



GIG  
CYMRU  
NHS  
WALES

Iechyd Cyhoeddus  
Cymru  
Public Health  
Wales

Public Health Wales NHS Trust

**ANNUAL  
ACCOUNTS**  
2017-18

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## Foreword

These accounts for the period ended 31 March 2018 have been prepared to comply with International Financial Reporting Standards (IFRS) adopted by the European Union, in accordance with HM Treasury's FReM by Public Health Wales NHS Trust under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

## Statutory background

The establishment of Public Health Wales in 2009, created for the first time, an independent NHS body with a clear and specific public health focus, and a remit to act across all the domains of public health practice. The Minister for Health and Social Services confirmed Public Health Wales would provide the national resource for the effective delivery of public health services at national, local and community level.

Public Health Wales originally incorporated the functions and services previously provided by the National Public Health Service (NPHS), Wales Centre for Health (WCFH), Welsh Cancer Intelligence Surveillance Unit (WCISU), Congenital Anomaly Register and Information Service (CARIS) and Screening Services Wales.

Since 2009, the organisation have continued to grow, taking on a range of additional functions and services from both the Welsh Government and NHS Wales, including several Health Improvement Programmes, Newborn Bloodspot Screening, Abdominal Aortic Aneurism Screening and the Wrexham Microbiology Laboratory and the Diabetic Eye Screening Service for Wales (DESW). In addition, the Trust hosts the NHS Wales Health Collaborative, which has expanded to include a number of clinical networks since it became part of Public Health Wales during 2016/17. The full year effect of the transfer is recognised in the 2017/18 accounts. In February 2018 the NHS Wales Finance Delivery Unit was established, which is also hosted by the Trust.

The overall income level for Public Health Wales has increased by 61 per cent over the last seven years, from £80m in 2010/11 to £129m in 2017/18. Of this income, £11.5m relates to the hosted organisations.

## Performance Management and Financial Results

This Welsh Health Circular WHC/2016/054 replaced WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective from 2016-17. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

Under the National Health Services (Wales) Act 2006 the financial obligations of the NHS Trust are contained within Schedules 4 2(1) and 4 2(2). Each NHS trust must ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to the revenue account. The first assessment of performance against the 3-year statutory duty under Schedules 4 2(1) and 4 2(2) was at the end of 2016-17, being the first three year period of assessment.

The Trust has once again achieved financial balance in 2017-18 and the accounts that follow present a small retained surplus of £28k. Public Health Wales NHS Trust has met its financial duty to break even over the 3 years 2015-16 to 2017-18. In addition, the Trust has met its second financial duty to have an approved financial plan for the period 2017-18 to 2019-20.

The administrative targets of remaining within the EFL and the payment of 95% of all non-NHS invoices within 30 days (by number) were also met in 2017/18.

# Statement of Comprehensive Income

## for the year ended 31 March 2018

|  | Note  | 2017-18<br>£000 | 2016-17<br>£000 |
|--|-------|-----------------|-----------------|
| Revenue from patient care activities   | 3     | 91,925          | 92,376          |
| Other operating revenue  | 4     | 37,062          | 28,861          |
| Operating expenses   | 5.1   | (128,935)       | (121,190)       |
| <b>Operating (deficit)/surplus</b>   |       | <b>52</b>       | <b>47</b>       |
| Investment revenue   | 6     | 27              | 16              |
| Other gains and losses   | 7     | (2)             | 0               |
| Finance costs  | 8     | (49)            | (47)            |
| <b>Retained surplus</b>  | 2.1.1 | <b>28</b>       | 16              |
| <b>Other Comprehensive Income</b>  |       |                 |                 |
| <b>Items that will not be reclassified to net operating costs:</b>             |       |                 |                 |
| Net gain/(loss) on revaluation of property, plant and equipment                |       | 102             | 37              |
| Net gain/(loss) on revaluation of intangible assets                            |       | 0               | 0               |
| Net gain/(loss) on revaluation of financial assets                             |       | 0               | 0               |
| Net gain/(loss) on revaluation of PPE and Intangible assets held for sale      |       | 0               | 0               |
| Net gain/(loss) on revaluation of financial assets held for sale               |       | 0               | 0               |
| Impairments and reversals  |       | (93)            | (6)             |
| Movements in other reserves  |       | 0               | 0               |
| Transfers between reserves   |       | 0               | 0               |
| Net gain/loss on Other Reserve   |       | 0               | 0               |
| Reclassification adjustment on disposal of available for sale financial assets |       | 0               | 0               |
| <b>Sub total</b>   |       | <b>9</b>        | 31              |
| <b>Items that may be reclassified subsequently to net operating costs</b>      |       |                 |                 |
| Net gain/(loss) on revaluation of financial assets held for sale               |       | 0               | 0               |
| <b>Sub total</b>   |       | <b>0</b>        | 0               |
| <b>Total other comprehensive income for the year</b>                           |       | <b>9</b>        | 31              |
| <b>Total comprehensive income for the year</b>                                 |       | <b>37</b>       | 47              |

The notes on pages 10 to 73 form part of these accounts.

# Statement of Financial Position

## as at 31 March 2018

|  | Note | 31 March<br>2018<br>£000 | 31 March<br>2017<br>£000 |
|--|------|--------------------------|--------------------------|
| <b>Non-current assets</b>                    |      |                          |                          |
| Property, plant and equipment                | 13   | 12,782                   | 14,476                   |
| Intangible assets                            | 14   | 0                        | 0                        |
| Trade and other receivables                  | 17.1 | 0                        | 146                      |
| Other financial assets                       | 18   | 0                        | 0                        |
| <b>Total non-current assets</b>              |      | <b>12,782</b>            | <b>14,622</b>            |
| <b>Current assets</b>                        |      |                          |                          |
| Inventories                                  | 16.1 | 786                      | 158                      |
| Trade and other receivables                  | 17.1 | 10,263                   | 9,597                    |
| Other financial assets                       | 18   | 0                        | 0                        |
| Cash and cash equivalents                    | 19   | 6,432                    | 4,128                    |
|  |      | <b>17,481</b>            | <b>13,883</b>            |
| Non-current assets held for sale             | 13.2 | 0                        | 0                        |
| <b>Total current assets</b>                  |      | <b>17,481</b>            | <b>13,883</b>            |
| <b>Total assets</b>                          |      | <b>30,263</b>            | <b>28,505</b>            |
| <b>Current liabilities</b>                   |      |                          |                          |
| Trade and other payables                     | 20   | (10,397)                 | (7,937)                  |
| Borrowings                                   | 21   | 0                        | 0                        |
| Other financial liabilities                  | 22   | 0                        | 0                        |
| Provisions                                   | 23   | (3,843)                  | (3,224)                  |
| <b>Total current liabilities</b>             |      | <b>(14,240)</b>          | <b>(11,161)</b>          |
| <b>Net current assets/(liabilities)</b>      |      | <b>3,241</b>             | <b>2,722</b>             |
| <b>Total assets less current liabilities</b> |      | <b>16,023</b>            | <b>17,344</b>            |
| <b>Non-current liabilities</b>               |      |                          |                          |
| Trade and other payables                     | 20   | (622)                    | (259)                    |
| Borrowings                                   | 21   | 0                        | 0                        |
| Other financial liabilities                  | 22   | 0                        | 0                        |
| Provisions                                   | 23   | (1,419)                  | (1,469)                  |
| <b>Total non-current liabilities</b>         |      | <b>(2,041)</b>           | <b>(1,728)</b>           |
| <b>Total assets employed</b>                 |      | <b>13,982</b>            | <b>15,616</b>            |
| <b>Financed by Taxpayers' equity:</b>        |      |                          |                          |
| Public dividend capital                      |      | 13,017                   | 14,688                   |
| Retained earnings                            |      | 597                      | 551                      |
| Revaluation reserve                          |      | 368                      | 377                      |
| Other reserves                               |      | 0                        | 0                        |
| <b>Total taxpayers' equity</b>               |      | <b>13,982</b>            | <b>15,616</b>            |

The financial statements were approved by the Board on 30 May 2018 and signed on behalf of the Board by:

Chief Executive: 

Date: 30 May 2018

The notes on pages 10 to 73 form part of these accounts.

# Statement of Changes in Taxpayers' Equity

## 2017-18

|  | Public Dividend Capital<br>£000 | Retained earnings<br>£000 | Revaluation reserve<br>£000 | Other reserves<br>£000 | Total<br>£000  |
|--|---------------------------------|---------------------------|-----------------------------|------------------------|----------------|
| <b>Balance at 1 April 2017</b>   | <b>14,688</b>                   | <b>551</b>                | <b>377</b>                  | <b>0</b>               | <b>15,616</b>  |
| Changes in taxpayers' equity for 2017-18                                       |                                 |                           |                             |                        |                |
| Retained surplus/(deficit) for the year  |                                 | 28                        |                             |                        | <b>28</b>      |
| Net gain/(loss) on revaluation of property, plant and equipment                |                                 | 0                         | 102                         | 0                      | <b>102</b>     |
| Net gain/(loss) on revaluation of intangible assets                            |                                 | 0                         | 0                           | 0                      | <b>0</b>       |
| Net gain/(loss) on revaluation of financial assets                             |                                 |                           | 0                           | 0                      | <b>0</b>       |
| Net gain/(loss) on revaluation of PPE and Intangible assets held for sale      |                                 | 0                         | 0                           | 0                      | <b>0</b>       |
| Net gain/(loss) on revaluation of financial assets held for sale               |                                 | 0                         | 0                           | 0                      | <b>0</b>       |
| Impairments and reversals  |                                 | 0                         | (93)                        | 0                      | <b>(93)</b>    |
| Movements in other reserves  |                                 | 0                         | 0                           | 0                      | <b>0</b>       |
| Transfers between reserves   |                                 | 18                        | (18)                        | 0                      | <b>0</b>       |
| Net gain/loss on Other Reserve (specify)                                       |                                 | 0                         | 0                           | 0                      | <b>0</b>       |
| Reclassification adjustment on disposal of available for sale financial assets |                                 | 0                         | 0                           | 0                      | <b>0</b>       |
| Reserves eliminated on dissolution   | 0                               |                           |                             |                        | <b>0</b>       |
| New Public Dividend Capital received   | 0                               |                           |                             |                        | <b>0</b>       |
| Public Dividend Capital repaid in year   | (1,671)                         |                           |                             |                        | <b>(1,671)</b> |
| Public Dividend Capital extinguished/written off                               | 0                               |                           |                             |                        | <b>0</b>       |
| Other movements in PDC in year   | 0                               |                           |                             |                        | <b>0</b>       |
| <b>Balance at 31 March 2018</b>  | <b>13,017</b>                   | <b>597</b>                | <b>368</b>                  | <b>0</b>               | <b>13,982</b>  |

The notes on pages 10 to 73 form part of these accounts.

# Statement of Changes in Taxpayers' Equity 2016-17

|   | Public<br>Dividend<br>Capital<br>£000 | Retained<br>earnings<br>£000 | Revaluation<br>reserve<br>£000 | Other<br>reserves<br>£000 | Total<br>£000 |
|---|---------------------------------------|------------------------------|--------------------------------|---------------------------|---------------|
| <b>Balance at 1 April 2016</b>  | <b>13,232</b>                         | <b>535</b>                   | <b>346</b>                     | <b>0</b>                  | <b>14,113</b> |
| Changes in taxpayers' equity for 2016-17  |                                       |                              |                                |                           |               |
| Retained surplus/(deficit) for the year   |                                       | 16                           |                                |                           | <b>16</b>     |
| Net gain/(loss) on revaluation of property,<br>plant and equipment                |                                       | 0                            | 37                             | 0                         | <b>37</b>     |
| Net gain/(loss) on revaluation of<br>intangible assets                            |                                       | 0                            | 0                              | 0                         | <b>0</b>      |
| Net gain/(loss) on revaluation of<br>financial assets                             |                                       | 0                            | 0                              | 0                         | <b>0</b>      |
| Net gain/(loss) on revaluation of PPE<br>and Intangible assets held for sale      |                                       | 0                            | 0                              | 0                         | <b>0</b>      |
| Net gain/(loss) on revaluation of financial<br>assets held for sale               |                                       | 0                            | 0                              | 0                         | <b>0</b>      |
| Impairments and reversals   |                                       | 0                            | (6)                            | 0                         | <b>(6)</b>    |
| Movements in other reserves   |                                       | 0                            | 0                              | 0                         | <b>0</b>      |
| Transfers between reserves  |                                       | 0                            | 0                              | 0                         | <b>0</b>      |
| Net gain/loss on Other Reserve (specify)  |                                       | 0                            | 0                              | 0                         | <b>0</b>      |
| Reclassification adjustment on disposal<br>of available for sale financial assets |                                       | 0                            | 0                              | 0                         | <b>0</b>      |
| Reserves eliminated on dissolution  | 0                                     |                              |                                |                           | <b>0</b>      |
| New Public Dividend Capital received  | 1,456                                 |                              |                                |                           | <b>1,456</b>  |
| Public Dividend Capital repaid in year  | 0                                     |                              |                                |                           | <b>0</b>      |
| Public Dividend Capital extinguished/<br>written off                              | 0                                     |                              |                                |                           | <b>0</b>      |
| Other movements in PDC in year  | 0                                     |                              |                                |                           | <b>0</b>      |
| <b>Balance at 31 March 2017</b>   | <b>14,688</b>                         | <b>551</b>                   | <b>377</b>                     | <b>0</b>                  | <b>15,616</b> |

The notes on pages 10 to 73 form part of these accounts.

# Statement of Cash Flows

## For The Year Ended 31 March 2018

|   | Note | 2017-18<br>£000 | 2016-17<br>£000 |
|---|------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>                         |      |                 |                 |
| Operating surplus/(deficit)   | SOCI | 52              | 47              |
| Depreciation and amortisation                                       | 5    | 3,702           | 3,439           |
| Impairments and reversals   | 5    | (174)           | 23              |
| Release of PFI deferred credits                                     |      | 0               | 0               |
| Donated Assets received credited to revenue but non-cash            | 4    | 0               | 0               |
| Government Granted Assets received credited to revenue but non-cash | 4    | 0               | 0               |
| Interest paid   |      | (49)            | (47)            |
| (Increase)/decrease in inventories                                  |      | (628)           | (37)            |
| (Increase)/decrease in trade and other receivables                  |      | (520)           | (3,611)         |
| Increase/(decrease) in trade and other payables                     |      | 2,897           | (1,274)         |
| Increase/(decrease) in provisions                                   |      | 569             | 1,120           |
| <b>Net cash inflow (outflow) from operating activities</b>          |      | <b>5,849</b>    | (340)           |
| <b>Cash flows from investing activities</b>                         |      |                 |                 |
| Interest received   |      | 27              | 16              |
| (Payments) for property, plant and equipment                        |      | (2,522)         | (5,126)         |
| Proceeds from disposal of property, plant and equipment             |      | 737             | (6)             |
| (Payments) for intangible assets                                    |      | 0               | 0               |
| Proceeds from disposal of intangible assets                         |      | 0               | 0               |
| (Payments) for investments with Welsh Government                    |      | 0               | 0               |
| Proceeds from disposal of investments with Welsh Government         |      | 0               | 0               |
| (Payments) for financial assets.                                    |      | 0               | 0               |
| Proceeds from disposal of financial assets.                         |      | 0               | 0               |
| Rental proceeds   |      | 0               | 0               |
| <b>Net cash inflow (outflow) from investing activities</b>          |      | <b>(1,758)</b>  | (5,116)         |
| <b>Net cash inflow (outflow) before financing</b>                   |      | <b>4,091</b>    | (5,456)         |

|   | Note | <b>2017-18<br/>£000</b> | 2016-17<br>£000 |
|---|------|-------------------------|-----------------|
| <b>Cash flows from financing activities</b>                               |      |                         |                 |
| Public Dividend Capital received  |      | 0                       | 1,456           |
| Public Dividend Capital repaid  |      | (1,671)                 | 0               |
| Loans received from Welsh Government                                      |      | 0                       | 0               |
| Other loans received  |      | 0                       | 0               |
| Loans repaid to Welsh Government  |      | 0                       | 0               |
| Other loans repaid  |      | 0                       | 0               |
| Other capital receipts  |      | 0                       | 0               |
| Capital elements of finance leases and on-SOFP PFI                        |      | (116)                   | (469)           |
| Cash transferred (to)/from other NHS Wales bodies                         |      | 0                       | 0               |
| <b>Net cash inflow (outflow) from financing activities</b>                |      | <b>(1,787)</b>          | 987             |
| <b>Net increase (decrease) in cash and cash equivalents</b>               |      | <b>2,304</b>            | (4,469)         |
| <b>Cash [and] cash equivalents at the beginning of the financial year</b> | 19   | <b>4,128</b>            | 8,597           |
| <b>Cash [and] cash equivalents at the end of the financial year</b>       | 19   | <b>6,432</b>            | 4,128           |

The notes on pages 10 to 73 form part of these accounts.

