><u>167</u></b>

## 19. Other Financial Assets

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

## 20. Other assets

	Current		Non-current	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
EU Emissions Trading Scheme Allowance	0	0	0	0
Prepayments	0	0	0	0
Other assets	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**21. Other liabilities**

	Current		Non-current	
	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
Lease incentives	0	0	0	0
PFI asset -deferred credit	0	0	0	0
Other	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**22. Other financial liabilities**

**Financial liabilities**

	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000
Financial assets carried at fair value through OCS	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 23. Related Party Transactions

£'000

**Total value of transactions with Board members and key senior staff in 2009/10. 0**

Powys Teaching Local Health Board is a body corporate established by order of the National Assembly for Wales.

The National Assembly for Wales is regarded as a related party. During the year Powys Teaching 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;

- Public Health Wales with whom the Teaching Local Health Board contracts for the provision of Public Health and Health Promotion services.
- Betsi Cadwallader University Local Health Board which operate the Welsh Risk Pool on behalf of NHS bodies in Wales.
- Welsh NHS Trusts and Local Health Board's with whom the Teaching Local Health Board commissions healthcare.

-including:

Abertawe Bro Morgannwg University Local Health Board  
 Aneurin Bevan Local Health Board  
 Betsi Cadwalladr University Local Health Board  
 Cardiff & Vale University Local Health Board  
 Cwm Taf Local Health Board  
 Hywel Dda Local Health Board  
 Velindre NHS Trust  
 Welsh Ambulance Service NHS Trust

There have been no related party transactions with Welsh Ministers

The Teaching Local Health Board has hosted the following functions on behalf of NHS Wales on which it receives income from the Assembly and other Local Health Boards ;

- The NHS Wales Residual Estate,
- Residual Clinical Negligence,
- Community Health Councils,
- Business Services Centres,
- Continuing Care Case Administration.

The Teaching Local Health Board has a significant number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with Powys County Council with a gross expenditure of £5.496M in the year.

- The Teaching Local Health Board also has material transactions with English NHS Trusts a with whom it commissions healthcare including:

Shrewsbury and Telford NHS Trust  
 Hereford Hospitals NHS Trust  
 Robert Jones and Agnes Hunt NHS Trust

The Teaching Local Health Board also has contracts with Shropdoc for the provision of out of hours care. Expenditure of £2.36M was incurred in 2009/10.

The Teaching Local Health Board has also received revenue and capital payments from a number of charitable funds, certain of the Trustees for which are also members of the Board.

During the year none of the board members or members of the key management staff or other related parties has undertaken any material transactions with Powys Teaching Local Health Board.

During the year, the following board members were key members/partners of organisations involved in transactions with Powys tLHB:

Alan Dawson	- Associate Director of Operations, Hereford Hospitals NHS Trust.
Bryn Williams	- Chief Officer of Brecknock and Radnor Community Health Council.
Chris Mann	- Trustee, Institute of Rural Health
	- Trustee, Powys Citizens Advice Bureau.
Dr. Julie Bishop	- Director of Public Health, National Public Health Service.
Dr. Peter Hovarth Howard	- Partner, Haygarth Doctors Teaching Practice, Powys.
Dr. Stephen James	- Partner, Newtown Medical Practice, Powys
	- Member Shropdoc OOH care provider.
Cllr. Gary Banks	- Councillor, Powys County Council.
Gloria Jones Powell	- Vice President Powys Association of Voluntary Organisations.
	- Trustee, Powys Carers Service
John Howard	- Chief Officer of Montgomeryshire Community Health Council.
Dr. Paul Buss	- Deputy Medical Director, Gwent Health Care NHS Trust
Paul Davies	- Director of P&C Davies (Llanwrtyd Wells) Ltd (Pharmacy), Powys.
Phil Robson	- Executive Director, Powys County Council.
Cllr. Rosemarie Harris	- Councillor, Powys County Council
	- Director Royal Welsh Agricultural Society Enterprises
Cllr. Michael Williams	- Councillor, Powys County Council.
Gyles Palmer	- Director, Powys Carers Service



## 24. Third Party assets

The tLHB held £21,889 cash at bank and in hand at 31 March 2010 (31 March 2009: £40,689) which relates to monies held by the tLHB on behalf of patients. This has been excluded from cash and cash equivalents figure reported in the accounts.

