



# Annual Accounts

2016/17



GIG  
CYMRU  
NHS  
WALES

Iechyd Cyhoeddus  
Cymru  
Public Health  
Wales

## Foreword

These accounts for the period ended 31 March 2017 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.

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, we 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. The Diabetic Eye Screening Service for Wales

(DESW) also transferred into Public Health Wales on 1 April 2016. In addition, the Trust hosts the NHS Wales Health Collaborative, which has expanded during 2016-17 to include a number of clinical networks.

The overall income level for Public Health Wales has increased by 51 per cent over the last six years, from £80m in 2010-11 to £121m in 2016-17. Of this income, £6.8m relates to the hosted organisation.

There was a change to the statutory and administrative targets for the Trust following the publication of the Welsh Health Circular (WHC) "WHC/2015/014 - Statutory and Administrative Financial Duties of Local Health Boards and NHS Trusts". The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

The Trust has once again achieved financial balance in 2016-17 and the accounts that follow present a small retained surplus of £16k. Public Health Wales NHS Trust has met its financial duty to break even over the 3 years 2014-15 to 2016-17. In addition, the Trust has met its second financial duty to have an approved financial plan for the period 2016-17 to 2018-19.

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 2016-17.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017.

	Note	2016-17 £000	2015-16 £000
Revenue from patient care activities	2	92,376	85,975
Other operating revenue	3	28,861	22,836
<b>Operating expenses</b>		<b>(121,190)</b>	<b>(108,772)</b>
Operating surplus/(deficit)	4	47	39
Investment revenue	5	16	27
Other gains and losses	6	0	0
Finance costs	7	(47)	(49)
<b>Retained surplus/(deficit)</b>	30.1	<b>16</b>	<b>17</b>
<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		37	101
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		(6)	0
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>31</b>	<b>101</b>
<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>	<b>0</b>
<b>Total other comprehensive income for the year</b>		<b>31</b>	<b>101</b>
<b>Total comprehensive income for the year</b>		<b>47</b>	<b>118</b>

The notes on pages 9 to 78 form part of these accounts.

## STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017.

	Note	31 March 2017 £000	31 March 2016 £000
<b>Non-current assets</b>			
Property, plant and equipment	12	14,476	13,442
Intangible assets	13	0	0
Trade and other receivables	18	146	0
Other financial assets	19	0	0
<b>Total non-current assets</b>		<b>14,622</b>	13,442
<b>Current assets</b>			
Inventories	17	158	121
Trade and other receivables	18	9,597	6,132
Other financial assets	19	0	0
Cash and cash equivalents	20	4,128	8,597
<b>Total current assets exc assets held for sale</b>		<b>13,883</b>	14,850
Non-current assets held for sale	12.2	0	0
<b>Total current assets</b>		<b>13,883</b>	14,850
<b>Total assets</b>		<b>28,505</b>	28,292
<b>Current liabilities</b>			
Trade and other payables	21	(7,937)	(10,502)
Borrowings	22	0	0
Other financial liabilities	23	0	0
Provisions	24	(3,224)	(2,462)
<b>Total current liabilities</b>		<b>(11,161)</b>	(12,964)
<b>Net current assets/(liabilities)</b>		<b>2,722</b>	1,886
<b>Total assets less current liabilities</b>		<b>17,344</b>	15,328
<b>Non-current liabilities</b>			
Trade and other payables		(259)	(104)
Borrowings		0	0
Other financial liabilities		0	0
Provisions		(1,469)	(1,111)
<b>Total non-current liabilities</b>		<b>(1,728)</b>	(1,215)
<b>Total assets employed</b>		<b>15,616</b>	14,113
<b>Financed by Taxpayers' equity:</b>			
Public dividend capital		14,688	13,232
Retained earnings		551	535
Revaluation reserve		377	346
Other reserves		0	0
<b>Total taxpayers' equity</b>		<b>15,616</b>	14,113

The financial statements were approved by the Board on 1 June 2017 and signed on behalf of the Board by:



Chief Executive.....

Date 1 June 2017

The notes on pages 9 to 78 form part of these accounts.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2016-17	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £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>
<b>Changes in taxpayers' equity for 2016-17</b>					
Retained surplus/(deficit) for the year		16			<b>16</b>
Net gain/(loss) on revaluation of property, plant and equipment		0	37	0	<b>37</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	(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 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 /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>

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2015-16	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000
Balance at 1 April 2015	14,239	518	245	0	15,002
Changes in taxpayers' equity for 2015-16					
Retained surplus/(deficit) for the year		17			17
Net gain/(loss) on revaluation of property, plant and equipment		0	101	0	101
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets		0	0	0	0
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0
Impairments and reversals		0	0	0	0
Movements in other reserves		0	0	0	0
Transfers between reserves		0	0	0	0
Net gain/loss on Other Reserve (specify)		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Reserves eliminated on dissolution		0			0
New Public Dividend Capital received		0			0
Public Dividend Capital repaid in year	(1,007)				(1,007)
Public Dividend Capital extinguished /written off	0				0
Other movements in PDC in year	0				0
<b>Balance at 31 March 2016</b>	<b>13,232</b>	<b>535</b>	<b>346</b>	<b>0</b>	<b>14,113</b>