# Notes to the Accounts

## 1. Accounting policies

The Cabinet Secretary for Health and Social Services has directed that the financial statements of NHS Trusts in Wales shall meet the accounting requirements of the NHS Trust Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2017-18 NHS Trusts Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 Accounting convention and basis of consolidation

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 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

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

The Trust does not receive income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer.

Only non-NHS income may be deferred.

### 1.4 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 yet taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

#### Retirement benefit costs

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

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

Where employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme this is disclosed. The scheme assets and liabilities attributable to those employees can be identified and are recognised in the 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.

### **NEST Pension Scheme**

The NHS Trust has to offer an alternative pension scheme for employees not eligible to join the NHS Pension scheme. The NEST (National Employment Savings Trust) Pension scheme is a defined contribution scheme and therefore the cost to the NHS body of participating in the scheme is equal to the contributions payable to the scheme for the accounting period.

### **1.5 Other expenses**

Other operating expenses for goods or services are recognised when 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 the Trust, or service potential will be supplied;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

#### **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.

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

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

From 1 April 2009 the depreciated replacement cost valuation applies the Modern Equivalent Asset (MEA) cost basis of estimation to arrive at the cost of replacing the capacity and utility of a building rather than a like for like replacement cost.

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.

From 2015-16, IFRS 13 Fair Value Measurement must be complied with in full. However, IAS 16 and IAS 38 have been adapted for the public sector context which limits the circumstances under which a valuation is prepared under IFRS 13. Assets which are held for their service potential and are in use should be measured at their current value in existing use. For specialised assets current value in existing use should be interpreted as the present value of the assets remaining service potential, which can be assumed to be at least equal to the cost of replacing that service

potential. Where there is no single class of asset that falls within IFRS 13, disclosures should be for material items only.

In accordance with the adaptation of IAS 16 in table 6.2 of the FREM, for non-specialised assets in operational use, current value in existing use is interpreted as market value for existing use which is defined in the RICS Red Book as Existing Use Value (EUV).

Assets which were most recently held for their service potential but are surplus should be valued at current value in existing use, if there are restrictions on the entity or the asset which would prevent access to the market at the reporting date. If the Trust could access the market then the surplus asset should be used at fair value using IFRS 13. In determining whether such an asset which is not in use is surplus, an assessment should be made on whether there is a clear plan to bring the asset back into use as an operational asset. Where there is a clear plan, the asset is not surplus and the current value in existing use should be maintained. Otherwise the asset should be assessed as being surplus and valued under IFRS13.

In 2017-18 a formal revaluation exercise by the District Valuation Office was applied to the Land and Properties of NHS Wales Trusts. 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 that does not result from a loss of economic value or service potential 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. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. The accounting policy for this treatment changed in 2014/15, prior to which all impairments were taken to the revaluation reserve to the extent that a balance was held for that asset and thereafter to expenditure. However, to ensure that the

outcome as reflected in the reserves figure on the Statement of Financial Position is consistent with the requirements of IAS 36 had this adaptation not been applied, the balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 should be transferred to Retained earnings.

Assets which are not held for their service potential should be valued in accordance with IFRS 5 or IAS 40 depending on whether the asset is actively held for sale. Where an asset is not being used to deliver services and there is no plan to bring it back into use, with no restrictions on sale, and it does not meet the IAS 40 and IFRS 5 criteria, these assets are surplus and are valued at fair value using IFRS 13.

### **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 trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to the trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

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

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

### Measurement

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

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

### 1.8 Depreciation, amortisation and impairments

Freehold land, assets under construction and assets held for sale are not depreciated.

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

with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives.

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

References in IAS 36 to the recognition of an impairment loss of a revalued asset being treated as a revaluation decrease to the extent that impairment does not exceed the amount in the revaluation surplus for the same asset, are adapted such that only those impairment losses that do not result from a clear consumption of economic benefit or reduction of service potential (including as a result of loss or damage resulting from normal business operations) should be taken to the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit should be taken to the Statement of Comprehensive Income.

### 1.9 Research and development

Research and development expenditure is charged to operating costs in the year in which it is incurred, except insofar as it relates to a clearly defined project, which can be separated from patient care activity and the benefits can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCI on a systematic basis over the period expected to benefit from the project.

### 1.10 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 Statement of Comprehensive Net Income. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

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

## **1.11 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.

### **1.11.1 The trust as lessee**

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

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

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

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

### **1.11.2 The trust as lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the trust's net investment in the leases. Finance lease income is allocated to accounting periods so as to

reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

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

## **1.12 Inventories**

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

## **1.13 Cash and cash equivalents**

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

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

## **1.14 Provisions**

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

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

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

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

#### **1.14.1 Clinical Negligence and personal injury costs**

The Welsh Risk Pool (WRP) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was not implemented in 2017-18. The WRP is hosted by Velindre NHS Trust.

### **1.15 Financial assets**

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

Financial assets are initially recognised at fair value.

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

#### **1.15.2 Financial assets at fair value through SoCI**

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 SoCI. They

are held at fair value, with any resultant gain or loss recognised in calculating the trust's surplus or deficit for the accounting period. The net gain or loss incorporates any interest earned on the financial asset.

#### **1.15.3 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.

#### **1.15.4 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 income statement on de-recognition.

#### **1.15.5 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.

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 expenditure and the carrying amount of the asset is reduced 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 expenditure 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.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset. At the end of the reporting period, the trust assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

#### **1.15.6 Other financial assets**

Listed investments are stated at market value. Unlisted investments are included at cost as an approximation to market value. Quoted stocks are included in the balance sheet at mid-market price, and where holdings are subject to bid / offer pricing their valuations are shown on a bid price. The shares are not held for trading and accordingly are classified as available for sale. Other financial assets are classified as available for sale investments carried at fair value within the financial statements

### **1.16 Financial liabilities**

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

#### **1.16.1 Financial guarantee contract liabilities**

Financial guarantee contract liabilities are subsequently measured at the higher of: - the premium received (or imputed) for entering into the guarantee less cumulative amortisation; - the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

#### **1.16.2 Financial liabilities at fair value through SoCI**

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 trust's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

#### **1.16.3 Other financial liabilities**

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

### **1.17 Value Added Tax**

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

### **1.18 Foreign currencies**

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

### **1.19 Third party assets**

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

## 1.20 Losses and Special Payments

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

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

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

## 1.21 Pooled budgets

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

## 1.22 Critical Accounting Judgements and key sources of estimation uncertainty

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

estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and 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.

## 1.23 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The amount recognised as provisions give rise to significant judgement and uncertainty. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking in to account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. A change in the assumptions could cause an increase or decrease in the amounts recognised as a provision which could materially impact the results of operations.

## 1.24 Private Finance Initiative (PFI) transactions

The Trust has no PFI arrangements.

## 1.25 Contingencies

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly

within the control of the trust. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value. Remote contingent liabilities are those that are disclosed under Parliamentary reporting requirements and not under IAS 37 and, where practical, an estimate of their financial effect is required.

### **1.26 Carbon Reduction Commitment Scheme**

Carbon Reduction Commitment Scheme allowances are accounted for as government grant funded intangible assets if they are not realised within twelve months and otherwise as current assets. The asset should be measured initially at cost. Scheme assets in respect of allowances shall be valued at fair value where there is evidence of an active market.

### **1.27 Absorption Accounting**

Transfers of function are accounted for as either by merger or by absorption accounting, dependent upon the treatment prescribed in the FReM. Absorption accounting requires that entities account for their transactions in the period in which they took place with no restatement of performance required. For transfers of functions involving NHS Wales Trusts in receipt of PDC the double entry for the fixed asset NBV value and the net movement in assets is PDC or General Reserve as appropriate.

### **1.28 Accounting standards that have been issued but have not yet been adopted**

The following accounting standards have been issued and or amended by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted by the FReM

IFRS 9 Financial Instruments

IFRS 14 Regulatory Deferral Accounts

IFRS 15 Revenue from contracts with customers

IFRS 16 Leases

### **1.29 Accounting standards issued that have been adopted early**

During 2017-18 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

### **1.30 Charity not consolidated as NHS Trust is not corporate trustee**

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the NHS trust has established that as the trust is not the corporate trustee of the linked charitable funds, it is considered for accounting standards compliance to not have control of Velindre Charitable Funds as a subsidiary and therefore is not required to consolidate the results of Velindre Charitable Funds within the statutory accounts of the trust. Details of the transactions with the charity are included in the related parties' notes

### **1.31 Subsidiaries**

Material entities over which the trust has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the trust's or where the subsidiary's accounting date is before 1 January or after 30 June.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'

### **1.32 Borrowing costs**

Borrowing costs are recognised as expenses as they are incurred.

### **1.33 Public Dividend Capital (PDC) and PDC dividend**

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

From 1 April 2010 the requirement to pay a public dividend over to the Welsh Government ceased.

## 2. Financial Performance

### 2.1 Statutory Financial Duties

Under the National Health Services (Wales) Act 2006 the financial obligations of the NHS Trust are contained within Schedules 4 2(1) and 4 2(2).

Each NHS trust must ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to the revenue account.

The first assessment of performance against the 3-year statutory duty under Schedules 4 2(1) and 4 2(2) is at the end of 2016-17, being the first three year period of assessment.

Welsh Health Circular WHC/2016/054 replaced WHC/2015/014 "Statutory and Financial Duties of Local Health Boards and NHS Trusts" and further clarifies the statutory financial duties of NHS Wales bodies and is effective from 2016-17.

#### 2.1.1 Financial Duty

|  | Annual financial performance |         |         | 2015-18<br>Financial<br>duty<br>£000 |
|--|------------------------------|---------|---------|--------------------------------------|
|  | 2015-16                      | 2016-17 | 2017-18 |                                      |
|  | £000                         | £000    | £000    |                                      |
| Retained surplus                                     | 17                           | 16      | 28      | 61                                   |
| Less Donated asset / grant funded revenue adjustment | 0                            | 0       | 0       | 0                                    |
| Adjusted surplus/(deficit)                           | 17                           | 16      | 28      | 61                                   |

Public Health Wales NHS Trust has met its financial duty to break even over the 3 years 2015-16 to 2017-18.

#### 2.1.2 Integrated Medium Term Plan (IMTP)

The NHS Wales Planning Framework issued to NHS Trusts places a requirement upon NHS Trusts to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The Trust has submitted an Integrated Medium Term Plan for the period 2017-18 to 2019-20 in accordance with NHS Wales Planning Framework.

|  | Financial duty to 2019-20 Status |
|--|----------------------------------|
| The Cabinet Secretary for Health and Social Services approval status | Approved                         |

Public Health Wales NHS Trust has met its annual financial duty to have an approved financial plan for the period 2017-18 to 2019-20.

Public Health Wales NHS Trust's 2016-17 to 2018-19 IMTP was approved.

## 2. Financial Performance (continued)

### 2.2 Administrative Requirements

#### 2.2.1. External financing

The Trust is given an external financing limit which it is permitted to undershoot

|  | £000    | <b>31 March<br/>2018<br/>£000</b> | 31 March<br>2017<br>£000 |
|--|---------|-----------------------------------|--------------------------|
| External financing limit set by the Welsh Government |         | <b>(1,671)</b>                    | 1,036                    |
| Cash flow financing                                  | (2,391) |                                   | (44)                     |
| Finance leases taken out in the year                 | 0       |                                   | 0                        |
| Other capital receipts                               |         |                                   | 0                        |
| External financing requirement                       |         | <b>(2,391)</b>                    | (44)                     |
| Undershoot (overshoot)                               |         | <b>720</b>                        | 1,080                    |

The Trust has achieved its external financing limit.

#### 2.2.2. Creditor payment

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

|  | <b>2017-18</b> |
|--|----------------|
| Total number of non-NHS bills paid 2017-18       | <b>21,523</b>  |
| Total number of non-NHS bills paid within target | <b>20,569</b>  |
| Percentage of non-NHS bills paid within target   | <b>95.6%</b>   |

The Trust has met the target.

### 3. Revenue from patient care activities

|   | <b>2017-18<br/>£000</b> | 2016-17<br>£000 |
|---|-------------------------|-----------------|
| Welsh Government  | <b>91,925</b>           | 92,376          |
| Welsh Government Welsh Risk Pool Reimbursements                                   | <b>0</b>                | 0               |
| Welsh Health Specialised & Emergency Ambulance Services Committees (WHSSC & EASC) | <b>0</b>                | 0               |
| Local health boards   | <b>0</b>                | 0               |
| Welsh NHS Trusts  | <b>0</b>                | 0               |
| Other NHS Trusts  | <b>0</b>                | 0               |
| Other NHS England bodies  | <b>0</b>                | 0               |
| Foundation Trusts   | <b>0</b>                | 0               |
| Local Authorities   | <b>0</b>                | 0               |
| Non NHS:  |                         |                 |
| Private patient income  | <b>0</b>                | 0               |
| Overseas patients (non-reciprocal)  | <b>0</b>                | 0               |
| Injury Costs Recovery (ICR) Scheme  | <b>0</b>                | 0               |
| Other revenue from activities   | <b>0</b>                | 0               |
| <b>Total</b>  | <b>91,925</b>           | 92,376          |

ICR income is subject to a provision for impairment of 22.84% to reflect expected rates of collection.

## 4. Other operating revenue

|   | 2017-18<br>£000 | 2016-17<br>£000 |
|---|-----------------|-----------------|
| Patient transport services                            | 0               | 0               |
| Education, training and research                      | 1,548           | 1,451           |
| Charitable and other contributions to expenditure     | 0               | 0               |
| Receipt of donations for capital acquisitions         | 0               | 0               |
| Receipt of government grants for capital acquisitions | 0               | 0               |
| Non-patient care services to other bodies             | 0               | 0               |
| Income generation                                     | 119             | 55              |
| Rental revenue from finance leases                    | 0               | 0               |
| Rental revenue from operating leases                  | 0               | 0               |
| Other revenue:  |                 |                 |
| Provision of pathology/microbiology services          | 16,048          | 15,302          |
| Accommodation and catering charges                    | 0               | 0               |
| Mortuary fees   | 0               | 0               |
| Staff payments for use of cars                        | 0               | 0               |
| Business unit   | 0               | 0               |
| Other   | 19,347          | 12,053          |
| <b>Total</b>  | <b>37,062</b>   | <b>28,861</b>   |
| Other revenue comprises:                              |                 |                 |
| Excellence Awards                                     | 88              | 193             |
| Grants - LA   | 129             | 221             |
| Grants - other  | 105             | 37              |
| LHB & Trust - Non core Income                         | 2,126           | 4,524           |
| WG - Non core income                                  | 12,726          | 3,740           |
| Staff recharge  | 2,985           | 2,298           |
| Other   | 1,188           | 1,040           |
| <b>Total</b>  | <b>19,347</b>   | <b>12,053</b>   |

The NHS Wales Collaborative transferred to Public Health Wales in October 2016. Welsh Government funding for the service is classified as 'WG - Non core income' in 2017/18.