## 25. Intra Government balances

	Current receivables £000	Non-current receivables £000	Current payables £000	Non-current payables £000
<b>2009-10 :</b>				
Welsh Assembly Government	445	0	25	0
Welsh Local Health Boards	802	0	4,883	0
Welsh NHS Trusts	308	0	62	0
Health Commission Wales	62	0	15	0
All English Health Bodies	1,281	0	3,687	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>2,898</b>	<b>0</b>	<b>8,672</b>	<b>0</b>
Other Central Government Bodies				
Other Government Departments	0	0	2,119	0
Revenue & Customs	138	0	0	0
Local Authorities	305	0	36	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	34,954	11,581	14,875	0
<b>TOTAL</b>	<b>38,295</b>	<b>11,581</b>	<b>25,702</b>	<b>0</b>
<b>2008-09 :</b>				
Welsh Assembly Government	279	0	28	0
Welsh Local Health Boards	304	0	1,046	0
Welsh NHS Trusts	273	0	1,827	0
Health Commission Wales	186	0	32	0
All English Health Bodies	329	0	2,894	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>1,371</b>	<b>0</b>	<b>5,827</b>	<b>0</b>
Other Central Government Bodies				
Other Government Departments	0	0	214	0
Revenue & Customs	332	0	0	0
Local Authorities	572	0	527	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	24,131	15,883	14,382	0
<b>TOTAL</b>	<b>26,406</b>	<b>15,883</b>	<b>20,950</b>	<b>0</b>

## 26. Losses and special payments

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

### Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2010		Approved to write-off to 31 March 2010	
	Number	£	Number	£
Clinical negligence	15	2,008,636	0	0
Personal injury	8	353,268	0	0
All other losses and special payments	7	1,678	0	0
<b>Total</b>	<b>30</b>	<b>2,363,582</b>	<b>0</b>	<b>0</b>

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

		Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
<b>Cases exceeding £250,000</b>				
Case reference	Case type			
MN/030/0128/ALF	Clinical Negligence	(147,672)	3,009,828	0
MN/030/0159/AW	Clinical Negligence	538,680	676,180	0
MN030/0212/ES	Clinical Negligence	0	500,000	0
MN030/0213/ES	Clinical Negligence	0	11,904,956	0
MN/030/0398/FEW	Clinical Negligence	40,000	660,000	0
MN/030/0402/FEW	Clinical Negligence	695,000	1,065,000	0
MN/030/0071/ECM	Clinical Negligence	503,503	683,503	0
<b>Sub-total</b>		<b>1,629,511</b>	<b>18,499,467</b>	<b>0</b>
<b>All other cases</b>		<b>734,071</b>	<b>1,027,927</b>	<b>0</b>
<b>Total cases</b>		<b>2,363,582</b>	<b>19,527,394</b>	<b>0</b>

## 27. Contingencies

### 27.1 Contingent liabilities

	2009-10 £'000	2008-09 £'000
Legal Claims for Third Party Liabilities	55,499	51,148
Continuing Health Care	4,083	0
	0	0

#### Uncertainties affecting Outcome Legal Claims for third party

**liabilities:** £55,234 of the £55,499 relate solely to the former Health Authorities in respect of Medical Negligence and Personal Injury Claims for incidents which occurred before the establishment of NHS Trusts (Pre 1996 and Pre 1992 depending on the Trust). Legal advice has established that these claims are not likely to result in payments. In the unlikely event that amounts are payable, all payments will be reimbursed to Powys tLHB by the Welsh Risk Pool

#### Uncertainties surrounding Continuing Healthcare Cost Liabilities :

Liabilities for continuing care costs continue to be a significant financial issue for the tLHB. 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. Powys tLHB is responsible for post 1/4/2003 costs and the financial statements include the following amounts relating to those uncertain continuing healthcare costs: Note 17 sets out the £1,629k provision made for probable continuing care costs relating to 21 claims received; Note 27.1 sets out the £4,083k contingent liability for possible continuing care costs relating to 42 claims received; Any continuing healthcare claims which relate to pre-1/4/2003 are included in the Welsh Assembly Government resource accounts

<b>59,582</b>	51,148
---------------	--------

### 27.2 Contingent assets

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

## 28. Capital commitments

#### Contracted capital commitments at 31 March 2010 for

	2009-10	2008-09
Property, plant and equipment	40	1,154
Intangible assets	0	0
	<b>40</b>	1,154

**29. Finance leases**

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

The Teaching Local Health Board has no Finance Lease arrangements in operation.