The notes on pages 9 to 78 form part of these accounts.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Note	2016-17 £000	2015-16 £000
<b>Cash flows from operating activities</b>			
Operating surplus/(deficit)	<b>SOCI</b>	<b>47</b>	39
Depreciation and amortisation	<b>4</b>	<b>3,439</b>	3,337
Impairments and reversals	<b>4</b>	<b>23</b>	(61)
Release of PFI deferred credits		<b>0</b>	0
Donated Assets received credited to revenue but non-cash	<b>3</b>	<b>0</b>	0
Government Granted Assets received credited to revenue but non-cash	<b>3</b>	<b>0</b>	0
Interest paid		<b>(47)</b>	(49)
(Increase)/decrease in inventories		<b>(37)</b>	(36)
(Increase)/decrease in trade and other receivables		<b>(3,611)</b>	2,144
Increase/(decrease) in trade and other payables		<b>(1,274)</b>	(81)
Increase/(decrease) in provisions		<b>1,120</b>	(1,111)
<b>Net cash inflow (outflow) from operating activities</b>		<b>(340)</b>	4,182
<b>Cash flows from investing activities</b>			
Interest received		<b>16</b>	27
(Payments) for property, plant and equipment		<b>(5,126)</b>	(794)
Proceeds from disposal of property, plant and equipment		<b>(6)</b>	0
(Payments) for intangible assets		<b>0</b>	0
Proceeds from disposal of intangible assets		<b>0</b>	0
(Payments) for investments with Welsh Government		<b>0</b>	0
Proceeds from disposal of investments with Welsh Government		<b>0</b>	0
(Payments) for financial assets.		<b>0</b>	0
Proceeds from disposal of financial assets.		<b>0</b>	0
Rental proceeds		<b>0</b>	0

*continued over*

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017 CONTINUED

	Note	2016-17 £000	2015-16 £000
<b>Net cash inflow (outflow) from investing activities</b>		<b>(5,116)</b>	<b>(767)</b>
<b>Net cash inflow (outflow) before financing</b>		<b>(5,456)</b>	<b>3,415</b>
Cash flows from financing activities			
Public Dividend Capital received		<b>1,456</b>	0
Public Dividend Capital repaid			(1,007)
Loans received from Welsh Government		<b>0</b>	0
Other loans received		<b>0</b>	0
Loans repaid to Welsh Government		<b>0</b>	0
Other loans repaid		<b>0</b>	0
Other capital receipts		<b>0</b>	0
Capital elements of finance leases and on-SOFP PFI		<b>(469)</b>	(620)
Cash transferred (to)/from other NHS Wales bodies		<b>0</b>	0
<b>Net cash inflow (outflow) from financing activities</b>		<b>987</b>	<b>(1,627)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(4,469)</b>	<b>1,788</b>
<b>Cash [and] cash equivalents at the beginning of the financial year</b>	<b>20</b>	<b>8,597</b>	<b>6,809</b>
<b>Cash [and] cash equivalents at the end of the financial year</b>	<b>20</b>	<b>4,128</b>	<b>8,597</b>

The notes on pages 9 to 78 form part of these accounts.

## NOTES TO THE ACCOUNTS

### Accounting policies

#### 1. Accounting policies

The Cabinet Secretary for Health, Well-being and Sport 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 2016-17 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 Pooled budgets

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

#### 1.4 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 receives no income under the NHS Injury Cost Recovery Scheme.

Only non-NHS income may be deferred.

#### 1.5 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.

### **1.6 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.

### **1.7 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 asset's 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 (EUUV).

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.

For 2012-13 a formal revaluation exercise by the District Valuation Office was applied to the Land and Properties of NHS Wales Trusts from 1 April 2012. No indices for

buildings and equipment were issued in 2016-17 due to the uncertainty surrounding the impact of Brexit on all sectors of the property market. 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.

## **1.8 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.

### 1.9 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 SOCNI on a systematic basis over the period expected to benefit from the project.

### 1.10 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 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 Net Income.

### 1.11 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

### 1.12 Donated assets

A donated asset reserve is no longer maintained. Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

### 1.13 Government grants

A government grant reserve is no longer maintained. The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached

to the grant preclude immediate recognition of the gain.

### 1.14 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.

### 1.15 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 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.

#### **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.

#### **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.

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

The Trust has no PFI arrangements.

#### **1.18 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.

#### **1.19 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.

### 1.20 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 of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the 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.

### 1.21 Clinical Negligence 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 2016-17. The WRP is hosted by Velindre NHS Trust.

### 1.22 Carbon Reduction Commitment Scheme

The trust is not a member of the Carbon Reduction Commitment Scheme.

### 1.23 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.

### 1.24 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.

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

#### Financial assets at fair value through SoCNI

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 SoCNI. 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.

The Trust has no embedded derivatives.

#### 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.

#### 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.

#### Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

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.

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.

### **1.25 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. Otherwise, financial liabilities are initially recognised at fair value.

### **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.

### **Financial liabilities at fair value through SoCNI**

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.

The Trust does not have any financial guarantee contract liabilities nor any financial derivatives requiring to be stated at fair value through profit and loss.

### **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.

### 1.26 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.

### 1.27 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.

### 1.28 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. The Trust does not own any third party assets.

### 1.29 Public Dividend Capital (PDC) and PDC dividend

Public Dividend Capital represents taxpayers equity in the NHS Trust. At any time the Welsh Minister 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.

### 1.30 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.

### **1.31 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.

### **1.32 Critical Judgements in applying accounting policies**

There are no critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

### **1.33 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 into 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.

### **1.34 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'

### **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.

### **1.35 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.

### **1.36 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  
IFRS14 Regulatory Deferral Accounts  
IFRS15 Revenue from contracts with customers  
IFRS 16 Leases

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

There are no accounting standards in issue which have been adopted early.