## 5. Operating expenses

### 5.1 Operating expenses

|   | 2017-18<br>£000 | 2016-17<br>£000 |
|---|-----------------|-----------------|
| Welsh Government  | 8               | 34              |
| WHSSC & EASC  | 0               | 0               |
| Local Health Boards   | 16,441          | 14,505          |
| Welsh NHS Trusts  | 2,104           | 1,414           |
| Other NHS Trusts  | 123             | 163             |
| Goods and services from other NHS bodies                      | 0               | 0               |
| Purchase of healthcare from non-NHS bodies                    | 0               | 0               |
| Local Authorities   | 4,473           | 4,601           |
| Directors' costs  | 1,531           | 1,555           |
| Staff costs   | 75,663          | 70,815          |
| Supplies and services - clinical                              | 8,352           | 7,761           |
| Supplies and services - general                               | 885             | 766             |
| Consultancy Services  | 322             | 419             |
| Establishment   | 6,618           | 7,037           |
| Transport   | 599             | 610             |
| Premises  | 5,750           | 5,899           |
| Impairments and Reversals of Receivables                      | 0               | 0               |
| Depreciation  | 3,702           | 3,439           |
| Amortisation  | 0               | 0               |
| Impairments and reversals of property, plant and equipment    | (174)           | 23              |
| Impairments and reversals of intangible assets                | 0               | 0               |
| Impairments and reversals of financial assets                 | 0               | 0               |
| Impairments and reversals of non current assets held for sale | 0               | 0               |
| Audit fees  | 151             | 151             |
| Other auditors' remuneration                                  | 0               | 0               |
| Losses, special payments and irrecoverable debts              | 481             | 533             |
| Research and development                                      | 0               | 0               |
| Other operating expenses                                      | 1,906           | 1,465           |
| <b>Total</b>  | <b>128,935</b>  | <b>121,190</b>  |

## 5. Operating expenses (continued)

### 5.2 Losses, special payments and irrecoverable debts:

| <b>Charges to operating expenses</b>                         | <b>2017-18</b> | 2016-17 |
|--|----------------|---------|
| <b>Increase/(decrease) in provision for future payments:</b> | <b>£000</b>    | £000    |
| Clinical negligence  | <b>1,236</b>   | 1,868   |
| Personal injury  | <b>227</b>     | 266     |
| All other losses and special payments                        | <b>187</b>     | 227     |
| Defence legal fees and other administrative costs            | <b>25</b>      | (25)    |
| Gross increase/(decrease) in provision for future payments   | <b>1,675</b>   | 2,336   |
| Contribution to Welsh Risk Pool                              | <b>0</b>       | 0       |
| Welsh Risk Pool creditor movement                            | <b>0</b>       | 0       |
| Premium for other insurance arrangements                     | <b>0</b>       | 0       |
| Irrecoverable debts  | <b>2</b>       | (1)     |
| Less: income received/ due from Welsh Risk Pool              | <b>(1,196)</b> | (1,802) |
| <b>Total charge</b>  | <b>481</b>     | 533     |

Personal injury includes £203k in respect of permanent injury benefits (2016-17 £265k). This expenditure includes a change of £21k relating to the change in the rate at which the provision for future payments is calculated.

## 6. Investment revenue

|                             | 2017-18<br>£000 | 2016-17<br>£000 |
|-----------------------------|-----------------|-----------------|
| <b>Rental revenue:</b>      |                 |                 |
| PFI finance lease revenue:  |                 |                 |
| Planned                     | 0               | 0               |
| Contingent                  | 0               | 0               |
| Other finance lease revenue | 0               | 0               |
| <b>Interest revenue:</b>    |                 |                 |
| Bank accounts               | 27              | 16              |
| Other loans and receivables | 0               | 0               |
| Impaired financial assets   | 0               | 0               |
| Other financial assets      | 0               | 0               |
| <b>Total</b>                | <b>27</b>       | <b>16</b>       |

## 7. Other gains and losses

|  | 2017-18<br>£000 | 2016-17<br>£000 |
|--|-----------------|-----------------|
| Gain/(loss) on disposal of property, plant and equipment                             | (2)             | 0               |
| Gain/(loss) on disposal of intangible assets   | 0               | 0               |
| Gain/(loss) on disposal of assets held for sale                                      | 0               | 0               |
| Gain/(loss) on disposal of financial assets  | 0               | 0               |
| Gains/(loss) on foreign exchange   | 0               | 0               |
| Change in fair value of financial assets at fair value through income statement      | 0               | 0               |
| Change in fair value of financial liabilities at fair value through income statement | 0               | 0               |
| Recycling of gain/(loss) from equity on disposal of financial assets held for sale   | 0               | 0               |
| <b>Total</b>   | <b>(2)</b>      | <b>0</b>        |

## 8. Finance costs

|  | <b>2017-18<br/>£000</b> | 2016-17<br>£000 |
|--|-------------------------|-----------------|
| Interest on loans and overdrafts               | <b>0</b>                | 0               |
| Interest on obligations under finance leases   | <b>49</b>               | 47              |
| Interest on obligations under PFI contracts:   |                         |                 |
| Main finance cost                              | <b>0</b>                | 0               |
| Contingent finance cost                        | <b>0</b>                | 0               |
| Interest on late payment of commercial debt    | <b>0</b>                | 0               |
| Other interest expense                         | <b>0</b>                | 0               |
| <b>Total interest expense</b>                  | <b>49</b>               | 47              |
| Provisions unwinding of discount               | <b>0</b>                | 0               |
| Periodical Payment Order unwinding of discount | <b>0</b>                | 0               |
| Other finance costs                            | <b>0</b>                | 0               |
| <b>Total</b>                                   | <b>49</b>               | 47              |

## 9. Operating leases

### 9.1 Trust as lessee

There are some significant leasing arrangements where the Trust is the lessee; the Trust leases a number of buildings where the lease agreement exceeds 5 years.

As part of its 'Our Space' programme the Trust has made a number of changes to its leasing arrangements since 2016/17, the main items being:

- In 2016/17 the Trust acquired a building in Cardiff for a period of 12 years;
- In 2017/18 the Trust surrendered the lease in Orchard Street, Swansea and acquired Matrix House for a period of 12 years.

|  |                         |                 |
|--|-------------------------|-----------------|
| <b>Payments recognised as an expense</b>               | <b>2017-18<br/>£000</b> | 2016-17<br>£000 |
| Minimum lease payments                                 | <b>1,593</b>            | 1,638           |
| Contingent rents                                       | <b>0</b>                | 0               |
| Sub-lease payments                                     | <b>0</b>                | 0               |
| <b>Total</b>   | <b>1,593</b>            | 1,638           |
| <b>Total future minimum lease payments</b>             | <b>2017-18<br/>£000</b> | 2016-17<br>£000 |
| Payable:   |                         |                 |
| Not later than one year                                | <b>2,057</b>            | 1,650           |
| Between one and five years                             | <b>6,954</b>            | 4,057           |
| After 5 years  | <b>5,303</b>            | 5,945           |
| <b>Total</b>   | <b>14,314</b>           | 11,652          |
| Total future sublease payments expected to be received | <b>0</b>                | 0               |

## 9. Operating leases (continued)

### 9.2 Trust as lessor

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

#### Rental Revenue

##### Receipts recognised as income

|                             | 2017-18<br>£000 | 2016-17<br>£000 |
|-----------------------------|-----------------|-----------------|
| Rent                        | 0               | 0               |
| Contingent rent             | 0               | 0               |
| Other                       | 0               | 0               |
| <b>Total rental revenue</b> | <b>0</b>        | <b>0</b>        |

##### Total future minimum lease payments

|                            | 2017-18<br>£000 | 2016-17<br>£000 |
|----------------------------|-----------------|-----------------|
| Receivable:                |                 |                 |
| Not later than one year    | 0               | 0               |
| Between one and five years | 0               | 0               |
| After 5 years              | 0               | 0               |
| <b>Total</b>               | <b>0</b>        | <b>0</b>        |

## 10. Employee costs and numbers

### 10.1 Employee costs

|  | Permanently<br>employed<br>staff<br>£000 | Agency<br>Staff<br>£000 | Staff on<br>Inward<br>Secondment<br>£000 | Other<br>Staff<br>£000 | 2017-18<br>£000 | 2016-17<br>£000 |
|--|--|-------------------------|--|------------------------|-----------------|-----------------|
| Salaries and wages   | 56,641                                   | 1,977                   | 5,259                                    | 0                      | 63,877          | 59,674          |
| Social security costs  | 5,516                                    | 0                       | 0  | 0                      | 5,516           | 5,366           |
| Employer contributions to NHS<br>Pensions Scheme                                       | 7,698                                    | 0                       | 0  | 0                      | 7,698           | 7,217           |
| Other pension costs  | 0  | 0                       | 0  | 0                      | 0               | 0               |
| Other post-employment benefits   | 0  | 0                       | 0  | 0                      | 0               | 0               |
| Termination benefits   | 0  | 0                       | 0  | 0                      | 0               | 0               |
| <b>Total</b>   | <b>69,855</b>                            | <b>1,977</b>            | <b>5,259</b>                             | <b>0</b>               | <b>77,091</b>   | <b>72,257</b>   |
| <b>Of the total above:</b>   |  |                         |  |                        |                 |                 |
| Charged to capital   |  |                         |  |                        | 0               | 0               |
| Charged to revenue   |  |                         |  |                        | 77,091          | 72,257          |
| <b>Total</b>   |  |                         |  |                        | <b>77,091</b>   | <b>72,257</b>   |
| Net movement in accrued employee benefits (untaken staff leave accrual included above) |  |                         |  |                        | (19)            | 60              |

The increase in average employee numbers shown in table 10.2 includes the full year effect of the transfer of the NHS Wales Collaborative.

## 10.2 Average number of employees

|  | <b>Permanently<br/>employed<br/>staff</b> | <b>Agency<br/>Staff</b> | <b>Staff on<br/>Inward<br/>Secondment</b> | <b>Other<br/>Staff</b> | <b>2017-18</b> | 2016-17 |
|--|---|-------------------------|---|------------------------|----------------|---------|
|  | Number                                    | Number                  | Number                                    | Number                 | Number         | Number  |
| Administrative, clerical and board members   | <b>838</b>                                | <b>23</b>               | <b>39</b>                                 | <b>0</b>               | <b>900</b>     | 847     |
| Ambulance staff                              | <b>0</b>                                  | <b>0</b>                | <b>0</b>                                  | <b>0</b>               | <b>0</b>       | 0       |
| Medical and dental                           | <b>67</b>                                 | <b>3</b>                | <b>30</b>                                 | <b>0</b>               | <b>100</b>     | 102     |
| Nursing, midwifery registered                | <b>57</b>                                 | <b>0</b>                | <b>0</b>                                  | <b>0</b>               | <b>57</b>      | 57      |
| Professional, scientific and technical staff | <b>506</b>                                | <b>9</b>                | <b>0</b>                                  | <b>0</b>               | <b>515</b>     | 496     |
| Additional Clinical Services                 | <b>0</b>                                  | <b>0</b>                | <b>0</b>                                  | <b>0</b>               | <b>0</b>       | 0       |
| Allied Health Professions                    | <b>0</b>                                  | <b>0</b>                | <b>1</b>                                  | <b>0</b>               | <b>1</b>       | 0       |
| Healthcare scientists                        | <b>0</b>                                  | <b>0</b>                | <b>0</b>                                  | <b>0</b>               | <b>0</b>       | 0       |
| Estates and Ancillary                        | <b>0</b>                                  | <b>0</b>                | <b>0</b>                                  | <b>0</b>               | <b>0</b>       | 0       |
| Students                                     | <b>0</b>                                  | <b>0</b>                | <b>0</b>                                  | <b>0</b>               | <b>0</b>       | 0       |
| <b>Total</b>                                 | <b>1,468</b>                              | <b>35</b>               | <b>70</b>                                 | <b>0</b>               | <b>1,573</b>   | 1,502   |

## 10.3 Retirement costs due to ill-health

During 2017-18 there was 1 (2016-17, 1) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements is £26,451 (2016-17, £45,754). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

## 10.4 Employee benefits

The Trust offers a lease car scheme and two salary sacrifice schemes (childcare and bikes). A third salary sacrifice scheme for home computers ended during 2017/18.

## 10.5 Reporting of other compensation schemes - exit packages

| Exit packages cost band (including any special payment element) | 2017-18                           | 2017-18                    | 2017-18                       | 2017-18  | 2016-17                       |
|---|-----------------------------------|----------------------------|-------------------------------|--|-------------------------------|
|   | Number of compulsory redundancies | Number of other departures | Total number of exit packages | Number of departures where special payments have been made | Total number of exit packages |
|   | Whole numbers only                | Whole numbers only         | Whole numbers only            | Whole numbers only   | Whole numbers only            |
| less than £10,000   | 0                                 | 1                          | 1                             | 0  | 2                             |
| £10,000 to £25,000  | 0                                 | 0                          | 0                             | 0  | 7                             |
| £25,000 to £50,000  | 0                                 | 1                          | 1                             | 0  | 0                             |
| £50,000 to £100,000   | 0                                 | 2                          | 2                             | 0  | 1                             |
| £100,000 to £150,000  | 0                                 | 0                          | 0                             | 0  | 0                             |
| £150,000 to £200,000  | 0                                 | 0                          | 0                             | 0  | 0                             |
| more than £200,000  | 0                                 | 0                          | 0                             | 0  | 0                             |
| <b>Total</b>  | <b>0</b>                          | <b>4</b>                   | <b>4</b>                      | <b>0</b>   | <b>10</b>                     |

  

| Exit packages cost band (including any special payment element) | 2017-18                         | 2017-18                  | 2017-18                     | 2017-18   | 2016-17                     |
|---|---------------------------------|--------------------------|-----------------------------|---|-----------------------------|
|   | Cost of compulsory redundancies | Cost of other departures | Total cost of exit packages | Cost of special element included in exit packages | Total cost of exit packages |
|   | £                               | £                        | £                           | £   | £                           |
| less than £10,000   | 0                               | 8,500                    | 8,500                       | 0   | 15,811                      |
| £10,000 to £25,000  | 0                               | 0                        | 0                           | 0   | 134,466                     |
| £25,000 to £50,000  | 0                               | 25,072                   | 25,072                      | 0   | 0                           |
| £50,000 to £100,000   | 0                               | 154,800                  | 154,800                     | 0   | 76,655                      |
| £100,000 to £150,000  | 0                               | 0                        | 0                           | 0   | 0                           |
| £150,000 to £200,000  | 0                               | 0                        | 0                           | 0   | 0                           |
| more than £200,000  | 0                               | 0                        | 0                           | 0   | 0                           |
| <b>Total</b>  | <b>0</b>                        | <b>188,372</b>           | <b>188,372</b>              | <b>0</b>  | <b>226,932</b>              |

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Ea Scheme (VERS). Where the Trust has agreed early retirements or compulsory redundancies, the additional costs are Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme included in the table (see note 10.3 for details of ill health retirement costs).