**Amounts payable under finance leases:**

Land	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
<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>

**29.1 Finance leases obligations (as lessee) continued**

**Amounts payable under finance leases:**

<b>Buildings</b>	<b>31 March 2010 £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
<b>Minimum lease payments</b>	<b>0</b>	<b>0</b>	<b>0</b>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>

**Present value of minimum lease payments**

Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
<b>Present value of minimum lease payments</b>	<b>0</b>	<b>0</b>	<b>0</b>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>

**Other**

	<b>31 March 2010 £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
<b>Minimum lease payments</b>	<b>0</b>	<b>0</b>	<b>0</b>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>

**Present value of minimum lease payments**

Within one year	0	0	0
Between one and five years	0	0	0
After five years	0	0	0
Less finance charges allocated to future periods	0	0	0
<b>Present value of minimum lease payments</b>	<b>0</b>	<b>0</b>	<b>0</b>
Included in:			
Current borrowings	0	0	0
Non-current borrowings	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>

**29.2 Finance lease receivables (as lessor)**

The Teaching Local Health Board has no Finance Lease arrangements in operation.

**Amounts receivable under finance leases:**

	<b>31 March 2010 £000</b>	31 March 2009 £000	1 April 2008 £000
<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
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>

**30. Private Finance Initiative contracts**

**30.1 PFI schemes off-Statement of Financial Position**

The Teaching Local Health Board has no Private Finance Initiative contracts in operation.

**30.2 PFI schemes on-Statement of Financial Position**

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

	<b>31 March 2010</b>	31 March 2009
	<b>£000</b>	£000
Not later than one year	<b>0</b>	0
Later than one year, not later than five	<b>0</b>	0
Later than five years	<b>0</b>	0
Sub total	<b>0</b>	0
Less: interest element	<b>0</b>	0
<b>Total</b>	<b>0</b>	0

**30.3 Charges to expenditure**

The Teaching Local Health Board has no Private Finance Initiative contracts in operation.

The LHB is committed to the following annual charges

	<b>31 March 2010</b>	31 March 2009
	<b>£000</b>	£000
<b>PFI scheme expiry date:</b>		
Not later than one year	<b>0</b>	0
Later than one year, not later than five years	<b>0</b>	0
Later than five years	<b>0</b>	0
<b>Total</b>	<b>0</b>	0

**30.4 The LHB has no Public Private Partnerships**



### 31. Pooled budgets

#### A Funded Nursing Care

Powys Teaching Local Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 31 of the Health Act 1999.

The health related function which is subject to these arrangements is the provision of care by a registered nurse in care homes, which is a service provided by the NHS Body under section 2 of the National Health Service Act 1977.

In accordance with the Social Care Act 2001 Section 49 care from a registered nurse is funded by the NHS regardless of the setting in which it is delivered. ( Circular 12/2003)

The agreement will not affect the liability of the parties for the exercise of their respective statutory functions and obligations.

The partnership agreement operates in accordance with the Welsh Assembly Guidance NHS Funded Nursing Care 2004.

The Pooled Budget set for 2009/10 for free nursing care was £1,942,357 allocation is now within the base allocation from WAG

Gross Funding	Staff £	Other £	Total £
Powys County Council	0	1,064,557	1,064,557
Powys Teaching Local Health Board	0	877,800	877,800
<b>Total Funding</b>	<b>0</b>	<b>1,942,357</b>	<b>1,942,357</b>
<b>Expenditure</b>			
Monies spent in accordance with Pooled budget arrangement	* 169,972	1,720,297	1,890,269
<b>Total Expenditure</b>	<b>169,972</b>	<b>1,720,297</b>	<b>1,890,269</b>
<b>Net under/(over) spend</b>	<b>(169,972)</b>	<b>222,060</b>	<b>52,088</b>
*169,972 Funding for 5 Nurse assessors plus travel provided by Powys tLHB Over and above allocation			
The above memorandum account is subject to the audit of Powys County Council.			

#### B Provision of Community Equipment

Powys Teaching Local Health Board and Powys County Council have entered into a partnership agreement in respect of (Wales) Act 2006 lead commissioning from a pooled fund for the provision of community equipment in accordance with Section 33 of the National Health Services Act 2006

Powys County Council is the host partner for the purposes of the Regulations.