## 2. REVENUE FROM PATIENT CARE ACTIVITIES

	2016-17 £000	2015-16 £000
Welsh Government	<b>92,376</b>	85,975
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
Welsh Local Authorities	<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>92,376</b>	85,975

ICR income is subject to a provision for impairment of 22.94% to reflect expected rates of collection.

### 3. OTHER OPERATING REVENUE

	2016-17 £000	2015-16 £000
Patient transport services	0	0
Education, training and research	1,451	1,502
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	55	25
Rental revenue from finance leases	0	0
Rental revenue from operating leases	0	0
Other revenue:		
Provision of pathology/microbiology services	15,302	14,418
Accommodation and catering charges	0	0
Mortuary fees	0	0
Staff payments for use of cars	0	0
Business unit	0	0
Other	12,053	6,891
<b>Total</b>	<b>28,861</b>	<b>22,836</b>
Other revenue of £12,052k comprises:		
Excellence Awards	193	276
Grants - LA	221	186
Grants - other	37	39
LHB & Trust - Non core Income	4,524	1,005
WG - Non core income	3,740	2,295
Staff recharge	2,298	2,250
Other	1,040	840
<b>Total</b>	<b>12,053</b>	<b>6,891</b>

## 4. OPERATING EXPENSES

4.1 Operating expenses	2016-17 £000	2015-16 £000
Welsh Government	34	3
WHSSC & EASC	0	0
Local Health Boards	14,505	13,019
Welsh NHS Trusts	1,414	759
Other NHS Trusts	163	116
Goods and services from other NHS bodies	0	0
Purchase of healthcare from non-NHS bodies	0	0
Welsh Local Authorities	4,601	4,493
Other Local Authorities	0	0
Directors' costs	1,555	1,346
Staff costs	70,815	63,724
Supplies and services - clinical	7,761	8,287
Supplies and services - general	766	442
Consultancy Services	419	648
Establishment	7,037	6,782
Transport	610	466
Premises	5,899	4,027
Impairments and Reversals of Receivables	0	0
Depreciation	3,439	3,337
Amortisation	0	0
Impairments and reversals of property, plant and equipment	23	(61)
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	533	251
Research and development	0	0
Other operating expenses	1,465	982
<b>Total</b>	<b>121,190</b>	<b>108,772</b>

#### 4. OPERATING EXPENSES (CONTINUED)

<b>4.2 Losses, special payments and irrecoverable debts:</b>		
<b>Charges to operating expenses</b>	<b>2016-17</b>	<b>2015-16</b>
<b>Increase/(decrease) in provision for future payments:</b>	<b>£000</b>	<b>£000</b>
Clinical negligence	<b>1,868</b>	(795)
Personal injury	<b>266</b>	(48)
All other losses and special payments	<b>227</b>	207
Defence legal fees and other administrative costs	<b>(25)</b>	(160)
Gross increase/(decrease) in provision for future payments	<b>2,336</b>	(796)
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>(1)</b>	(1)
<b>Less: income received/ due from Welsh Risk Pool</b>	<b>(1,802)</b>	1,048
<b>Total charge</b>	<b>533</b>	251

Personal injury includes £265k in respect of permanent injury benefits (2015-16 £17k). This expenditure includes a change of £265k relating to the change in the rate at which the provision for future payments is calculated.

## 5. INVESTMENT REVENUE

	2016-17 £000	2015-16 £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	16	27
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Total</b>	<b>16</b>	<b>27</b>

## 6. OTHER GAINS AND LOSSES

	2016-17 £000	2015-16 £000
Gain/(loss) on disposal of property, plant and equipment	0	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>0</b>	<b>0</b>

## 7. FINANCE COSTS

	2016-17 £000	2015-16 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	47	49
Interest on obligations under PFI contracts:		
Main finance cost	0	0
Contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
<b>Total interest expense</b>	<b>47</b>	<b>49</b>
Provisions unwinding of discount	0	0
Periodical Payment Order unwinding of discount	0	0
Other finance costs	0	0
<b>Total</b>	<b>47</b>	<b>49</b>

## 8. OPERATING LEASES

### 8.1 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.

In 2016/17 the Trust relocated a number of its staff into a new office building, which has been acquired through an operating lease for a period of 12 years. These costs are included in the figures below.

<b>Payments recognised as an expense</b>	<b>2016-17 £000</b>	<b>2015-16 £000</b>
Minimum lease payments	<b>1,638</b>	1,001
Contingent rents	<b>0</b>	0
Sub-lease payments	<b>0</b>	0
<b>Total</b>	<b>1,638</b>	1,001

<b>Total future minimum lease payments Payable:</b>	<b>2016-17 £000</b>	<b>2015-16 £000</b>
Not later than one year	<b>1,650</b>	1,624
Between one and five years	<b>4,057</b>	5,018
After 5 years	<b>5,945</b>	7,512
<b>Total</b>	<b>11,652</b>	14,154
<b>Total future sublease payments expected to be received</b>	<b>0</b>	0

## 8. OPERATING LEASES (CONTINUED)

### 8.2 Trust as lessor

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

<b>Rental Revenue Receipts recognised as income</b>	<b>2016-17 £000</b>	<b>2015-16 £000</b>
Rent	0	0
Contingent rent	0	0
Other	0	0
<b>Total rental revenue</b>	<b>0</b>	<b>0</b>

<b>Total future minimum lease payments Receivable:</b>	<b>2016-17 £000</b>	<b>2015-16 £000</b>
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>