The disclosure reports the number and value of exit packages agreed in the year in line with the Welsh Government accounts. The expense associated with these departures may have been recognised in part or in full in a previous period.

## 10.6 Remuneration Relationship

Reporting bodies are required to disclose the relationship between **the midpoint of the banded** remuneration of the highest-paid director/employee in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in Public Health Wales NHS Trust in the financial year 2017-18 was £155k to £160k (2016-17, £175k to £180k). This was 5.32 times (2016-17, 6.26 times) the median remuneration of the workforce, which was £29,627 (2016-17, £28,735).

In 2017-18, 0 (2016-17, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £16,523 to £157,965 (2016-17 £16,132 to £179,809)

The annualised banded remuneration of the Chief Executive is £150k to £155k (2016-17, £150k to £155k). This is 5.15 times (2016-17, 5.22 times) the median remuneration of the workforce.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Overtime payments are included for the calculation of both elements of the relationship.

# 11. Pensions

## Pension Costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are 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, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are

published annually. Copies can also be obtained from The Stationery Office.

### b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this ‘employer cost cap’ assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

### c) National Employment Savings Trust (NEST)

NEST is a workplace pension scheme, which was set up by legislation and is treated as a trust-based scheme. The Trustee responsible for running the scheme is NEST Corporation. It is a non-departmental public body (NDPB) that operates at arm’s length from government and is accountable to Parliament through the Department for Work and Pensions (DWP).

NEST Corporation has agreed a loan with the Department for Work and Pensions (DWP). This has paid for the scheme to be set up and will cover expected shortfalls in scheme costs during the earlier years while membership is growing.

NEST Corporation aims for the scheme to become self-financing while providing consistently low charges to members.

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 2% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 1% of this. The legal minimum level of contribution level is increasing to 8% in April 2019.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £5,876 and £45,000 for the 2017-18 tax year (2016-17 £5,824 and £43,000).

Restrictions on the annual contribution limits were removed on 1st April 2017.

## 12. Public Sector Payment Policy

### 12.1 Prompt payment code - measure of compliance

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

|  | 2017-18<br>Number | 2017-18<br>£000 | 2016-17<br>Number | 2016-17<br>£000 |
|--|-------------------|-----------------|-------------------|-----------------|
| <b>NHS</b>                             |                   |                 |                   |                 |
| Total bills paid in year               | 2,283             | 22,793          | 2,004             | 22,471          |
| Total bills paid within target         | 2,019             | 20,800          | 1,835             | 21,349          |
| Percentage of bills paid within target | 88.4%             | 91.3%           | 91.6%             | 95.0%           |
| <b>Non-NHS</b>                         |                   |                 |                   |                 |
| Total bills paid in year               | 21,523            | 50,815          | 22,933            | 46,614          |
| Total bills paid within target         | 20,569            | 48,733          | 22,018            | 44,322          |
| Percentage of bills paid within target | 95.6%             | 95.9%           | 96.0%             | 95.1%           |
| <b>Total</b>                           |                   |                 |                   |                 |
| Total bills paid in year               | 23,806            | 73,608          | 24,937            | 69,085          |
| Total bills paid within target         | 22,588            | 69,533          | 23,853            | 65,671          |
| Percentage of bills paid within target | 94.9%             | 94.5%           | 95.7%             | 95.1%           |

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

|  | 2017-18<br>£ | 2016-17<br>£ |
|--|--------------|--------------|
| Amounts included within finance costs from claims made under legislation | 0            | 0            |
| Compensation paid to cover debt recovery costs under legislation         | 0            | 0            |
| <b>Total</b>   | <b>0</b>     | <b>0</b>     |

## 13. Property, plant and equipment

| 2017-18                                | Land         | Buildings, excluding dwellings | Dwellings | Assets under construction and payments on account | Plant & machinery | Transport Equipment | Information Technology | Furniture and fittings | Total         |
|--|--------------|--------------------------------|-----------|---|-------------------|---------------------|------------------------|------------------------|---------------|
|  | £000         | £000                           | £000      | £000  | £000              | £000                | £000                   | £000                   | £000          |
| <b>Cost or valuation</b>               |              |                                |           |   |                   |                     |                        |                        |               |
| <b>At 1 April 2017</b>                 | <b>1,010</b> | <b>4,883</b>                   | <b>0</b>  | <b>0</b>  | <b>13,688</b>     | <b>1,868</b>        | <b>9,277</b>           | <b>1,743</b>           | <b>32,469</b> |
| Indexation                             | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Revaluation                            | (38)         | (301)                          | 0         | 0   | 0                 | 0                   | 0                      | 0                      | (339)         |
| Additions - purchased                  | 0            | 463                            | 0         | 0   | 129               | 291                 | 1,261                  | 422                    | 2,566         |
| Additions - donated                    | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Additions - government granted         | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Transfers from/(into) other NHS bodies | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Reclassifications                      | 0            | 49                             | 0         | 0   | 0                 | (9)                 | 0                      | (40)                   | 0             |
| Reclassified as held for sale          | (375)        | (375)                          | 0         | 0   | 0                 | (144)               | 0                      |                        | (894)         |
| Disposals other than by sale           | 0            | 0                              | 0         | 0   | (374)             | (58)                | (52)                   | (16)                   | (500)         |
| Impairments                            | (42)         | (39)                           | 0         | 0   | (16)              | 0                   | 0                      | 0                      | (97)          |
| Reversal of impairments                | 0            | 213                            | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 213           |
| <b>At 31 March 2018</b>                | <b>555</b>   | <b>4,893</b>                   | <b>0</b>  | <b>0</b>  | <b>13,427</b>     | <b>1,948</b>        | <b>10,486</b>          | <b>2,109</b>           | <b>33,418</b> |
| <b>Depreciation</b>                    |              |                                |           |   |                   |                     |                        |                        |               |
| <b>At 1 April 2017</b>                 | <b>0</b>     | <b>2,112</b>                   | <b>0</b>  | <b>0</b>  | <b>8,693</b>      | <b>792</b>          | <b>5,850</b>           | <b>546</b>             | <b>17,993</b> |
| Indexation                             | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Revaluation                            | 0            | (348)                          | 0         | 0   | 0                 | 0                   | 0                      | 0                      | (348)         |
| Transfers from/(into) other NHS bodies | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Reclassifications                      | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Reclassified as held for sale          | 0            | (11)                           | 0         | 0   | 0                 | (144)               | 0                      | 0                      | (155)         |
| Disposals other than by sale           | 0            | 0                              | 0         | 0   | (374)             | (58)                | (52)                   | (16)                   | (500)         |
| Impairments                            | 0            | (13)                           | 0         | 0   | (5)               | 0                   | 0                      | 0                      | (18)          |
| Reversal of impairments                | 0            | (38)                           | 0         | 0   | 0                 | 0                   | 0                      | 0                      | (38)          |
| Charged during the year                | 0            | 327                            | 0         | 0   | 1,697             | 145                 | 1,353                  | 180                    | 3,702         |
| <b>At 31 March 2018</b>                | <b>0</b>     | <b>2,029</b>                   | <b>0</b>  | <b>0</b>  | <b>10,011</b>     | <b>735</b>          | <b>7,151</b>           | <b>710</b>             | <b>20,636</b> |
| Net book value                         |              |                                |           |   |                   |                     |                        |                        |               |
| At 1 April 2017                        | 1,010        | 2,771                          | 0         | 0   | 4,995             | 1,076               | 3,427                  | 1,197                  | 14,476        |
| <b>Net book value</b>                  |              |                                |           |   |                   |                     |                        |                        |               |
| <b>At 31 March 2018</b>                | <b>555</b>   | <b>2,864</b>                   | <b>0</b>  | <b>0</b>  | <b>3,416</b>      | <b>1,213</b>        | <b>3,335</b>           | <b>1,399</b>           | <b>12,782</b> |

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

| 2017-18  | Land       | Buildings, excluding dwellings | Dwellings | Assets under construction and payments on account | Plant & machinery | Transport Equipment | Information Technology | Furniture and fittings | Total         |
|--|------------|--------------------------------|-----------|---|-------------------|---------------------|------------------------|------------------------|---------------|
|  | £000       | £000                           | £000      | £000  | £000              | £000                | £000                   | £000                   | £000          |
| <b>Net book value at 31 March 2018 comprises :</b> |            |                                |           |   |                   |                     |                        |                        |               |
| Purchased  | 555        | 2,832                          | 0         | 0   | 3,416             | 1,213               | 3,335                  | 1,399                  | 12,750        |
| Donated  | 0          | 32                             | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 32            |
| Government Granted                                 | 0          | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| <b>At 31 March 2018</b>                            | <b>555</b> | <b>2,864</b>                   | <b>0</b>  | <b>0</b>  | <b>3,416</b>      | <b>1,213</b>        | <b>3,335</b>           | <b>1,399</b>           | <b>12,782</b> |
| <b>Asset Financing:</b>                            |            |                                |           |   |                   |                     |                        |                        |               |
| Owned  | 555        | 2,864                          | 0         | 0   | 3,416             | 1,213               | 3,335                  | 1,399                  | 12,782        |
| Held on finance lease                              | 0          | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| On-SoFP PFI contract                               | 0          | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| PFI residual interest                              | 0          | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| <b>At 31 March 2018</b>                            | <b>555</b> | <b>2,864</b>                   | <b>0</b>  | <b>0</b>  | <b>3,416</b>      | <b>1,213</b>        | <b>3,335</b>           | <b>1,399</b>           | <b>12,782</b> |

#### The net book value of land, buildings and dwellings at 31 March 2018 comprises :

|                 |              |
|-----------------|--------------|
| Freehold        | £000         |
| Long Leasehold  | 2,230        |
| Short Leasehold | 523          |
| <b>Total</b>    | <b>666</b>   |
|                 | <b>3,419</b> |

The NHS Trust Land and Buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th Edition. Trusts are required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

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

| 2016-17                                | Land         | Buildings, excluding dwellings | Dwellings | Assets under construction and payments on account | Plant & machinery | Transport Equipment | Information Technology | Furniture and fittings | Total         |
|--|--------------|--------------------------------|-----------|---|-------------------|---------------------|------------------------|------------------------|---------------|
|  | £000         | £000                           | £000      | £000  | £000              | £000                | £000                   | £000                   | £000          |
| <b>Cost or valuation</b>               |              |                                |           |   |                   |                     |                        |                        |               |
| <b>At 1 April 2016</b>                 | <b>973</b>   | <b>4,267</b>                   | <b>0</b>  | <b>405</b>  | <b>12,837</b>     | <b>709</b>          | <b>8,470</b>           | <b>518</b>             | <b>28,179</b> |
| Indexation                             | 37           | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 37            |
| Revaluation                            | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Additions - purchased                  | 0            | 726                            | 0         | 0   | 495               | 441                 | 1,509                  | 850                    | 4,021         |
| Additions - donated                    | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Additions - government granted         | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Transfers from/(into) other NHS bodies | 0            | 0                              | 0         | 0   | 847               | 718                 | 397                    | 26                     | 1,988         |
| Reclassifications                      | 0            | 0                              | 0         | (405)   | 0                 | 0                   | 0                      | 405                    | 0             |
| Reclassified as held for sale          | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Disposals other than by sale           | 0            | (103)                          | 0         | 0   | (480)             | 0                   | (1,094)                | (56)                   | (1,733)       |
| Impairments                            | 0            | (7)                            | 0         | 0   | (11)              | 0                   | (5)                    | 0                      | (23)          |
| Reversal of impairments                | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| <b>At 31 March 2017</b>                | <b>1,010</b> | <b>4,883</b>                   | <b>0</b>  | <b>0</b>  | <b>13,688</b>     | <b>1,868</b>        | <b>9,277</b>           | <b>1,743</b>           | <b>32,469</b> |
| <b>Depreciation</b>                    |              |                                |           |   |                   |                     |                        |                        |               |
| <b>At 1 April 2016</b>                 | <b>0</b>     | <b>1,902</b>                   | <b>0</b>  | <b>0</b>  | <b>7,031</b>      | <b>28</b>           | <b>5,283</b>           | <b>493</b>             | <b>14,737</b> |
| Indexation                             | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Revaluation                            | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Transfers from/(into) other NHS bodies | 0            | 0                              | 0         | 0   | 500               | 698                 | 326                    | 26                     | 1,550         |
| Reclassifications                      | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Reclassified as held for sale          | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Disposals other than by sale           | 0            | (103)                          | 0         | 0   | (480)             | 0                   | (1,094)                | (56)                   | (1,733)       |
| Impairments                            | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Reversal of impairments                | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | 0             |
| Charged during the year                | 0            | 313                            | 0         | 0   | 1,642             | 66                  | 1,335                  | 83                     | 3,439         |
| <b>At 31 March 2017</b>                | <b>0</b>     | <b>2,112</b>                   | <b>0</b>  | <b>0</b>  | <b>8,693</b>      | <b>792</b>          | <b>5,850</b>           | <b>546</b>             | <b>17,993</b> |
| Net book value                         |              |                                |           |   |                   |                     |                        |                        |               |
| At 1 April 2016                        | 973          | 2,365                          | 0         | 405   | 5,806             | 681                 | 3,187                  | 25                     | 13,442        |
| <b>Net book value</b>                  |              |                                |           |   |                   |                     |                        |                        |               |
| <b>At 31 March 2017</b>                | <b>1,010</b> | <b>2,771</b>                   | <b>0</b>  | <b>0</b>  | <b>4,995</b>      | <b>1,076</b>        | <b>3,427</b>           | <b>1,197</b>           | <b>14,476</b> |

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

| 2016-17  | Land         | Buildings, excluding dwellings | Dwellings | Assets under construction and payments on account | Plant & machinery | Transport Equipment | Information Technology | Furniture and fittings | Total         |
|--|--------------|--------------------------------|-----------|---|-------------------|---------------------|------------------------|------------------------|---------------|
|  | £000         | £000                           | £000      | £000  | £000              | £000                | £000                   | £000                   | £000          |
| <b>Net book value at 31 March 2017 comprises:</b>                                      |              |                                |           |   |                   |                     |                        |                        |               |
| Purchased  | 1,010        | 2,739                          | 0         | 0   | 4,611             | 1,460               | 3,427                  | 1,197                  | <b>14,444</b> |
| Donated  | 0            | 32                             | 0         | 0   | 0                 | 0                   | 0                      | 0                      | <b>32</b>     |
| Government Granted   | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | <b>0</b>      |
| <b>At 31 March 2017</b>  | <b>1,010</b> | <b>2,771</b>                   | <b>0</b>  | <b>0</b>  | <b>4,611</b>      | <b>1,460</b>        | <b>3,427</b>           | <b>1,197</b>           | <b>14,476</b> |
| <b>Asset Financing:</b>  |              |                                |           |   |                   |                     |                        |                        |               |
| Owned  | 1,010        | 2,771                          | 0         | 0   | 4,611             | 1,460               | 3,313                  | 1,197                  | <b>14,362</b> |
| Held on finance lease  | 0            | 0                              | 0         | 0   | 0                 | 0                   | 114                    | 0                      | <b>114</b>    |
| On-SoFP PFI contract   | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | <b>0</b>      |
| PFI residual interest  | 0            | 0                              | 0         | 0   | 0                 | 0                   | 0                      | 0                      | <b>0</b>      |
| <b>At 31 March 2017</b>  | <b>1,010</b> | <b>2,771</b>                   | <b>0</b>  | <b>0</b>  | <b>4,611</b>      | <b>1,460</b>        | <b>3,427</b>           | <b>1,197</b>           | <b>14,476</b> |
| <b>The net book value of land, buildings and dwellings at 31 March 2017 comprises:</b> |              |                                |           |   |                   |                     |                        |                        |               |
|  |              |                                |           |   |                   |                     |                        |                        | <b>£000</b>   |
| Freehold   |              |                                |           |   |                   |                     |                        |                        | <b>2,522</b>  |
| Long Leasehold   |              |                                |           |   |                   |                     |                        |                        | <b>326</b>    |
| Short Leasehold  |              |                                |           |   |                   |                     |                        |                        | <b>933</b>    |
| <b>Total</b>   |              |                                |           |   |                   |                     |                        |                        | <b>3,781</b>  |

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

### Disclosures:

#### i) Donated Assets

Public Health Wales NHS Trust did not receive any donated assets during the year.