The purpose of the agreement is to facilitate the provision of a community equipment service and the development of this service in Powys. The service is provided from a pooled fund and is within the tLHB's and the Council's powers.

The tLHB contribution to the community equipment pooled budget was £400,172.

Gross Funding	Powys County Council £	Powys Teaching Local Health Board £	Expenditure	Total £
Original funding	384,330	400,172		784,502
additional Grant func	80,000	0		80,000
<b>Total Funding</b>	<b>464,330</b>	<b>400,172</b>		<b>864,502</b>
<b>Expenditure</b>				
Monies spent in accordance with Pooled budget arrangement				
			<i>Pooled budget management costs</i>	31,592
			<i>Equipment purchase</i>	590,862
			<i>Maintenance and Inspection</i>	123,318
			<i>Delivery Charges/ Cleaning</i>	299,181
			<i>VAT</i>	
			<i>Adjustment</i>	101,609
<b>Total Expenditure</b>	<b>0</b>	<b>0</b>	<b>1,146,562</b>	<b>1,146,562</b>
<b>Net under/(over) spend</b>	<b>464,330</b>	<b>400,172</b>	<b>864,502</b>	<b>(282,060)</b>
	<i>Share of deficit</i>	<i>138,182</i>	<i>143,878</i>	<i>282,060</i>
The above memorandum account is subject to the audit of Powys County Council.				

### 32. Financial Instruments

Financial assets	At "fair value" through OCS £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
Other financial assets	48,721	0	0	48,721
Cash at bank and in hand	3,036	0	0	3,036
Other financial assets	0	0	0	0
<b>Total at 31 March 2010</b>	<b>51,757</b>	<b>0</b>	<b>0</b>	<b>51,757</b>

Financial liabilities	At "fair value" through OCS £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	25,548	0	25,548
<b>Total at 31 March 2010</b>	<b>25,548</b>	<b>0</b>	<b>25,548</b>

Financial assets	At "fair value" through OCS £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
Other financial assets	41,016	0	110	41,126
Cash at bank and in hand	167	0	0	167
Other financial assets	0	0	0	0
<b>Total at 31 March 2009</b>	<b>41,183</b>	<b>0</b>	<b>110</b>	<b>41,293</b>

Financial liabilities	At "fair value" through OCS £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	20,718	0	20,718
<b>Total at 31 March 2009</b>	<b>20,718</b>	<b>0</b>	<b>20,718</b>

Financial assets	At "fair value" through OCS £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
Other financial assets	37,094	0	0	37,094
Cash at bank and in hand	1,951	0	0	1,951
Other financial assets	0	0	0	0
<b>Total at 1 April 2008</b>	<b>39,045</b>	<b>0</b>	<b>0</b>	<b>39,045</b>

Financial liabilities	At "fair value" through OCS £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	0	0
Other financial liabilities	21,678	0	21,678
<b>Total at 1 April 2008</b>	<b>21,678</b>	<b>0</b>	<b>21,678</b>

### 33. Transition to IFRS

	General Fund £000s	Revaluation reserve £000s	Donation reserve £000s	Government grant reserve £000s	Total reserves £000s
<b>Taxpayers equity at 31 March 2009 under UKGAAP</b>	20012	122872	4645	0	147,529
Adjustment to remove negative balances on revaluation reserves	0	0	0	0	0
<b>Adjusted Taxpayers equity at 31 March 2009</b>	<u>20012</u>	<u>122872</u>	<u>4645</u>	<u>0</u>	<u>147,529</u>
<b>Adjustments for IFRS changes</b>					
PFI	0	0	0	0	0
Leases	0	0	0	0	0
Employee Benefit Accrual	(470)	0	0	0	(470)
<b>Taxpayers equity at 31 March 2009 under IFRS</b>	<u>19542</u>	<u>122872</u>	<u>4645</u>	<u>0</u>	<u>147,059</u>
<b>Net operating costs for 2008-09 under UKGAAP</b>	206500	0	0	0	206,500
Adjustments for IFRS changes :					
PFI	0	0	0	0	0
Leases	0	0	0	0	0
Others (specify)	0	0	0	0	0
<b>Net operating costs for 2008-09 under IFRS</b>	<u>206500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>206,500</u>

### 34. Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. The tLHB 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 tLHB 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 tLHB in undertaking its activities.