## 9. EMPLOYEE COSTS AND NUMBERS

9.1 Employee costs	Permanently employed staff	Agency Staff	Staff on Inward Secondment	2016-17	2015-16
				£000	£000
	£000	£000	£000	£000	£000
Salaries and wages	54,241	1,101	4,332	59,674	54,483
Social security costs	5,366	0	0	5,366	3,898
Employer contributions to NHS Pensions Scheme	7,217	0	0	7,217	6,595
Other pension costs	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
<b>Total</b>	<b>66,824</b>	<b>1,101</b>	<b>4,332</b>	<b>72,257</b>	64,976
<b>Of the total above:</b>					
Charged to capital				0	0
Charged to revenue				72,257	64,976
<b>Total</b>				<b>72,257</b>	64,976
Net movement in accrued employee benefits (untaken staff leave accrual included above)				60	(10)

9.2 Average number of employees	Permanently employed staff	Agency Staff	Staff on Inward Secondment	2016-17	2015-16
				£000	£000
	Number	Number	Number	Number	Number
Administrative, clerical and board members	804	18	25	847	768
Ambulance staff	0	0	0	0	0
Medical and dental	73	3	26	102	103
Nursing, midwifery registered	57	0	0	57	57
Professional, scientific and technical staff	496	0	0	496	424
Additional Clinical Services	0	0	0	0	0
Allied Health Professions	0	0	0	0	0
Healthcare scientists	0	0	0	0	0
Estates and Ancillary	0	0	0	0	0
Students	0	0	0	0	0
<b>Total</b>	<b>1,430</b>	<b>21</b>	<b>51</b>	<b>1,502</b>	<b>1,352</b>

### 9.3 Employee benefits

The Trust operates a lease car scheme and three salary sacrifice schemes (childcare, bikes and computer scheme) for employees.

#### 9.4 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2016-17	2016-17	2016-17	2016-17	2015-16
	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 packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	2	2	0	0
£10,000 to £25,000	0	7	7	0	0
£25,000 to £50,000	0	0	0	0	3
£50,000 to £100,000	0	1	1	0	0
£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>10</b>	<b>10</b>	<b>0</b>	<b>3</b>

Exit packages cost band (including any special payment element)	2016-17	2016-17	2016-17	2016-17	2015-16
	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of departures where special payments have been made	Total cost of packages
	£	£	£	£	£
less than £10,000	0	15,811	15,811	0	0
£10,000 to £25,000	0	134,466	134,466	0	0
£25,000 to £50,000	0	0	0	0	102,929
£50,000 to £100,000	0	76,655	76,655	0	0
£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>226,932</b>	<b>226,932</b>	<b>0</b>	<b>102,929</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Where the Trust has agreed early retirements or compulsory redundancies, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table (see note 10 for details of ill health retirement costs).

This disclosure reports the number and value of exit packages taken by staff leaving in the year. The expense associated with these departures may have been recognised in part or in full in a previous period.

### 9.5 Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director 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 2016-17 was £175k to £180k (2015-16, £175k to £180k). This was 6.26 times (2015-16, 5.9) the median remuneration of the workforce, which was £28,735 (2015-16, £30,057).

In 2016-17, 0 (2015-16, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £16,132 to £179,809 (2015-16 £15,350-£177,899).

The annualised banded remuneration of the Chief Executive is £150k to £155k (2015-16, £150k to £155k). This is 5.22 times (2015-16, 5.0) the median remuneration of the workforce.

During 2016-17 the transfer of staff into Public Health Wales from the Diabetic Eye Screening Wales and the Clinical Networks has affected the median remuneration calculations.

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.

In establishing the highest paid Director the Trust has taken into account the proportion of remuneration received by Directors for Clinical and Director responsibilities.

## 10. 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 are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 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 scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension 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 their 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 appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. 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's 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% over the next three years.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £5,824 and £43,000 for the 2016-17 tax year (2015-16 £5,824 and £42,385).

NEST has an annual contribution limit of £4,900 for the 2016-17 tax year (£4,700 for 2015-16). This means the most that can be contributed to a single pot in the current tax year is £4,900. This figure will be adjusted annually in line with average earnings. The annual contribution limit includes member contributions, money from their employer and any tax relief.

Alternatively under certification, employers may choose to calculate contributions in a way that meets the requirements of one of three sets of tiers described in the legislation. The three tiers have minimum contribution rates as detailed on the NEST website.

### **10.1 Retirement costs due to ill-health**

During 2016-17 there were 1 (2015-16, 0) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements is £45,754 (2015-16, £0). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

## 11. PUBLIC SECTOR PAYMENT POLICY

### 11.1 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.

	2016-17 Number	2016-17 £000	2015-16 Number	2015-16 £000
<b>NHS</b>				
Total bills paid in year	2,004	22,471	2,075	19,412
Total bills paid within target	1,835	21,349	1,829	17,405
Percentage of bills paid within target	91.6%	95.0%	88.1%	89.7%
<b>Non-NHS</b>				
Total bills paid in year	22,933	46,614	22,357	25,979
Total bills paid within target	22,018	44,322	21,327	24,535
Percentage of bills paid within target	96.0%	95.1%	95.4%	94.4%
<b>Total</b>				
Total bills paid in year	24,937	69,085	24,432	45,391
Total bills paid within target	23,853	65,671	23,156	41,940
Percentage of bills paid within target	95.7%	95.1%	94.8%	92.4%