#### ii) Valuations

The Trusts land and Buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the Royal Institute of Chartered Surveyors' Valuation Standards, 6th edition.

The Trust is required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in operation.

#### iii) Asset Lives

- Land is not depreciated.
- Buildings as determined by the Valuation Office Agency.
- Equipment 4-20 years.

#### iv) Compensation

There has been no compensation received from third parties for assets impaired, lost or given up, that is included in the Income Statement.

#### v) Write Downs

There have been no write downs.

#### vi) The trust does not hold any property where the value is materially different from its open market value.

#### vii) Assets Held for Sale or sold in the period

During the year the following assets were sold:

- The Temple of Peace building was sold following the relocation of Trust staff as part of the 'Our Space' programme.
- Vans used by the Diabetic Eye Screening Wales service were replaced as part of a capital replacement programme to maintain service provision.

#### Gain/(Loss) on Sale

| Asset description | Reason for sale         | Gain/(Loss) on sale<br>£000 |
|-------------------|-------------------------|-----------------------------|
| Buildings         | Surplus to requirements | -9                          |
| Vehicles          | Replacement programme   | 7                           |
|                   |                         | <b>-2</b>                   |

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

### 13.2 Non-current assets held for sale

|   | Land     | Buildings,<br>including<br>dwellings | Other<br>property<br>plant and<br>equipment | Intangible<br>assets | Other<br>assets | Total        |
|---|----------|--------------------------------------|---|----------------------|-----------------|--------------|
|   | £000     | £000                                 | £000  | £000                 | £000            | £000         |
| <b>Balance b/f 1 April 2017</b>   | 0        | 0                                    | 0   | 0                    | 0               | <b>0</b>     |
| Plus assets classified as held for sale in year   | 375      | 364                                  | 0   | 0                    | 0               | <b>739</b>   |
| Revaluation   | 0        | 0                                    | 0   | 0                    | 0               | <b>0</b>     |
| Less assets sold in year  | (375)    | (364)                                | 0   | 0                    | 0               | <b>(739)</b> |
| Less impairment for assets held for sale  | 0        | 0                                    | 0   | 0                    | 0               | <b>0</b>     |
| Plus reversal of impairments  | 0        | 0                                    | 0   | 0                    | 0               | <b>0</b>     |
| Less assets no longer classified as held for sale for reasons other than disposal by sale | 0        | 0                                    | 0   | 0                    | 0               | <b>0</b>     |
| <b>Balance c/f 31 March 2018</b>  | <b>0</b> | <b>0</b>                             | <b>0</b>                                    | <b>0</b>             | <b>0</b>        | <b>0</b>     |
| <b>Balance b/f 1 April 2016</b>   | <b>0</b> | <b>0</b>                             | <b>0</b>                                    | <b>0</b>             | <b>0</b>        | <b>0</b>     |
| Plus assets classified as held for sale in year   | 0        | 0                                    | 0   | 0                    | 0               | <b>0</b>     |
| Revaluation   | 0        | 0                                    | 0   | 0                    | 0               | <b>0</b>     |
| Less assets sold in year  | 0        | 0                                    | 0   | 0                    | 0               | <b>0</b>     |
| Less impairment for assets held for sale  | 0        | 0                                    | 0   | 0                    | 0               | <b>0</b>     |
| Plus reversal of impairments  | 0        | 0                                    | 0   | 0                    | 0               | <b>0</b>     |
| Less assets no longer classified as held for sale for reasons other than disposal by sale | 0        | 0                                    | 0   | 0                    | 0               | <b>0</b>     |
| <b>Balance c/f 31 March 2017</b>  | <b>0</b> | <b>0</b>                             | <b>0</b>                                    | <b>0</b>             | <b>0</b>        | <b>0</b>     |

## 14. Intangible assets

| 2017-18                                | Computer software purchased | Computer software internally developed | Licenses and trade-marks | Patents  | Development expenditure internally generated | CRC Emission Trading Scheme | Total    |
|--|-----------------------------|--|--------------------------|----------|--|-----------------------------|----------|
|  | £000                        | £000                                   | £000                     | £000     | £000   | £000                        | £000     |
| <b>Cost or valuation</b>               |                             |  |                          |          |  |                             |          |
| <b>At 1 April 2017</b>                 | <b>0</b>                    | <b>0</b>                               | <b>0</b>                 | <b>0</b> | <b>0</b>                                     | <b>0</b>                    | <b>0</b> |
| Revaluation                            |                             | 0                                      |                          |          | 0  | 0                           | 0        |
| Additions                              |                             |  |                          |          |  |                             |          |
| - purchased                            | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| - internally generated                 | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| - donated                              | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| - government granted                   | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Transfers from/(into) other NHS bodies | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Reclassifications                      | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Reclassified as held for sale          | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Disposals other than by sale           | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Impairments                            | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Reversal of impairments                | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| <b>At 31 March 2018</b>                | <b>0</b>                    | <b>0</b>                               | <b>0</b>                 | <b>0</b> | <b>0</b>                                     | <b>0</b>                    | <b>0</b> |

## 14. Intangible assets (continued)

| 2017-18  | Computer software purchased | Computer software internally developed | Licenses and trade-marks | Patents  | Development expenditure internally generated | CRC Emission Trading Scheme | Total    |
|--|-----------------------------|--|--------------------------|----------|--|-----------------------------|----------|
|  | £000                        | £000                                   | £000                     | £000     | £000   | £000                        | £000     |
| <b>Amortisation</b>                              |                             |  |                          |          |  |                             |          |
| <b>At 1 April 2017</b>                           | <b>0</b>                    | <b>0</b>                               | <b>0</b>                 | <b>0</b> | <b>0</b>                                     | <b>0</b>                    | <b>0</b> |
| Revaluation                                      |                             | 0                                      |                          |          | 0  | 0                           | 0        |
| Transfers from/(into) other NHS bodies           | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Reclassifications                                | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Reclassified as held for sale                    | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Disposals other than by sale                     | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Impairments                                      | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Reversal of impairments                          | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Charged during the year                          | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| <b>Accumulated amortisation at 31 March 2018</b> | <b>0</b>                    | <b>0</b>                               | <b>0</b>                 | <b>0</b> | <b>0</b>                                     | <b>0</b>                    | <b>0</b> |
| Net book value                                   |                             |  |                          |          |  |                             |          |
| At 1 April 2017                                  | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| <b>Net book value</b>                            |                             |  |                          |          |  |                             |          |
| <b>At 31 March 2018</b>                          | <b>0</b>                    | <b>0</b>                               | <b>0</b>                 | <b>0</b> | <b>0</b>                                     | <b>0</b>                    | <b>0</b> |
| <b>Net book value</b>                            |                             |  |                          |          |  |                             |          |
| Purchased  | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Internally Generated                             | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Donated  | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Government granted                               | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| <b>At 31 March 2018</b>                          | <b>0</b>                    | <b>0</b>                               | <b>0</b>                 | <b>0</b> | <b>0</b>                                     | <b>0</b>                    | <b>0</b> |

## 14. Intangible assets (continued)

| 2016-17                                | Computer software purchased | Computer software internally developed | Licenses and trade-marks | Patents  | Development expenditure internally generated | CRC Emission Trading Scheme | Total    |
|--|-----------------------------|--|--------------------------|----------|--|-----------------------------|----------|
|  | £000                        | £000                                   | £000                     | £000     | £000   | £000                        | £000     |
| <b>Cost or valuation</b>               |                             |  |                          |          |  |                             |          |
| <b>At 1 April 2016</b>                 | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Revaluation                            |                             | 0                                      |                          |          | 0  | 0                           | 0        |
| Additions                              |                             |  |                          |          |  |                             |          |
| - purchased                            | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| - internally generated                 | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| - donated                              | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| - government granted                   | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Transfers from/(into) other NHS bodies | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Reclassifications                      | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Reclassified as held for sale          | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Disposals other than by sale           | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Impairments                            | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Reversal of impairments                | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| <b>At 31 March 2017</b>                | <b>0</b>                    | <b>0</b>                               | <b>0</b>                 | <b>0</b> | <b>0</b>                                     | <b>0</b>                    | <b>0</b> |

## 14. Intangible assets (continued)

| 2016-17  | Computer software purchased | Computer software internally developed | Licenses and trade-marks | Patents  | Development expenditure internally generated | CRC Emission Trading Scheme | Total    |
|--|-----------------------------|--|--------------------------|----------|--|-----------------------------|----------|
|  | £000                        | £000                                   | £000                     | £000     | £000   | £000                        | £000     |
| <b>Amortisation</b>                              |                             |  |                          |          |  |                             |          |
| <b>At 1 April 2016</b>                           | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Revaluation                                      |                             | 0                                      |                          |          | 0  | 0                           | 0        |
| Transfers from/(into) other NHS bodies           | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Reclassifications                                | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Reclassified as held for sale                    | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Disposals other than by sale                     | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Impairments                                      | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Reversal of impairments                          | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Charged during the year                          | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| <b>Accumulated amortisation at 31 March 2017</b> | <b>0</b>                    | <b>0</b>                               | <b>0</b>                 | <b>0</b> | <b>0</b>                                     | <b>0</b>                    | <b>0</b> |
| Net book value                                   |                             |  |                          |          |  |                             |          |
| At 1 April 2016                                  | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| <b>Net book value</b>                            |                             |  |                          |          |  |                             |          |
| <b>At 31 March 2017</b>                          | <b>0</b>                    | <b>0</b>                               | <b>0</b>                 | <b>0</b> | <b>0</b>                                     | <b>0</b>                    | <b>0</b> |
| <b>Net book value</b>                            |                             |  |                          |          |  |                             |          |
| Purchased  | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Internally Generated                             | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Donated  | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| Government granted                               | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0        |
| <b>At 31 March 2017</b>                          | <b>0</b>                    | <b>0</b>                               | <b>0</b>                 | <b>0</b> | <b>0</b>                                     | <b>0</b>                    | <b>0</b> |

## 14. Intangible assets (continued)

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The Trust does not hold any intangible assets.

## 15. Impairments

|   | 2017-18                             |                           | 2016-17                             |                           |
|---|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
|   | Property, plant & equipment<br>£000 | Intangible assets<br>£000 | Property, plant & equipment<br>£000 | Intangible assets<br>£000 |
| Impairments in the period arose from:                   |                                     |                           |                                     |                           |
| Loss or damage from normal operations                   | 0                                   | 0                         | 0                                   | 0                         |
| Abandonment of assets in the course of construction     | 0                                   | 0                         | 0                                   | 0                         |
| Over specification of assets (Gold Plating)             | 0                                   | 0                         | 0                                   | 0                         |
| Loss as a result of a catastrophe                       | 0                                   | 0                         | 0                                   | 0                         |
| Unforeseen obsolescence                                 | 0                                   | 0                         | 0                                   | 0                         |
| Changes in market price                                 | 0                                   | 0                         | 0                                   | 0                         |
| Other   | 77                                  | 0                         | 23                                  | 0                         |
| Reversal of impairment                                  | (251)                               | 0                         | 0                                   | 0                         |
| <b>Impairments charged to operating expenses</b>        | <b>(174)</b>                        | <b>0</b>                  | <b>23</b>                           | <b>0</b>                  |
| Analysis of impairments :                               |                                     |                           |                                     |                           |
| Operating expenses in Statement of Comprehensive Income | (174)                               | 0                         | 23                                  | 0                         |
| Revaluation reserve                                     | 93                                  | 0                         | 0                                   | 0                         |
| <b>Total</b>  | <b>(81)</b>                         | <b>0</b>                  | <b>23</b>                           | <b>0</b>                  |

## 16. Inventories

### 16.1 Inventories

|   | 31 March 2018<br>£000 | 31 March 2017<br>£000 |
|---|-----------------------|-----------------------|
| Drugs   | 0                     | 0                     |
| Consumables                                   | 786                   | 158                   |
| Energy  | 0                     | 0                     |
| Work in progress                              | 0                     | 0                     |
| Other   | 0                     | 0                     |
| <b>Total</b>                                  | <b>786</b>            | <b>158</b>            |
| <b>Of which held at net realisable value:</b> | <b>0</b>              | <b>0</b>              |

### 16.2 Inventories recognised in expenses

|  | 31 March 2018<br>£000 | 31 March 2017<br>£000 |
|--|-----------------------|-----------------------|
| Inventories recognised as an expense in the period | 22                    | 37                    |
| Write-down of inventories (including losses)       | 0                     | 0                     |
| Reversal of write-downs that reduced the expense   | 0                     | 0                     |
| <b>Total</b>                                       | <b>22</b>             | <b>37</b>             |

During 2017/18 the Trust received a Welsh Government grant for a Molecular Diagnostic for Gastrointestinal Infection Project, part of which was used for the purchase of consumables. The unused stock held at year-end has been recognised on the balance sheet. The grant has been deferred into 2018/19 and will be released to the Statement of Comprehensive Income to match the use of the consumables in future accounting periods.

## 17. Trade and other receivables

### 17.1 Trade and other receivables

|   | 31 March 2018<br>£000 | 31 March 2017<br>£000 |
|---|-----------------------|-----------------------|
| <b>Current</b>                                |                       |                       |
| Welsh Government                              | 735                   | 714                   |
| WHSSC & EASC                                  | 0                     | 13                    |
| Welsh Health Boards                           | 1,929                 | 2,953                 |
| Welsh NHS Trusts                              | 120                   | 46                    |
| Non - Welsh Trusts                            | 8                     | 6                     |
| Other NHS                                     | 0                     | 0                     |
| Welsh Risk Pool                               | 4,416                 | 3,514                 |
| Local Authorities                             | 504                   | 193                   |
| Capital debtors                               | 0                     | 0                     |
| Other debtors                                 | 925                   | 1,147                 |
| Provision for impairment of trade receivables | (12)                  | (14)                  |
| Pension Prepayments                           |                       |                       |
| NHS Pensions Agency                           | 0                     | 0                     |
| NEST  | 0                     | 0                     |
| Other prepayments                             | 1,345                 | 1,018                 |
| Accrued income                                | 293                   | 7                     |
| Sub-total                                     | <b>10,263</b>         | 9,597                 |
| <b>Non-current</b>                            |                       |                       |
| Welsh Government                              | 0                     | 0                     |
| WHSSC & EASC                                  | 0                     | 0                     |
| Welsh Health Boards                           | 0                     | 0                     |
| Welsh NHS Trusts                              | 0                     | 0                     |
| Non - Welsh Trusts                            | 0                     | 0                     |
| Other NHS                                     | 0                     | 0                     |
| Welsh Risk Pool                               | 0                     | 146                   |
| Local Authorities                             | 0                     | 0                     |
| Capital debtors                               | 0                     | 0                     |
| Other debtors                                 | 0                     | 0                     |
| Provision for impairment of trade receivables | 0                     | 0                     |
| Pension Prepayments                           |                       |                       |
| NHS Pensions Agency                           | 0                     | 0                     |
| NEST  | 0                     | 0                     |
| Other prepayments                             | 0                     | 0                     |
| Accrued income                                | 0                     | 0                     |
| Sub-total                                     | <b>0</b>              | 146                   |
| <b>Total trade and other receivables</b>      | <b>10,263</b>         | 9,743                 |

The majority of trade is with other NHS bodies. As NHS bodies are funded by Welsh Government, no credit scoring of them is considered necessary.