#### Currency risk

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

#### Interest rate risk

tLHBs are not permitted to borrow. The tLHB therefore has low exposure to interest rate fluctuations

#### Credit risk

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

#### Liquidity risk

The tLHB 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 tLHB is not, therefore, exposed to significant liquidity risks.

### Maturity of financial liabilities

	<b>31 March 2010 £'000</b>	31 March 2009 £'000
In one year	0	0
In more than one year but not more than two years	0	0
In more than two years but not more than five years	0	0
In more than five years	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

### 35. Movements in working capital

	2009-10	2008-09
	£000	£000
(Increase)/decrease in inventories	22	52
(Increase)/decrease in trade and other receivables	(7,587)	(4,410)
(Increase)/decrease in other current assets	0	0
Increase/(decrease) in trade and other payables	4,829	1,956
Increase/(decrease) in other current liabilities	0	0
<b>Total</b>	<b>(2,736)</b>	<b>(2,402)</b>

### 36. Other cash flow adjustments

	2009-10	2008-09
	£000	£000
Depreciation	3,678	4,739
Amortisation	5	5
Impairments and reversals	472	379
Cost of Capital Charge	2,955	5,100
Release of PFI deferred credits	0	0
Transfer from donated asset reserve	0	0
Transfer from government grant reserve	0	0
Non-cash movements in provisions	11,007	6,835
<b>Total</b>	<b>18,118</b>	<b>17,058</b>

### 37. Cash flow relating to exceptional items

There are no exceptional items

### **38. Events after the Reporting Period**

From the 1st April 2010, the financial services function of the Business Services Centre has been re-distributed to the seven LHB's (including Powys tLHB).

The Minister has also announced following consultation a restructure of Community Health Councils from April 1st 2010 a reduction in the number of Community Health Councils from 18 to 8.

### 39. Operating segments

The following analysis segments the operating costs of the non healthcare functions :

	Note	Total Powys "Health" £'000	Total BSC £'000	Total Residual Estate £'000	Total Clinical Negligence £'000	Total CHC £'000	Consolidation Adjustments £'000	Cons. Total £'000
Expenditure on Primary Healthcare Services	3.1	60,732	0	0	0	0	(447)	60,285
Expenditure on healthcare from other providers	3.2	154,766	0	0	0	0	(65,181)	89,585
Expenditure on Hospital and Community Health Services	3.3	70,968	23,438	3,223	22	3,750	(459)	100,942
		<b>286,466</b>	<b>23,438</b>	<b>3,223</b>	<b>22</b>	<b>3,750</b>	<b>(66,087)</b>	<b>250,812</b>
Less: Miscellaneous Income	4	74,514	19,766	213	0	478	(66,087)	28,884
<b>tlHB net operating costs before interest and other gains and losses</b>		<b>211,954</b>	<b>3,672</b>	<b>3,010</b>	<b>22</b>	<b>3,272</b>	<b>(0)</b>	<b>221,928</b>
Investment Income	8	10	0	0	0	0	0	10
Other (Gains) / Losses	9	0	0	0	0	0	0	0
Finance costs	10	2	176	0	0	4	0	182
<b>tlHB Net Operating Costs</b>		<b>211,946</b>	<b>3,848</b>	<b>3,010</b>	<b>22</b>	<b>3,276</b>	<b>(0)</b>	<b>222,100</b>
Less Non Discretionary Expenditure		780	0	0	0	0	0	780
Revenue Resource Limit		207,815	3,991	6,163	0	3,364	0	221,333
<b>Under / (over) spend against Revenue Resource Limit</b>		<b>(3,351)</b>	<b>143</b>	<b>3,153</b>	<b>(22)</b>	<b>88</b>	<b>0</b>	<b>13</b>

The following analysis segments the Net Assets of the non healthcare functions:

	Note	Total Powys "Health" £'000	Total BSC £'000	Total Residual Estate £'000	Total Clinical Negligence £'000	Total CHC £'000	Consolidation Adjustments £'000	Cons. Total £'000
<b>Total Non Current Assets</b>								
Property Plant and Equipment	11	64,864	1,223	0	0	0	0	66,087
Intangible Assets	12	0	0	0	0	0	0	0
Trade and Other Receivables	15	0	0	0	11,581	0	0	11,581
<b>Current Assets</b>								
Inventories	14	129	0	0	0	0	0	129
Trade and Other Receivables	15	19,623	3,282	0	26,317	87	(11,014)	38,295
Cash and Cash Equivalents	18	2,873	19	0	0	144	0	3,036
Non Current Assets as "held for sale"	11	0	0	0	0	0	0	0
<b>Total Current Assets</b>		<b>22,625</b>	<b>3,301</b>	<b>0</b>	<b>26,317</b>	<b>231</b>	<b>(11,014)</b>	<b>41,460</b>
<b>Current Liabilities</b>								
Trade and other payables	16	34,118	2,065	0	129	404	(11,014)	25,702
Provisions	17	8,918	1,176	0	26,317	11	0	36,422
<b>Non Current Liabilities</b>								
Provisions	17	182	7,263	0	11,581	167	0	19,193
<b>Total Assets employed</b>		<b>44,271</b>	<b>(5,980)</b>	<b>0</b>	<b>(129)</b>	<b>(351)</b>	<b>(22,028)</b>	<b>37,811</b>
<b>Financed by:</b>								
<b>Taxpayers' equity</b>								
General Fund		9,014	(6,045)	0	(129)	(351)	0	2,489
Donated Assets Reserve		3,897	0	0	0	0	0	3,897
Revaluation Reserve		31,360	65	0	0	0	0	31,425
<b>Total taxpayers equity</b>		<b>44,271</b>	<b>(5,980)</b>	<b>0</b>	<b>(129)</b>	<b>(351)</b>	<b>0</b>	<b>37,811</b>

**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 tLHB. 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 23 June 2010

Andrew Cottom: 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 tLHB and of the income and expenditure of the tLHB for that period. In preparing those accounts, the directors are required to:

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

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

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

**By Order of the Board**

**Signed:**

Chairman: Chris Mann

Dated: 23 June 2010

Chief Executive: Andrew Cottom

Dated: 23 June 2010

Director of Finance: Rebecca Richards

Dated: 23 June 2010

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

**LOCAL HEALTH BOARDS**

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

**BASIS OF PREPARATION**

2. The account of the LHB shall comply with:

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

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

**FORM AND CONTENT**

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

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

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



## MISCELLANEOUS

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated : 17.06.2010

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



## 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 to maintain 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.

In addition to the functions relating to the health and well being of the population of Powys, the Teaching Local Health Board (tLHB) is also accountable for the NHS Wales Business Service Centre (BSC), the Community Health Councils in Wales and the residual estate (to 30th September 2009) and clinical negligence claims of the former Health Authorities in Wales.

### 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 that be realised, and to manage them efficiently, effectively, and economically. The system of internal control has been in place in the organisation for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Welsh Assembly Government guidance.

### 3. Capacity to handle risk

As Chief Executive I have responsibility for risk management across the whole organisation.

The organisational and board sub committee structure changed during the year to take into account the newly constituted board arrangements which came into being from 1st October 2009.

From 1st April 2009 – 30th September 2009, I delegated responsibility for Risk Management to the Director of Finance and Performance. The Audit and Risk Management Committee had overall responsibility for providing assurance to the Board on risk management issues; minutes are reported to the Board. The Risk Management Group was in operation for the entire year in order to maintain continuity during the changeover to new arrangements and was chaired by the Director of Finance and Performance. Membership included nominated representatives from each Directorate and the BSC. Key outputs of the group included

- Development of a single risk register for the organisation
- Development of a Risk Management Training programme in conjunction with the Welsh Risk Pool
- Identification of key performance indicators

## STATEMENT ON INTERNAL CONTROL

From 1st October 2009, I delegated responsibility for Risk Management to the Medical Director. The Audit Committee maintained the responsibility for providing assurance to the board that risks are being effectively managed, but the operational oversight of risk management within the organisation became the responsibility of the Quality and Safety Committee which established a Risk Management Sub Committee from March 2010.

All tLHB staff have some responsibility for risk management and internal control in order to achieve their individual objectives and the tLHB's overall aims and objectives. In order to be effective the tLHB continues to work to integrate risk management into the day-to-day management and planning of the tLHB's activities.

### 4. The risk and control framework

The tLHB's risk management framework is set out in the Risk Management Policy and Strategic Framework which was approved by the board in March 2009 and has been in place for the entire year.

A robust internal control framework was in place during the year which included:

- the adoption and amendment of Standing Orders and Standing Financial Instructions throughout the year to reflect new arrangements;
- established Sub Committees of the board with identified responsibilities for Risk Management, and revised during the year to take into account the new arrangements
- the appointment of independent internal auditors; and
- regular reporting of financial and performance information to the board.