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

	2016-17 £	2015-16 £
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>

## 12. PROPERTY, PLANT AND EQUIPMENT 2016-17

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost of valuation</b>									
<b>At 1 April 2016</b>	973	4,267	0	405	12,837	709	8,470	518	28,179
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>

## 12. PROPERTY, PLANT AND EQUIPMENT: 2016-17, CONTINUED

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Depreciation</b>									
<b>At 1 April 2016</b>	0	1,902	0	0	7,031	28	5,283	493	14,737
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>	0	2,112	0	0	8,693	792	5,850	546	17,993
<b>Net book value</b>									
At 1 April 2016	973	2,365	0	405	5,806	681	3,187	25	13,442
<b>Net book value 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>

## 12. PROPERTY, PLANT AND EQUIPMENT: 2016-17, CONTINUED

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000

### Net book value at 31 March 2017 comprises :

Purchased	1,010	2,739	0	0	4,611	1,460	3,427	1,197	14,444
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 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>

### Asset Financing:

Owned	1,010	2,771	0	0	4,611	1,460	3,313	1,197	14,362
Held on finance lease	0	0	0	0	0	0	114	0	114
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 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>

The net book value of land, buildings and dwellings at 31 March 2017 comprises :

	£000
Freehold	2,522
Long Leasehold	326
Short Leasehold	933
<b>Total</b>	<b>3,781</b>

## 12. PROPERTY, PLANT AND EQUIPMENT: 2015-16

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost of valuation</b>									
<b>At 1 April 2015</b>	954	4,039	0	0	12,815	70	8,235	518	26,631
Indexation	19	167	0	0	0	0	0	0	186
Revaluation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	0	0	405	71	639	521	0	1,636
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	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	0	0	0	(49)	0	(286)	0	(335)
Impairments	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	61	0	0	0	0	0	0	61
<b>At 31 March 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>

## 12. PROPERTY, PLANT AND EQUIPMENT: 2015-16, CONTINUED

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Depreciation</b>									
<b>At 1 April 2015</b>	0	1,531	0	0	5,450	14	4,186	469	11,650
Indexation	0	85	0	0	0	0	0	0	85
Revaluation	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	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	0	0	0	(49)	0	(286)	0	(335)
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	286	0	0	1,630	14	1,383	24	3,337
<b>At 31 March 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>
Net book value									
At 1 April 2015	954	2,508	0	0	7,365	56	4,049	49	14,981
<b>Net book value</b>									
<b>At 31 March 2016</b>	<b>973</b>	<b>2,365</b>	<b>0</b>	<b>405</b>	<b>5,806</b>	<b>681</b>	<b>3,187</b>	<b>25</b>	<b>13,442</b>

## 12. PROPERTY, PLANT AND EQUIPMENT: 2015-16, CONTINUED

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and 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 2016 comprises :</b>									
Purchased	973	2,302	0	405	5,806	681	3,187	25	13,379
Donated	0	63	0	0	0	0	0	0	63
Government Granted	0	0	0	0	0	0	0	0	0
<b>At 31 March 2016</b>	<b>973</b>	<b>2,365</b>	<b>0</b>	<b>405</b>	<b>5,806</b>	<b>681</b>	<b>3,187</b>	<b>25</b>	<b>13,442</b>
<b>Asset Financing:</b>									
Owned	973	2,365	0	405	5,806	681	2,533	25	12,788
Held on finance lease	0	0	0	0	0	0	654	0	654
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 2016</b>	<b>973</b>	<b>2,365</b>	<b>0</b>	<b>405</b>	<b>5,806</b>	<b>681</b>	<b>3,187</b>	<b>25</b>	<b>13,442</b>
The net book value of land, buildings and dwellings at 31 March 2016 comprises :									
Freehold									2,523
Long Leasehold									247
Short Leasehold									568
<b>Total</b>									<b>3,338</b>

## 12. PROPERTY, PLANT AND EQUIPMENT:

### 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 District Valuation Service with an effective date of 1st April 2012. 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 IAS16 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 District Valuation Service

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.

There are no assets held for sale or sold in the period.

### Gain/(Loss) on Sale

Asset description	Reason for sale	Gain/(Loss) on sale £000
		0
		0
		0

<b>12.2 Non-current assets held for sale</b>							
	Land including dwellings	Buildings, plant and equipment	Other assets	Intangible assets	Other	Total	
<b>Balance b/f 1 April 2016</b>	0	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0	0
Plus reversal of impairments Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0	0
<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>	<b>0</b>
Balance b/f 1 April 2015	0	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0	0
Plus reversal of impairments Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0	0
Balance c/f 31 March 2016	0	0	0	0	0	0	0

At 31 March 2017, the Trust did not hold any non-current assets that were held for sale.







### 13. INTANGIBLE ASSETS, CONTINUED

<b>2015-16</b>							
	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 2015</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 2016</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>							
At 1 April 2016	0	0	0	0	0	0	0
<b>Net book value</b>							
<b>At 31 March 2016</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 2016</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Public Health Wales has no intangible assets.**

## 14. REVALUATION RESERVE BALANCE FOR INTANGIBLE ASSETS

	2016-17 £000	2015-16 £000
At 1 April	0	0
Changes	0	0
<b>At 31 March</b>	<b>0</b>	<b>0</b>

## 15. IMPAIRMENTS

Impairments in the period arose from:	2016-17		2015-16	
	Property, plant and equipment £000	Intangible assets £000	Property, plant and equipment £000	Intangible assets equipment £000
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 (Specify)	23	0	0	0
Reversal of impairment	0	0	(61)	0
<b>Impairments charged to operating expenses</b>	<b>23</b>	<b>0</b>	<b>(61)</b>	<b>0</b>

### Analysis of impairments :

Operating expenses in Statement of				
Comprehensive Income	23	0	(61)	0
Revaluation reserve	0	0	0	0
<b>Total</b>	<b>23</b>	<b>0</b>	<b>(61)</b>	<b>0</b>

The figures in the table for 2015/16 are a reversal of previous impairments that were charged to I&E, and are not therefore taken to the revaluation reserve (IAS 16).