The value of trade receivables that are past their payment date but not impaired is £192k (£188k in 2016-17)

## 17. Trade and other receivables (continued)

### 17.2 Receivables VAT

|                   | <b>31 March 2018</b><br>£000 | 31 March 2017<br>£000 |
|-------------------|------------------------------|-----------------------|
| Trade receivables | <b>476</b>                   | 403                   |
| Other             | <b>0</b>                     | 0                     |
| <b>Total</b>      | <b>476</b>                   | 403                   |

### 17.3 Receivables past their due date but not impaired

|   | <b>31 March 2018</b><br>£000 | 31 March 2017<br>£000 |
|---|------------------------------|-----------------------|
| By up to 3 months                       | <b>136</b>                   | 170                   |
| By 3 to 6 months                        | <b>44</b>                    | 15                    |
| By more than 6 months                   | <b>12</b>                    | 3                     |
| <b>Balance at end of financial year</b> | <b>192</b>                   | 188                   |

### 17.4 Allowance for bad and doubtful debts

|   | <b>31 March 2018</b><br>£000 | 31 March 2017<br>£000 |
|---|------------------------------|-----------------------|
| Balance at beginning of the year                          | <b>(14)</b>                  | (12)                  |
| Transfer to other NHS Wales body                          | <b>0</b>                     | 0                     |
| Provision utilised (Amount written off during the year)   | <b>10</b>                    | 0                     |
| Provision written back during the year no longer required | <b>1</b>                     | 0                     |
| (Increase)/Decrease in provision during year              | <b>(9)</b>                   | (2)                   |
| Bad debts recovered during year                           | <b>0</b>                     | 0                     |
| <b>Balance at end of financial year</b>                   | <b>(12)</b>                  | (14)                  |

## 18. Other financial assets

|   | 31 March 2018<br>£000 | 31 March 2017<br>£000 |
|---|-----------------------|-----------------------|
| <b>Current</b>                                  |                       |                       |
| Shares and equity type investments              |                       |                       |
| Held to maturity investments at amortised costs | 0                     | 0                     |
| At fair value through SOCI                      | 0                     | 0                     |
| Available for sale at FV                        | 0                     | 0                     |
| Deposits  | 0                     | 0                     |
| Loans   | 0                     | 0                     |
| Derivatives                                     | 0                     | 0                     |
| Other   |                       |                       |
| Held to maturity investments at amortised costs | 0                     | 0                     |
| At fair value through SOCI                      | 0                     | 0                     |
| Available for sale at FV                        | 0                     | 0                     |
| <b>Total</b>                                    | <b>0</b>              | <b>0</b>              |
| <b>Non-Current</b>                              |                       |                       |
| Shares and equity type investments              |                       |                       |
| Held to maturity investments at amortised costs | 0                     | 0                     |
| At fair value through SOCI                      | 0                     | 0                     |
| Available for sale at FV                        | 0                     | 0                     |
| Deposits  | 0                     | 0                     |
| Loans   | 0                     | 0                     |
| Derivatives                                     | 0                     | 0                     |
| Other   |                       |                       |
| Held to maturity investments at amortised costs | 0                     | 0                     |
| At fair value through SOCI                      | 0                     | 0                     |
| Available for sale at FV                        | 0                     | 0                     |
| <b>Total</b>                                    | <b>0</b>              | <b>0</b>              |

## 19. Cash and cash equivalents

|  | <b>31 March 2018</b><br>£000 | 31 March 2017<br>£000 |
|--|------------------------------|-----------------------|
| Opening Balance  | <b>4,128</b>                 | 8,597                 |
| Net change in year   | <b>2,304</b>                 | (4,469)               |
| <b>Closing Balance</b>   | <b>6,432</b>                 | 4,128                 |
| <b>Made up of:</b>   |                              |                       |
| Cash with Government Banking Service (GBS)                       | <b>4,722</b>                 | 4,119                 |
| Cash with Commercial banks                                       | <b>0</b>                     | 0                     |
| Cash in hand   | <b>10</b>                    | 9                     |
| <b>Total cash</b>  | <b>4,732</b>                 | 4,128                 |
| Current investments  | <b>1,700</b>                 | 0                     |
| <b>Cash and cash equivalents as in SoFP</b>                      | <b>6,432</b>                 | 4,128                 |
| Bank overdraft - GBS   | <b>0</b>                     | 0                     |
| Bank overdraft - Commercial banks                                | <b>0</b>                     | 0                     |
| <b>Cash &amp; cash equivalents as in Statement of Cash Flows</b> | <b>6,432</b>                 | 4,128                 |

## 20. Trade and other payables at the SoFP Date

|  | 31 March 2018<br>£000 | 31 March 2017<br>£000 |
|--|-----------------------|-----------------------|
| <b>Current</b>   |                       |                       |
| Welsh Government                                       | 34                    | 62                    |
| WHSSC & EASC   | 21                    | 0                     |
| Welsh Health Boards                                    | 2,709                 | 1,250                 |
| Welsh NHS Trusts                                       | 614                   | 317                   |
| Other NHS  | 30                    | 77                    |
| Local Authorities                                      | 579                   | 821                   |
| Taxation and social security payable / refunds:        |                       |                       |
| Refunds of taxation by HMRC                            | 0                     | 1                     |
| VAT payable to HMRC                                    | 0                     | 0                     |
| Other taxes payable to HMRC                            | 0                     | 0                     |
| National Insurance contributions payable to HMRC       | 1                     | 1                     |
| Non-NHS trade payables - revenue                       | 4,390                 | 3,756                 |
| Non-NHS trade payables - capital                       | 582                   | 538                   |
| Rentals due under operating leases                     | 5                     | 17                    |
| Obligations due under finance leases and HP contracts  | 0                     | 116                   |
| Imputed finance lease element of on SoFP PFI contracts | 0                     | 0                     |
| Pensions: staff  | 2                     | 2                     |
| Accruals   | 284                   | 517                   |
| Deferred Income:                                       |                       |                       |
| Deferred income brought forward                        | 462                   | 462                   |
| Deferred income additions                              | 785                   | 0                     |
| Transfer to/from current/non current deferred income   | 0                     | 0                     |
| Released to the Income Statement                       | (101)                 | 0                     |
| Other liabilities - all other payables                 | 0                     | 0                     |
| PFI assets – deferred credits                          | 0                     | 0                     |
| PFI - Payments on account                              | 0                     | 0                     |
| <b>Sub-total</b>                                       | <b>10,397</b>         | <b>7,937</b>          |

In respect of the Pensions figure shown above, £1k relates to the NHS Pension scheme (2016-17 £1k) and £0k to the NEST pension scheme (2016-17 £1k).

During 2017/18 the Trust received a Welsh Government grant for a Molecular Diagnostic for a Gastrointestinal Infection Project, part of which was used for the purchase of consumables. The unused stock held at year-end has been recognised on the balance sheet. The grant has been deferred into 2018/19 and will be released to the Statement of Comprehensive Income to match the use of the consumables.

## 20. Trade and other payables at the SoFP Date (continued)

|  | 31 March 2018<br>£000 | 31 March 2017<br>£000 |
|--|-----------------------|-----------------------|
| <b>Non-current</b>                                     |                       |                       |
| Welsh Government                                       | 0                     | 0                     |
| WHSSC & EASC   | 0                     | 0                     |
| Welsh Health Boards                                    | 0                     | 0                     |
| Welsh NHS Trusts                                       | 0                     | 0                     |
| Other NHS  | 0                     | 0                     |
| Local Authorities                                      | 0                     | 0                     |
| Taxation and social security payable / refunds:        |                       |                       |
| Refunds of taxation by HMRC                            | 0                     | 0                     |
| VAT payable to HMRC                                    | 0                     | 0                     |
| Other taxes payable to HMRC                            | 0                     | 0                     |
| National Insurance contributions payable to HMRC       | 0                     | 0                     |
| Non-NHS trade payables - revenue                       | 0                     | 0                     |
| Non-NHS trade payables - capital                       | 0                     | 0                     |
| Rentals due under operating leases                     | 622                   | 259                   |
| Obligations due under finance leases and HP contracts  | 0                     | 0                     |
| Imputed finance lease element of on SoFP PFI contracts | 0                     | 0                     |
| Pensions: staff  | 0                     | 0                     |
| Accruals   | 0                     | 0                     |
| Deferred Income:                                       |                       |                       |
| Deferred income brought forward                        | 0                     | 0                     |
| Deferred income additions                              | 0                     | 0                     |
| Transfer to/from current/non current deferred income   | 0                     | 0                     |
| Released to the Income Statement                       | 0                     | 0                     |
| Other liabilities - all other payables                 | 0                     | 0                     |
| PFI assets – deferred credits                          | 0                     | 0                     |
| PFI - Payments on account                              | 0                     | 0                     |
| <b>Sub-total</b>                                       | <b>622</b>            | <b>259</b>            |
| <b>Total</b>   | <b>11,019</b>         | <b>8,196</b>          |

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

## 21. Borrowings

|   | 31 March 2018<br>£000 | 31 March 2017<br>£000 |
|---|-----------------------|-----------------------|
| <b>Current</b>                            |                       |                       |
| Bank overdraft - GBS                      | 0                     | 0                     |
| Bank overdraft - Commercial bank          | 0                     | 0                     |
| Loans from:                               |                       |                       |
| Welsh Government                          | 0                     | 0                     |
| Other entities                            | 0                     | 0                     |
| PFI liabilities:                          |                       |                       |
| Main liability                            | 0                     | 0                     |
| Lifecycle replacement received in advance | 0                     | 0                     |
| Finance lease liabilities                 | 0                     | 0                     |
| Other                                     | 0                     | 0                     |
| <b>Total</b>                              | <b>0</b>              | <b>0</b>              |
| <b>Non-current</b>                        |                       |                       |
| Bank overdraft - OPG                      | 0                     | 0                     |
| Bank overdraft - Commercial bank          | 0                     | 0                     |
| Loans from:                               |                       |                       |
| Welsh Government                          | 0                     | 0                     |
| Other entities                            | 0                     | 0                     |
| PFI liabilities:                          |                       |                       |
| Main liability                            | 0                     | 0                     |
| Lifecycle replacement received in advance | 0                     | 0                     |
| Finance lease liabilities                 | 0                     | 0                     |
| Other                                     | 0                     | 0                     |
| <b>Total</b>                              | <b>0</b>              | <b>0</b>              |

### 21.2 Loan advance/strategic assistance funding

The NHS Trust has not received a loan advance or strategic funding from the Welsh Government.

## 22. Other financial liabilities

|  | 31 March 2018<br>£000 | 31 March 2017<br>£000 |
|--|-----------------------|-----------------------|
| <b>Current</b>                         |                       |                       |
| <b>Financial Guarantees</b>            |                       |                       |
| At amortised cost                      | 0                     | 0                     |
| At fair value through SoCI             | 0                     | 0                     |
| Derivatives at fair value through SoCI | 0                     | 0                     |
| <b>Other</b>                           |                       |                       |
| At amortised cost                      | 0                     | 0                     |
| At fair value through SoCI             | 0                     | 0                     |
| <b>Total</b>                           | <b>0</b>              | <b>0</b>              |
| <b>Non-current</b>                     |                       |                       |
| <b>Financial Guarantees</b>            |                       |                       |
| At amortised cost                      | 0                     | 0                     |
| At fair value through SoCI             | 0                     | 0                     |
| Derivatives at fair value through SoCI | 0                     | 0                     |
| <b>Other</b>                           |                       |                       |
| At amortised cost                      | 0                     | 0                     |
| At fair value through SoCI             | 0                     | 0                     |
| <b>Total</b>                           | <b>0</b>              | <b>0</b>              |

## 23. Provisions

| 2017-18                                     | At 1 April 2017 | Structured settlement cases transferr-ed to Risk Pool | Transfers to creditors | Transfers between current and non current | Transfers (to)/ from other NHS body | Arising during the year | Utilised during the year | Reversed unused | Unwinding of discount | At 31 March 2018 |
|---|-----------------|---|------------------------|---|-------------------------------------|-------------------------|--------------------------|-----------------|-----------------------|------------------|
|   | £000            | £000  | £000                   | £000                                      | £000                                | £000                    | £000                     | £000            | £000                  | £000             |
| <b>Current</b>                              |                 |   |                        |   |                                     |                         |                          |                 |                       |                  |
| Clinical negligence                         | 3,119           | 0   | 37                     | 166                                       | 0                                   | 1,628                   | (847)                    | (392)           | 0                     | 3,711            |
| Personal injury                             | 74              | 0   | 0                      | 85  | 0                                   | 24                      | (81)                     | 0               | 0                     | 102              |
| All other losses and special payments       | 0               | 0   | 0                      | 0   | 0                                   | 187                     | (187)                    | 0               | 0                     | 0                |
| Defence legal fees and other administration | 31              | 0   | 0                      | 2   | 0                                   | 27                      | (28)                     | (2)             | 0                     | 30               |
| Pensions relating to: former directors      | 0               |   | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: other staff           | 0               |   | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Restructurings                              | 0               |   | 0                      | 0   | 0                                   | 0                       | 0                        | 0               |                       | 0                |
| Other                                       | 0               |   | 0                      | 0   | 0                                   | 0                       | 0                        | 0               |                       | 0                |
| <b>Total</b>                                | <b>3,224</b>    | <b>0</b>  | <b>37</b>              | <b>253</b>                                | <b>0</b>                            | <b>1,866</b>            | <b>(1,143)</b>           | <b>(394)</b>    | <b>0</b>              | <b>3,843</b>     |
| <b>Non Current</b>                          |                 |   |                        |   |                                     |                         |                          |                 |                       |                  |
| Clinical negligence                         | 166             | 0   | 0                      | (166)                                     | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Personal injury                             | 1,301           | 0   | 0                      | (85)                                      | 0                                   | 203                     | 0                        | 0               | 0                     | 1,419            |
| All other losses and special payments       | 0               | 0   | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Defence legal fees and other administration | 2               | 0   | 0                      | (2)                                       | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: former directors      | 0               |   | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: other staff           | 0               |   | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Restructurings                              | 0               |   | 0                      | 0   | 0                                   | 0                       | 0                        | 0               |                       | 0                |
| Other                                       | 0               |   | 0                      | 0   | 0                                   | 0                       | 0                        | 0               |                       | 0                |
| <b>Total</b>                                | <b>1,469</b>    | <b>0</b>  | <b>0</b>               | <b>(253)</b>                              | <b>0</b>                            | <b>203</b>              | <b>0</b>                 | <b>0</b>        | <b>0</b>              | <b>1,419</b>     |
| <b>TOTAL</b>                                |                 |   |                        |   |                                     |                         |                          |                 |                       |                  |
| Clinical negligence                         | 3,285           | 0   | 37                     | 0   | 0                                   | 1,628                   | (847)                    | (392)           | 0                     | 3,711            |
| Personal injury                             | 1,375           | 0   | 0                      | 0   | 0                                   | 227                     | (81)                     | 0               | 0                     | 1,521            |
| All other losses and special payments       | 0               | 0   | 0                      | 0   | 0                                   | 187                     | (187)                    | 0               | 0                     | 0                |
| Defence legal fees and other administration | 33              | 0   | 0                      | 0   | 0                                   | 27                      | (28)                     | (2)             | 0                     | 30               |
| Pensions relating to: former directors      | 0               |   | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: other staff           | 0               |   | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Restructurings                              | 0               |   | 0                      | 0   | 0                                   | 0                       | 0                        | 0               |                       | 0                |
| Other                                       | 0               |   | 0                      | 0   | 0                                   | 0                       | 0                        | 0               |                       | 0                |
| <b>Total</b>                                | <b>4,693</b>    | <b>0</b>  | <b>37</b>              | <b>0</b>                                  | <b>0</b>                            | <b>2,069</b>            | <b>(1,143)</b>           | <b>(394)</b>    | <b>0</b>              | <b>5,262</b>     |