A tLHB wide risk register is maintained and the Audit Committee received regular reports on risks registered and work undertaken by the Risk management Group to refine the organisational wide risk register. The Board received reports on the high level risks within the register during the year.

The measurement of effective risk management is monitored through the following mechanisms:

- Healthcare Standards for Wales;
- Internal Audit Strategy; and
- Welsh Risk Management Standards.

As part of the 2009/10 Internal Audit Strategy, the tLHB's internal auditors undertook a review of the four core Healthcare Standards. A number of recommendations were made but in their opinion the Board can take substantial assurance that the controls upon which the organisation relies to manage this area, as currently laid down and operated, are effective:

**STATEMENT ON INTERNAL CONTROL**

Healthcare Standard	2009-10 Self assessment	2008-09 Self assessment
<u>Standard 14</u> Risk management including Health and Safety	3	3
<u>Standard 16</u> Incident reporting	4	4
<u>Standard 27</u> Corporate Governance	3	3
<u>Standard 28</u> Clinical Governance	4	4

(1 - Aware, 2 - Responding, 3 – Developing, and 4 – Practising)

Additionally Internal Audit reviewed the following additional Healthcare Standards:

Healthcare Standard	2009-10 Self assessment	2008-09 Self assessment
<u>Standard 3</u> Emergency services	3	3
<u>Standard 10</u> Emergency services	3	3
<u>Standard 13</u> Research	4	4
<u>Standard 25</u> IM&T	2	2
<u>Standard 29</u> Public Health	3	2

(1 - Aware, 2 - Responding, 3 – Developing, and 4 – Practising)

The opinion of Internal Audit is that the Board can take adequate assurance that the controls upon which the organisation relies to manage these areas, as currently laid down and operated, are effective. Based upon the evidence reviewed and the narrative provided on the self assessment tool, internal audit agreed with the scores allocated by the tLHB.

The former Welsh Risk Management Standards (WRMS) have been mapped to the Healthcare Standards. During the year the Welsh Risk Pool assessed the following WRMS as part of the internal assurance arrangements in place:

WRMS	Description	WRP 2009/10	WRP 2008/09
5	Claims Management	69%	74%
15	Maternity	95%	94%
16	Operating Department Services	95%	92%
17	Accident and Emergency	96%	94%

These scores are draft and the Welsh Risk Pool final report is awaited. A number of good practice examples were identified during the WRP visit to be shared with other organisations in Wales.



## STATEMENT ON INTERNAL CONTROL

Overall, Internal Audit have provided the organisation with their assurance that there is an effective system of internal control within the organisation. Their annual report provides the following statement;

*“In our opinion, based upon the work we have undertaken, for the 12 months ended 31 March 2010 Powys Teaching Health Board / BSC has adequate and effective risk management, control and governance processes to manage the achievement of the organisation’s objectives.”*

However, during the course of their audits they have identified one area with limited assurance which is the management of consultant intensity payments. The tLHB will be addressing these weaknesses to ensure improved systems early in the new financial year.

### 5. Review of effectiveness

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer organisations 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.

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

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.

Reports from Internal and External Audits and other Statutory organisations provide assurance that staff at all levels in the organisation are aware of the tLHB policies and procedures and that best practice governance arrangements are in place or being addressed through robust action planning.

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

Signed: Andrew Cottom  
Chief Executive  
(on behalf of the Board)

Date: 23 June 2010

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

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

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

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

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

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

In addition I report to you if in my opinion, Powys Teaching 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 Powys Teaching 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 Powys Teaching Health Board's corporate governance procedures or its risk and control procedures.

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

## **Basis of audit opinions**

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

## **Opinion**

In my opinion:

- the financial statements give a true and fair view in accordance with the National Health Service (Wales) Act 2006 and directions made thereunder by Welsh Ministers of the state of affairs of Powys Teaching Health Board as at 31 March 2010 and of its net operating costs, its recognised gains and losses and cash flows for the year then ended; and
- the financial statements and that part of the remuneration report to be audited have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made thereunder by Welsh Ministers.

## **Opinion on Regularity**

In my opinion in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

## **Report**

I have no observations to make on these financial statements.

My conclusion on Powys Teaching Health Board's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010 will be reported separately in the published Annual Audit Letter.

Gillian Body  
Auditor General for Wales  
13th July 2010

Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