## 16. CAPITAL COMMITMENTS

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

	<b>31 March 2017 £000</b>	31 March 2016 £000
Property, plant and equipment	180	506
Intangible assets	0	0
<b>Total</b>	<b>180</b>	506

## 17. INVENTORIES

### 17.1 Inventories

	<b>31 March 2017 £000</b>	31 March 2016 £000
Drugs	0	0
Consumables	158	121
Energy	0	0
Work in progress	0	0
Other	0	0
<b>Total</b>	<b>158</b>	<b>121</b>
Of which held at net realisable value:	0	0

### 17.2 Inventories recognised in expenses

	<b>31 March 2017 £000</b>	31 March 2016 £000
Inventories recognised as an expense in the period	37	36
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
<b>Total</b>	<b>37</b>	36

## 18. TRADE AND OTHER RECEIVABLES

<b>18.1 Trade and other receivables</b>		
	<b>31 March 2017 £000</b>	31 March 2016 £000
<b>Current</b>		
Welsh Government	<b>714</b>	326
WHSSC & EASC	<b>13</b>	12
Welsh Health Boards	<b>2,953</b>	1,706
Welsh NHS Trusts	<b>46</b>	73
Non - Welsh Trusts	<b>6</b>	17
Other NHS	<b>0</b>	0
Welsh Risk Pool	<b>3,514</b>	2,363
Welsh Local Authorities	<b>193</b>	43
Other Local Authorities	<b>0</b>	0
Capital debtors	<b>0</b>	0
Other debtors	<b>1,147</b>	987
Provision for impairment of trade receivables	<b>(14)</b>	(12)
Pension Prepayments		
NHS Pensions Agency	<b>0</b>	0
NEST	<b>0</b>	0
Other prepayments	<b>1,018</b>	543
Accrued income	<b>7</b>	74
<b>Sub-total</b>	<b>9,597</b>	6,132

## 18. TRADE AND OTHER RECEIVABLES, CONTINUED

<b>18.1 Trade and other receivables</b>	<b>31 March 2017 £000</b>	31 March 2016 £000
<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	146	0
Welsh Local Authorities	0	0
Other 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	146	0
<b>Total trade and other receivables</b>	<b>9,743</b>	6,132

The great 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 £188k (£85k in 2016-17)

**18.2 Receivables VAT**

	<b>31 March 2017 £000</b>	31 March 2016 £000
Trade receivables	<b>403</b>	400
Other	<b>0</b>	0
<b>Total</b>	<b>403</b>	400

**18.3 Receivables past their due date but not impaired**

	<b>31 March 2017 £000</b>	31 March 2016 £000
By up to 3 months	<b>170</b>	62
By 3 to 6 months	<b>15</b>	9
By more than 6 months	<b>3</b>	14
<b>Balance at end of financial year</b>	<b>188</b>	85

**18.4 Allowance for bad and doubtful debts**

	<b>31 March 2017 £000</b>	31 March 2016 £000
Balance at beginning of the year	<b>(12)</b>	(8)
Transfer to other NHS Wales body	<b>0</b>	0
Provision utilised (Amount written off during the year)	<b>0</b>	0
Provision written back during the year no longer required	<b>0</b>	0
(Increase) Decrease in provision during year	<b>(2)</b>	(4)
Bad debts recovered during year	<b>0</b>	0
<b>Balance at end of financial year</b>	<b>(14)</b>	(12)

## 19. OTHER FINANCIAL ASSETS

	31 March 2017 £000	31 March 2016 £000
<b>Current</b>		
Shares and equity type investments	0	0
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 (Specify)		
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	0	0
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 (Specify)		
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>

## 20. CASH AND CASH EQUIVALENTS

	<b>31 March 2017 £000</b>	31 March 2016 £000
Opening Balance	<b>8,597</b>	6,809
Net change in year	<b>(4,469)</b>	1,788
<b>Closing Balance</b>	<b>4,128</b>	8,597
<b>Made up of:</b>		
Cash with Government Banking Service (GBS)	<b>4,119</b>	3,082
Cash with Commercial banks	<b>0</b>	0
Cash in hand	<b>9</b>	15
<b>Total cash</b>	<b>4,128</b>	3,097
Current investments	<b>0</b>	5,500
<b>Cash and cash equivalents as in SoFP</b>	<b>4,128</b>	8,597
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>4,128</b>	8,597

## 21. TRADE AND OTHER PAYABLES AT THE SOFP DATE

	31 March 2017 £000	31 March 2016 £000
<b>Current</b>		
Welsh Government	62	1
WHSSC & EASC	0	0
Welsh Health Boards	1,250	2,361
Welsh NHS Trusts	317	73
Other NHS	77	43
Welsh Local Authorities	821	968
Other Local Authorities	0	0
Taxation and social security payable / refunds:		
Refunds of taxation by HMRC	1	(2)
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
National Insurance contributions payable to HMRC	1	8
Non-NHS trade payables - revenue	3,756	4,794
Non-NHS trade payables - capital	538	1,212
Rentals due under operating leases	17	34
Obligations due under finance leases and HP contracts	116	481
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	2	0
Accruals	517	434
Deferred Income:		
Deferred income brought forward	462	100
Deferred income additions	0	0
Transfer to/from current/non current deferred income	0	0
Released to the Income Statement	0	(5)
Other liabilities - all other payables	0	0
PFI assets – deferred credits	0	0
PFI - Payments on account	0	0
<b>Sub-total</b>	<b>7,937</b>	<b>10,502</b>

In respect of the Pensions figure shown above, £1k relates to the NHS Pension scheme (2015-16 £0k) and £1k to the NEST pension scheme (2015-16 £0).