## 23. Provisions (continued)

### Expected timing of cash flows:

|   | In year<br>to 31 March<br>2019<br>£000 | Between<br>1 April 2019<br>31 March<br>2023<br>£000 | Thereafter<br>£000 | Totals<br>£000 |
|---|--|---|--------------------|----------------|
| Clinical negligence                         | 3,711                                  | 0   | 0                  | 3,711          |
| Personal injury                             | 102                                    | 328   | 1,091              | 1,521          |
| All other losses and special payments       | 0                                      | 0   | 0                  | 0              |
| Defence legal fees and other administration | 30                                     | 0   | 0                  | 30             |
| Pensions - former directors                 | 0                                      | 0   | 0                  | 0              |
| Pensions - other staff                      | 0                                      | 0   | 0                  | 0              |
| Restructuring                               | 0                                      | 0   | 0                  | 0              |
| Other                                       | 0                                      | 0   | 0                  | 0              |
| <b>Total</b>                                | <b>3,843</b>                           | <b>328</b>  | <b>1,091</b>       | <b>5,262</b>   |

## 23. Provisions (continued)

| 2016-17                                     | At 1 April 2016 | Structured settlement cases transferred to Risk Pool | Transfers to creditors | Transfers between current and non current | Transfers (to)/ from other NHS body | Arising during the year | Utilised during the year | Reversed unused | Unwinding of discount | At 31 March 2017 |
|---|-----------------|--|------------------------|---|-------------------------------------|-------------------------|--------------------------|-----------------|-----------------------|------------------|
|   | £000            | £000   | £000                   | £000                                      | £000                                | £000                    | £000                     | £000            | £000                  | £000             |
| <b>Current</b>                              |                 |  |                        |   |                                     |                         |                          |                 |                       |                  |
| Clinical negligence                         | 2,302           | 0  | (222)                  | (161)                                     | 0                                   | 2,086                   | (663)                    | (223)           | 0                     | 3,119            |
| Personal injury                             | 68              | 0  | 0                      | 76  | 0                                   | 0                       | (70)                     | 0               | 0                     | 74               |
| All other losses and special payments       | 0               | 0  | 0                      | 0   | 0                                   | 227                     | (227)                    | 0               | 0                     | 0                |
| Defence legal fees and other administration | 92              | 0  | 0                      | (2)                                       | 0                                   | 15                      | (34)                     | (40)            | 0                     | 31               |
| Pensions relating to: former directors      | 0               | 0  | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: other staff           | 0               | 0  | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Restructurings                              | 0               | 0  | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Other                                       | 0               | 0  | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| <b>Total</b>                                | <b>2,462</b>    | <b>0</b>   | <b>(222)</b>           | <b>(87)</b>                               | <b>0</b>                            | <b>2,328</b>            | <b>(994)</b>             | <b>(263)</b>    | <b>0</b>              | <b>3,224</b>     |
| <b>Non Current</b>                          |                 |  |                        |   |                                     |                         |                          |                 |                       |                  |
| Clinical negligence                         | 0               | 0  | 0                      | 161                                       | 0                                   | 5                       | 0                        | 0               | 0                     | 166              |
| Personal injury                             | 1,111           | 0  | 0                      | (76)                                      | 0                                   | 266                     | 0                        | 0               | 0                     | 1,301            |
| All other losses and special payments       | 0               | 0  | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Defence legal fees and other administration | 0               | 0  | 0                      | 2   | 0                                   | 0                       | 0                        | 0               | 0                     | 2                |
| Pensions relating to: former directors      | 0               | 0  | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: other staff           | 0               | 0  | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Restructurings                              | 0               | 0  | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Other                                       | 0               | 0  | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| <b>Total</b>                                | <b>1,111</b>    | <b>0</b>   | <b>0</b>               | <b>87</b>                                 | <b>0</b>                            | <b>271</b>              | <b>0</b>                 | <b>0</b>        | <b>0</b>              | <b>1,469</b>     |
| <b>TOTAL</b>                                |                 |  |                        |   |                                     |                         |                          |                 |                       |                  |
| Clinical negligence                         | 2,302           | 0  | (222)                  | 0   | 0                                   | 2,091                   | (663)                    | (223)           | 0                     | 3,285            |
| Personal injury                             | 1,179           | 0  | 0                      | 0   | 0                                   | 266                     | (70)                     | 0               | 0                     | 1,375            |
| All other losses and special payments       | 0               | 0  | 0                      | 0   | 0                                   | 227                     | (227)                    | 0               | 0                     | 0                |
| Defence legal fees and other administration | 92              | 0  | 0                      | 0   | 0                                   | 15                      | (34)                     | (40)            | 0                     | 33               |
| Pensions relating to: former directors      | 0               | 0  | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: other staff           | 0               | 0  | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Restructurings                              | 0               | 0  | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| Other                                       | 0               | 0  | 0                      | 0   | 0                                   | 0                       | 0                        | 0               | 0                     | 0                |
| <b>Total</b>                                | <b>3,573</b>    | <b>0</b>   | <b>(222)</b>           | <b>0</b>                                  | <b>0</b>                            | <b>2,599</b>            | <b>(994)</b>             | <b>(263)</b>    | <b>0</b>              | <b>4,693</b>     |

## 24. Contingencies

### 24.1 Contingent liabilities

Provision has not been made in these accounts for the following amounts:

|   | <b>31 March 2018</b><br><b>£000</b> | 31 March 2017<br>£000 |
|---|-------------------------------------|-----------------------|
| Legal claims for alleged medical or employer negligence                                     | <b>150</b>                          | 1,237                 |
| Doubtful debts  | <b>0</b>                            | 0                     |
| Equal pay cases   | <b>0</b>                            | 0                     |
| Defence costs   | <b>10</b>                           | 52                    |
| Other   | <b>0</b>                            | 0                     |
| Total value of disputed claims  | <b>160</b>                          | 1,289                 |
| Amount recovered under insurance arrangements in the event of these claims being successful | <b>(105)</b>                        | 0                     |
| Net contingent liability  | <b>55</b>                           | 1,289                 |

The contingent liability has decreased between 31/3/17 and 31/3/18 due to:

- The estimated cost of one case has been reviewed and has been reduced from £580k to £65k;
- One case for £130k has proceeded and is now recognised as a provision;
- Two cases totalling £220k have not proceeded;
- The all-Wales impact of the discount rate factor included in the 2017/18 liability has now been recalculated and is included within specific cases where appropriate.

### 24.2. Remote contingent liabilities

|                    | <b>31 March 2018</b><br><b>£000</b> | 31 March 2017<br>£000 |
|--------------------|-------------------------------------|-----------------------|
| Guarantees         | <b>0</b>                            | 0                     |
| Indemnities        | <b>0</b>                            | 0                     |
| Letters of comfort | <b>0</b>                            | 0                     |
| <b>Total</b>       | <b>0</b>                            | 0                     |

## 24. Contingencies (continued)

### 24.3 Contingent assets

| <b>31 March 2018</b><br><b>£000</b> | 31 March 2017<br>£000 |
|-------------------------------------|-----------------------|
| 0                                   | 0                     |
| 0                                   | 0                     |
| 0                                   | 0                     |
| <b>0</b>                            | <b>0</b>              |

## 25. Capital commitments

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

|                               | <b>31 March 2018</b><br><b>£000</b> | 31 March 2017<br>£000 |
|-------------------------------|-------------------------------------|-----------------------|
| <b>NHS Trust</b>              |                                     |                       |
| Property, plant and equipment | <b>0</b>                            | 180                   |
| Intangible assets             | <b>0</b>                            | 0                     |
| <b>Total</b>                  | <b>0</b>                            | <b>180</b>            |

## 26. Losses and special payments

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

### Gross loss to the Exchequer

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

|                                       | Amounts paid out during year to 31 March 2018 |                  | Approved to write-off year to 31 March 2018 |          |
|---------------------------------------|---|------------------|---|----------|
|                                       | Number  | £                | Number                                      | £        |
| Clinical negligence                   | 10  | 874,911          | 0   | 0        |
| Personal injury                       | 3   | 5,802            | 0   | 0        |
| All other losses and special payments | 8   | 252,708          | 0   | 0        |
| <b>Total</b>                          | <b>21</b>                                     | <b>1,133,421</b> | <b>0</b>                                    | <b>0</b> |

### Analysis of cases:

|  | Case Type           | Amounts paid out in year<br>£ | Cumulative amount<br>£ | Approved to write-off in year<br>£ |
|--|---------------------|-------------------------------|------------------------|------------------------------------|
| Cases where cumulative amount exceeds £300,000 |                     |                               |                        |                                    |
| MN/105/0032/AW                                 | Clinical Negligence | 44,232                        | 585,835                | 0                                  |
| MN/105/0058/MH                                 | Clinical Negligence | 255,225                       | 465,195                | 0                                  |
| MN/105/0120/MH                                 | Clinical Negligence | 285,838                       | 337,338                | 0                                  |
|  |                     | 0                             | 0                      | 0                                  |
|  |                     | 0                             | 0                      | 0                                  |
|  |                     | 0                             | 0                      | 0                                  |
|  |                     | 0                             | 0                      | 0                                  |
| <b>Sub-total</b>                               |                     | <b>585,295</b>                | <b>1,388,368</b>       | <b>0</b>                           |
| <b>All other cases</b>                         |                     | <b>548,126</b>                | <b>609,507</b>         | <b>0</b>                           |
| <b>Total cases</b>                             |                     | <b>1,133,421</b>              | <b>1,997,875</b>       | <b>0</b>                           |

## 27. Finance leases

### 27.1 Finance leases obligations (as lessee)

The Trust does not have any finance lease obligations as lessee.

#### Amounts payable under finance leases:

| <b>LAND</b>  | <b>31 March 2018<br/>£000</b> | 31 March 2017<br>£000 |
|--|-------------------------------|-----------------------|
| <b>Minimum lease payments</b>                        |                               |                       |
| Within one year                                      | 0                             | 0                     |
| Between one and five years                           | 0                             | 0                     |
| After five years                                     | 0                             | 0                     |
| Less finance charges allocated to future periods     | 0                             | 0                     |
| <b>Minimum lease payments</b>                        | <b>0</b>                      | <b>0</b>              |
| Included in:   | 0                             | 0                     |
| Current borrowings                                   | 0                             | 0                     |
| Non-current borrowings                               |                               |                       |
| <b>Total</b>   | <b>0</b>                      | <b>0</b>              |
| <b>Present value of minimum lease payments</b>       |                               |                       |
| Within one year                                      | 0                             | 0                     |
| Between one and five years                           | 0                             | 0                     |
| After five years                                     | 0                             | 0                     |
| <b>Total present value of minimum lease payments</b> | <b>0</b>                      | <b>0</b>              |
| Included in:   | 0                             | 0                     |
| Current borrowings                                   | 0                             | 0                     |
| Non-current borrowings                               |                               |                       |
| <b>Total</b>   | <b>0</b>                      | <b>0</b>              |

## 27. Finance leases (continued)

### 27.1 Finance leases obligations (as lessee) continued

#### Amounts payable under finance leases:

| <b>BUILDINGS</b>                                     | <b>31 March 2018</b><br><b>£000</b> | 31 March 2017<br>£000 |
|--|-------------------------------------|-----------------------|
| <b>Minimum lease payments</b>                        |                                     |                       |
| Within one year                                      | 0                                   | 0                     |
| Between one and five years                           | 0                                   | 0                     |
| After five years                                     | 0                                   | 0                     |
| Less finance charges allocated to future periods     | 0                                   | 0                     |
| <b>Minimum lease payments</b>                        | <b>0</b>                            | <b>0</b>              |
| Included in:   |                                     |                       |
| Current borrowings                                   | 0                                   | 0                     |
| Non-current borrowings                               | 0                                   | 0                     |
| <b>Total</b>   | <b>0</b>                            | <b>0</b>              |
| <b>Present value of minimum lease payments</b>       |                                     |                       |
| Within one year                                      | 0                                   | 0                     |
| Between one and five years                           | 0                                   | 0                     |
| After five years                                     | 0                                   | 0                     |
| <b>Total present value of minimum lease payments</b> | <b>0</b>                            | <b>0</b>              |
| Included in:   |                                     |                       |
| Current borrowings                                   | 0                                   | 0                     |
| Non-current borrowings                               | 0                                   | 0                     |
| <b>Total</b>   | <b>0</b>                            | <b>0</b>              |

## 27. Finance leases (continued)

### 27.1 Finance leases obligations (as lessee) continued

#### Amounts payable under finance leases:

| <b>OTHER</b>   | <b>31 March 2018<br/>£000</b> | 31 March 2017<br>£000 |
|--|-------------------------------|-----------------------|
| <b>Minimum lease payments</b>                        |                               |                       |
| Within one year                                      | 0                             | 116                   |
| Between one and five years                           | 0                             | 0                     |
| After five years                                     | 0                             | 0                     |
| Less finance charges allocated to future periods     | 0                             | 0                     |
| <b>Minimum lease payments</b>                        | <b>0</b>                      | <b>116</b>            |
| Included in:   |                               |                       |
| Current borrowings                                   | 0                             | 0                     |
| Non-current borrowings                               | 0                             | 0                     |
| <b>Total</b>   | <b>0</b>                      | <b>0</b>              |
| <b>Present value of minimum lease payments</b>       |                               |                       |
| Within one year                                      | 0                             | 116                   |
| Between one and five years                           | 0                             | 0                     |
| After five years                                     | 0                             | 0                     |
| <b>Total present value of minimum lease payments</b> | <b>0</b>                      | <b>116</b>            |
| Included in:   |                               |                       |
| Current borrowings                                   | 0                             | 116                   |
| Non-current borrowings                               | 0                             | 0                     |
| <b>Total</b>   | <b>0</b>                      | <b>116</b>            |

## 27. Finance leases (continued)

### 27.2 Finance lease receivables (as lessor)

There are no finance lease receivables.

#### Amounts receivable under finance leases:

|  | 31 March 2018<br>£000 | 31 March 2017<br>£000 |
|--|-----------------------|-----------------------|
| <b>Gross investment in leases</b>                    |                       |                       |
| Within one year                                      | 0                     | 0                     |
| Between one and five years                           | 0                     | 0                     |
| After five years                                     | 0                     | 0                     |
| Less finance charges allocated to future periods     | 0                     | 0                     |
| <b>Present value of minimum lease payments</b>       | <b>0</b>              | <b>0</b>              |
| Included in:   |                       |                       |
| Current borrowings                                   | 0                     | 0                     |
| Non-current borrowings                               | 0                     | 0                     |
| <b>Total</b>   | <b>0</b>              | <b>0</b>              |
| <b>Present value of minimum lease payments</b>       |                       |                       |
| Within one year                                      | 0                     | 0                     |
| Between one and five years                           | 0                     | 0                     |
| After five years                                     | 0                     | 0                     |
| <b>Total present value of minimum lease payments</b> | <b>0</b>              | <b>0</b>              |
| Included in:   |                       |                       |
| Current borrowings                                   | 0                     | 0                     |
| Non-current borrowings                               | 0                     | 0                     |
| <b>Total</b>   | <b>0</b>              | <b>0</b>              |

### 27.3 Rental Revenue

|                             | 31 March 2018<br>£000 | 31 March 2017<br>£000 |
|-----------------------------|-----------------------|-----------------------|
| Contingent rent             | 0                     | 0                     |
| Other                       | 0                     | 0                     |
| <b>Total rental revenue</b> | <b>0</b>              | <b>0</b>              |

## 27. Finance leases (continued)

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### 27.4 Finance Lease Commitment

Public Health Wales NHS Trust has not entered into any new contracts to lease (building assets) under finance leases during 2017-18.

## 28. Private finance transactions

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### Private Finance Initiatives (PFI) / Public Private Partnerships (PPP)

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

## 29. Financial Risk Management

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IFRS 7, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

NHS Trusts are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. NHS Trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing NHS Trusts in undertaking its activities.

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

### **Liquidity risk**

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

### **Interest-rate risks**

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

### **Foreign currency risk**

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

### **Credit Risk**

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

### **General**

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

## 30. Third party assets

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The Trust held £0 cash at bank and in hand at 31 March 2018 (31 March 2017, £0) which relates to monies held by the Trust on behalf of patients. Cash held in Patient's Investment Accounts amounted to £0 at 31 March 2018 (31 March 2017, £0).

## 31. Events after reporting period

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Public Health Wales NHS Trust had no events after the reporting period.

## 32. Related Party transactions

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

“The Welsh Government is regarded as a related party. During the year NHS Trust have had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body, as disclosed below:

|                          | <b>Payments to related party</b> | <b>Receipts from related party</b> | <b>Amounts owed to related party</b> | <b>Amounts due from related party</b> |
|--------------------------|----------------------------------|------------------------------------|--------------------------------------|---------------------------------------|
|                          | <b>£000</b>                      | <b>£000</b>                        | <b>£000</b>                          | <b>£000</b>                           |
| Welsh Government         | 2,177                            | 107,198                            | 34                                   | 735                                   |
| ABMU                     | 4,673                            | 4,554                              | 276                                  | 142                                   |
| Aneurin Bevan            | 3,447                            | 1,519                              | 277                                  | 273                                   |
| Betsi Cadwaladr LHB      | 3,619                            | 4,315                              | 885                                  | 173                                   |
| Cardiff and Vale         | 4,327                            | 6,119                              | 576                                  | 1,104                                 |
| Cwm Taff                 | 2,595                            | 536                                | 534                                  | 124                                   |
| Hywel Dda                | 2,023                            | 1,949                              | 94                                   | 44                                    |
| Powys                    | 225                              | 274                                | 67                                   | 71                                    |
| WHSSC                    | 122                              | 9                                  | 21                                   | 0                                     |
| Velindre                 | 3,089                            | 664                                | 614                                  | 121                                   |
| Welsh Ambulance Services | 44                               | 36                                 | 0                                    | (1)                                   |
| Welsh Local Authorities  | 6,329                            | 821                                | 535                                  | 505                                   |
|                          | <b>32,670</b>                    | <b>127,994</b>                     | <b>3,913</b>                         | <b>3,291</b>                          |

Payments made to Welsh Government include £1,671k relating to PDC repaid during 2017/18.

During the year, other than the individuals set out below, there were no other material related party transactions involving other board members or key senior management staff.

Professor Sir Mansel Aylward is a Director for the Centre for Psychosocial Research at Cardiff University and also a specialist advisor to the Vice Chancellor, Cardiff University.

Professor Simon Smail is an Emeritus Professor and Honorary Fellow of Cardiff University.

Jack Straw is the Chair of the Independent Oversight Panel at Betsi Cadwaladr Health Board.

Professor Shantini Paranjothy is Professor of Preventative Medicine at Cardiff University.

Dr Aiden Fowler has a daily contract for consultancy work for the Institute for Healthcare Improvement and is also an online journal editor for the British Medical Journal.

Professor Mark Bellis is visiting Professor of Public Health (Bangor) and Honorary Professor (Cardiff and Swansea Universities).

## 32. Related Party transactions (continued)

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The material transactions involving related parties were as follows unless shown in the table above:

|   | <b>Payments to<br/>related party</b> | <b>Receipts from<br/>related party</b> | <b>Amounts owed<br/>to related party</b> | <b>Amounts due<br/>from related<br/>party</b> |
|---|--------------------------------------|--|--|---|
|   | <b>£000</b>                          | <b>£000</b>                            | <b>£000</b>                              | <b>£000</b>                                   |
| Cardiff University                      | 743                                  | 962                                    | 97                                       | 53  |
| Swansea University                      | 303                                  | 179                                    | 8  | 95  |
| Bangor University                       | 383                                  | 1                                      | 0  | 0   |
| Institute For Healthcare<br>Improvement | 310                                  | 0                                      | 78                                       | 0   |
| British Medical Journal Publications    | 22                                   | 0                                      | 2  | 0   |
|   | <b>1,761</b>                         | <b>1,142</b>                           | <b>185</b>                               | <b>148</b>                                    |

Receipts from Cardiff University include the proceeds from the sale of the Temple of Peace in November 2017.

## 33. Pooled budgets

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Public Health Wales NHS Trust has no pooled budgets.

## 34. Operating Segments

|   | PHW NHS Trust   |                 | Hosted          |                 | TOTAL           |                 | ELIMINATIONS    |                 | 2016-17<br>£000 |         |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------|
|   | 2017-18<br>£000 | 2016-17<br>£000 | 2017-18<br>£000 | 2016-17<br>£000 | 2017-18<br>£000 | 2016-17<br>£000 | 2017-18<br>£000 | 2016-17<br>£000 |                 |         |
| <b>Operating Revenue</b>                                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |         |
| Segmental Income  | <b>117,621</b>  | 114,542         | <b>11,537</b>   | 6,806           | <b>129,158</b>  | 121,348         | <b>(171)</b>    | (111)           | <b>128,987</b>  | 121,237 |
|   | <b>117,621</b>  | 114,542         | <b>11,537</b>   | 6,806           | <b>129,158</b>  | 121,348         | <b>(171)</b>    | (111)           | <b>128,987</b>  | 121,237 |
| <b>Operating expenses</b>                                     |                 |                 |                 |                 |                 |                 |                 |                 |                 |         |
| Welsh Government  | <b>0</b>        | 34              | <b>8</b>        | 0               | <b>8</b>        | 34              | <b>0</b>        | 0               | <b>8</b>        | 34      |
| WHSSC & EASC  | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0       |
| Local Health Boards   | <b>12,487</b>   | 12,546          | <b>3,954</b>    | 1,959           | <b>16,441</b>   | 14,505          | <b>0</b>        | 0               | <b>16,441</b>   | 14,505  |
| Welsh NHS Trusts  | <b>832</b>      | 829             | <b>1,272</b>    | 585             | <b>2,104</b>    | 1,414           | <b>0</b>        | 0               | <b>2,104</b>    | 1,414   |
| Other NHS Trusts  | <b>123</b>      | 163             | <b>0</b>        | 0               | <b>123</b>      | 163             | <b>0</b>        | 0               | <b>123</b>      | 163     |
| Goods and services from other NHS bodies                      | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0       |
| Purchase of healthcare from non-NHS bodies                    | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0       |
| Welsh Local Authorities                                       | <b>4,473</b>    | 4,601           | <b>0</b>        | 0               | <b>4,473</b>    | 4,601           | <b>0</b>        | 0               | <b>4,473</b>    | 4,601   |
| Other Local Authorities                                       | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0       |
| Directors' costs  | <b>1,531</b>    | 1,555           | <b>0</b>        | 0               | <b>1,531</b>    | 1,555           | <b>0</b>        | 0               | <b>1,531</b>    | 1,555   |
| Staff costs   | <b>70,677</b>   | 67,421          | <b>5,017</b>    | 3,410           | <b>75,694</b>   | 70,831          | <b>(31)</b>     | (16)            | <b>75,663</b>   | 70,815  |
| Supplies and services - clinical                              | <b>8,340</b>    | 7,759           | <b>12</b>       | 2               | <b>8,352</b>    | 7,761           | <b>0</b>        | 0               | <b>8,352</b>    | 7,761   |
| Supplies and services - general                               | <b>962</b>      | 728             | <b>63</b>       | 38              | <b>1,025</b>    | 766             | <b>(140)</b>    | 0               | <b>885</b>      | 766     |
| Consultancy Services  | <b>261</b>      | 358             | <b>61</b>       | 61              | <b>322</b>      | 419             | <b>0</b>        | 0               | <b>322</b>      | 419     |
| Establishment   | <b>6,215</b>    | 6,746           | <b>403</b>      | 291             | <b>6,618</b>    | 7,037           | <b>0</b>        | 0               | <b>6,618</b>    | 7,037   |
| Transport   | <b>591</b>      | 606             | <b>8</b>        | 4               | <b>599</b>      | 610             | <b>0</b>        | 0               | <b>599</b>      | 610     |
| Premises  | <b>5,453</b>    | 5,658           | <b>297</b>      | 241             | <b>5,750</b>    | 5,899           | <b>0</b>        | 0               | <b>5,750</b>    | 5,899   |
| Impairments and Reversals of Receivables                      | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0       |
| Depreciation  | <b>3,702</b>    | 3,439           | <b>0</b>        | 0               | <b>3,702</b>    | 3,439           | <b>0</b>        | 0               | <b>3,702</b>    | 3,439   |
| Amortisation  | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0       |
| Impairments and reversals of property, plant and equipment    | <b>(174)</b>    | 23              | <b>0</b>        | 0               | <b>(174)</b>    | 23              | <b>0</b>        | 0               | <b>(174)</b>    | 23      |
| Impairments and reversals of intangible assets                | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0       |
| Impairments and reversals of financial assets                 | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0       |
| Impairments and reversals of non current assets held for sale | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0       |
| Audit fees  | <b>151</b>      | 151             | <b>0</b>        | 0               | <b>151</b>      | 151             | <b>0</b>        | 0               | <b>151</b>      | 151     |
| Other auditors' remuneration                                  | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0       |
| Losses, special payments and irrecoverable debts              | <b>481</b>      | 533             | <b>0</b>        | 0               | <b>481</b>      | 533             | <b>0</b>        | 0               | <b>481</b>      | 533     |
| Research and development                                      | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0               | <b>0</b>        | 0       |
| Other operating expenses                                      | <b>1,469</b>    | 1,352           | <b>437</b>      | 208             | <b>1,906</b>    | 1,560           | <b>0</b>        | (95)            | <b>1,906</b>    | 1,465   |
| <b>Total</b>  | <b>117,574</b>  | 114,502         | <b>11,532</b>   | 6,799           | <b>129,106</b>  | 121,301         | <b>(171)</b>    | (111)           | <b>128,935</b>  | 121,190 |
| Investment Revenue  | <b>27</b>       | 16              | <b>0</b>        | 0               | <b>27</b>       | 16              | <b>0</b>        | 0               | <b>27</b>       | 16      |
| Other Gains and Losses  | <b>(2)</b>      | 0               | <b>0</b>        | 0               | <b>(2)</b>      | 0               | <b>0</b>        | 0               | <b>(2)</b>      | 0       |
| Finance Costs   | <b>(49)</b>     | (47)            | <b>0</b>        | 0               | <b>(49)</b>     | (47)            | <b>0</b>        | 0               | <b>(49)</b>     | (47)    |
| <b>SURPLUS / (DEFICIT)</b>                                    | <b>23</b>       | 9               | <b>5</b>        | 7               | <b>28</b>       | 16              | <b>0</b>        | 0               | <b>28</b>       | 16      |

## 34. Operating Segments (continued)

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IFRS 8 requires organisations to report information about each of its operating segments.

The Trust's primary remit is the provision of public health services throughout Wales. A new agreement was signed in 2016/17 for the Trust to host the NHS Wales Collaborative. The Collaborative supports the delivery of work that

requires and all-Wales focus and manages the all-Wales clinical networks. Due to the differing governance structure of the Collaborative this is deemed to be a separate operating segment. The financial information for each segment is shown in the table above.

## 35. Other

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### IFRS 9

IFRS 9 Financial Instruments is effective from the 1st January 2018 and will be applicable for public sector reporting as adapted in the Financial Reporting Manual (FReM) for the 2018/19 financial year.

Initial application impacts for the 2018/19 accounts will be recognised in opening retained earnings, as mandated by the FReM.

The principal impact of IFRS 9 adoption will be to change the calculation basis for bad debt provisions, changing from an incurred loss basis to a lifetime expected credit loss basis. The FReM mandates the application of the simplified approach to impairment under the standard, requiring for short and long term receivables the recognition of a loss allowance for an amount equal to lifetime expected credit losses.

The impact of adopting IFRS 9 in 2018/19 is not expected to have a material impact. Disclosure and presentation requirements of IFRS 9 will be applied as required by the FReM and in accordance with the principles of streamlining and materiality.

### IFRS15

IFRS 15 Revenue from Contracts with Customers is effective from the 1st January 2018 and will be applicable for public sector reporting as adapted in the Financial Reporting Manual (FReM) for the 2018/19 financial year.

The NHS Wales Technical Accountants Group and the Welsh Government (as a Relevant Authority) are considering the detail of application of IFRS 15 for Local Health Boards and NHS Trusts in Wales.

Final application guidance will be issued in the NHS Wales Manuals for Accounts for 2018/19.

Any initial application impacts arising for the 2018/19 accounts will be recognised in opening retained earnings, as mandated by the FReM.

No material impacts are anticipated as a consequence of IFRS15 becoming effective in the FReM for 2018/19.

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

## NHS TRUSTS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2010 and subsequent financial years in respect of the NHS Wales Trusts in the form specified in paragraphs [2] to [7] below.

## BASIS OF PREPARATION

2. The account of the NHS Wales Trusts shall comply with:
  - (a) the accounting guidance of the Government Financial Reporting Manual (FRoM), which is in force for the financial year for which the accounts are being prepared, as detailed in the NHS Wales Trust Manual for Accounts;
  - (b) any other specific guidance or disclosures required by the Welsh Government.

## FORM AND CONTENT

3. The account of the Trust for the year ended 31 March 2010 and subsequent years shall comprise a foreword, an income statement, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FRoM and applied to the NHS Wales Manual for Accounts, including such notes as are necessary to ensure a proper understanding of the accounts.
4. For the financial year ended 31 March 2010 and subsequent years, the account of the Trust shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, changes in taxpayers' equity and cash flows during the year.
5. The account shall be signed and dated by the Chief Executive.

## MISCELLANEOUS

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

**Signed by the authority of Welsh Ministers**

**Signed: Chris Hurst**

**Dated: 17.06.2010**

1 Please see regulation 3 of the 2009 No 1558(W.153); NATIONAL HEALTH SERVICE, WALES; The National Health Service Trusts (Transfer of Staff, Property Rights and Liabilities) (Wales) Order 2009