## 21. TRADE AND OTHER PAYABLES AT THE SOFP DATE, CONTINUED

	<b>31 March 2017 £000</b>	31 March 2016 £000
<b>Non Current</b>		
Welsh Government	<b>0</b>	0
WHSSC & EASC	<b>0</b>	0
Welsh Health Boards	<b>0</b>	0
Welsh NHS Trusts	<b>0</b>	0
Other NHS	<b>0</b>	0
Welsh Local Authorities	<b>0</b>	0
Other Local Authorities	<b>0</b>	0
Taxation and social security payable / refunds:		
Refunds of taxation by HMRC	<b>0</b>	0
VAT payable to HMRC	<b>0</b>	0
Other taxes payable to HMRC	<b>0</b>	0
National Insurance contributions payable to HMRC	<b>0</b>	0
Non-NHS trade payables - revenue	<b>0</b>	0
Non-NHS trade payables - capital	<b>0</b>	0
Rentals due under operating leases	<b>259</b>	0
Obligations due under finance leases and HP contracts	<b>0</b>	104
Imputed finance lease element of on SoFP PFI contracts	<b>0</b>	0
Pensions: staff	<b>0</b>	0
Accruals	<b>0</b>	0

## 21. TRADE AND OTHER PAYABLES AT THE SOFP DATE, CONTINUED

	<b>31 March 2017 £000</b>	31 March 2016 £000
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>259</b>	<b>104</b>
<b>Total</b>	<b>8,196</b>	<b>10,606</b>

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

## 22. BORROWINGS

	<b>31 March 2017 £000</b>	31 March 2016 £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>

### 22.2 Loan advance/strategic assistance funding

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

## 23. OTHER FINANCIAL LIABILITIES

	<b>31 March 2017 £000</b>	31 March 2016 £000
<b>Current</b>		
<b>Financial Guarantees</b>		
At amortised cost	<b>0</b>	0
At fair value through SoCI	<b>0</b>	0
Derivatives at fair value through SoCI	<b>0</b>	0
<b>Other</b>		
At amortised cost	<b>0</b>	0
At fair value through SoCI	<b>0</b>	0
<b>Total</b>	<b>0</b>	0
<b>Non-current</b>		
<b>Financial Guarantees</b>		
At amortised cost	<b>0</b>	0
At fair value through SoCI	<b>0</b>	0
Derivatives at fair value through SoCI	<b>0</b>	0
<b>Other</b>		
At amortised cost	<b>0</b>	0
At fair value through SoCI	<b>0</b>	0
<b>Total</b>	<b>0</b>	0

## 24. PROVISIONS

	At 1 April 2016	Strutured 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
2016-17	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>										
Clinical negligence	<b>2,302</b>	0	(222)	(161)	0	2,086	(663)	(223)	0	<b>3,119</b>
Personal injury	<b>68</b>	0	0	76	0	0	(70)	0	0	<b>74</b>
All other losses and special payments	<b>0</b>	0	0	0	0	227	(227)	0	0	<b>0</b>
Defence legal fees and other administration	<b>92</b>	0	0	(2)	0	15	(34)	(40)	0	<b>31</b>
Pensions relating to: former directors	<b>0</b>		0	0	0	0	0	0	0	<b>0</b>
Pensions relating to: other staff	<b>0</b>		0	0	0	0	0	0	0	<b>0</b>
Restructurings	<b>0</b>		0	0	0	0	0	0		<b>0</b>
Other	<b>0</b>		0	0	0	0	0	0		<b>0</b>
<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>



## 24. PROVISIONS, CONTINUED

	At 1 April 2016	Strutured 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
2016-17	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Restructurings	0		0	0	0	0	0	0		0
Other	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>

## Expected timing of cash flows:

	In year to 31 March 2018	Between 1 April 2018 31 March 2022	Thereafter	Totals
	£000	£000	£000	£000
Clinical negligence	3,119	166	0	3,285
Personal injury	74	1,301	0	1,375
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	31	2	0	33
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>3,224</b>	<b>1,469</b>	<b>0</b>	<b>4,693</b>



## 24. PROVISIONS, CONTINUED

	At 1 April 2015	Strutured 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 2016
2015-16	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
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>1,164</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>(70)</b>	<b>0</b>	<b>0</b>	<b>1,111</b>
<b>TOTAL</b>										
Clinical negligence	3,123	0	0	0	0	376	(26)	(1,171)	0	2,302
Personal injury	1,297	0	0	0	0	17	(70)	(65)	0	1,179
All other losses and special payments	0	0	0	0	0	207	(207)	0	0	0
Defence legal fees and other administration	264	0	0	0	0	23	(12)	(183)	0	92
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>4,684</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>623</b>	<b>(315)</b>	<b>(1,419)</b>	<b>0</b>	<b>3,573</b>

## 25. CONTINGENCIES

<b>25.1 Contingent liabilities</b>	<b>31 March</b>	<b>31 March</b>
Provision has not been made in these accounts for the following amounts:	<b>2017</b>	2016
	<b>£000</b>	£000
Legal claims for alleged medical or employer negligence	<b>1,237</b>	1,051
Doubtful debts	<b>0</b>	0
Equal pay cases	<b>0</b>	0
Defence costs	<b>52</b>	0
Other (Please specify)	<b>0</b>	0
Total value of disputed claims	<b>1,289</b>	1,051
Amount recovered under insurance arrangements in the event of these claims being successful	<b>0</b>	0
Net contingent liability	<b>1,289</b>	1,051

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

Liability for Permanent Injury Benefit under the NHS Injury Benefit Scheme lies with the employer. Individual claims to the NHS Pensions Agency could arise due to known incidents.

Contingent liabilities includes claims relating to alleged clinical negligence, personal injury and permanent injury benefits under the NHS Injury Benefits Scheme. The above figures include contingent liabilities for all Health Bodies in Wales.

<b>25.2. Remote contingent liabilities</b>	<b>31 March</b>	<b>31 March</b>
	<b>2017</b>	2016
	<b>£000</b>	£000
Guarantees	<b>0</b>	0
Indemnities	<b>0</b>	0
Letters of comfort	<b>0</b>	0
Total	<b>0</b>	0

<b>25.3 Contingent assets</b>	<b>31 March</b>	<b>31 March</b>
	<b>2017</b>	2016
	<b>£000</b>	£000
	<b>0</b>	0

The Trust has no contingent assets.

## 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 2017		Approved to write-off year to 31 March 2017	
	Number	£	Number	£
Clinical negligence	8	694,819	0	0
Personal injury	1	1,685	0	0
All other losses and special payments	8	231,448	0	0
<b>Total</b>	<b>17</b>	<b>927,952</b>	<b>0</b>	<b>0</b>
FHoT losses and special payments	0	0	0	0
<b>Consolidated Total</b>	<b>17</b>	<b>927,952</b>	<b>0</b>	<b>0</b>

Analysis of cases:		Amounts paid out in year	Cumulative amount	Approved to write-off in year
Cases where cumulative amount exceeds £300,000		£	£	£
MN/105/0032/AW	1	510,503	541,603	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
<b>Sub-total</b>	<b>1</b>	<b>510,503</b>	<b>541,603</b>	<b>0</b>
<b>All other cases</b>	<b>16</b>	<b>417,449</b>	<b>574,393</b>	<b>0</b>
<b>Total cases</b>	<b>17</b>	<b>927,952</b>	<b>1,115,996</b>	<b>0</b>

## 27. FINANCE LEASES

### 27.1 Finance leases obligations (as lessee)

The Trust has a finance lease for the Picture Archive Computer System (PACS)

The inherent interest rate has been calculated at 2.77%. This has been used to discount the total future minimum lease payments of £116K to their present value of £116K.

Maintenance costs are charged directly to SOCI and are not included as part of the lease value.

<b>Amounts payable under finance leases:</b>	<b>31 March</b>	31 March
<b>LAND</b>	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Minimum lease payments</b>		
Within one year	<b>0</b>	0
Between one and five years	<b>0</b>	0
After five years	<b>0</b>	0
Less finance charges allocated to future periods	<b>0</b>	0
<b>Minimum lease payments</b>	<b>0</b>	0
Included in: Current borrowings	<b>0</b>	0
Non-current borrowings	<b>0</b>	0
<b>Total</b>	<b>0</b>	0
<b>Present value of minimum lease payments</b>		
Within one year	<b>0</b>	0
Between one and five years	<b>0</b>	0
After five years	<b>0</b>	0
<b>Total present value of minimum lease payments</b>	<b>0</b>	0
Included in: Current borrowings	<b>0</b>	0
Non-current borrowings	<b>0</b>	0
<b>Total</b>	<b>0</b>	0

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

<b>BUILDINGS</b>	<b>31 March 2017 £000</b>	<b>31 March 2016 £000</b>
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**Minimum lease payments**

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

**Present value of minimum lease payments**

Within one year	<b>0</b>	0
Between one and five years	<b>0</b>	0
After five years	<b>0</b>	0
<b>Total present value of minimum lease payments</b>	<b>0</b>	0
Included in: Current borrowings	<b>0</b>	0
Non-current borrowings	<b>0</b>	0
<b>Total</b>	<b>0</b>	0

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

<b>OTHER</b>	<b>31 March 2017 £000</b>	<b>31 March 2016 £000</b>
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**Minimum lease payments**

Within one year	<b>116</b>	518
Between one and five years	<b>0</b>	111
After five years	<b>0</b>	0
Less finance charges allocated to future periods	<b>0</b>	0
<b>Minimum lease payments</b>	<b>116</b>	629
Included in: Current borrowings	<b>0</b>	0
Non-current borrowings	<b>0</b>	0
<b>Total</b>	<b>0</b>	0

**Present value of minimum lease payments**

Within one year	<b>116</b>	481
Between one and five years	<b>0</b>	104
After five years	<b>0</b>	0
<b>Total present value of minimum lease payments</b>	<b>116</b>	585
Included in: Current borrowings	<b>116</b>	481
Non-current borrowings	<b>0</b>	104
<b>Total</b>	<b>116</b>	585

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

There are no finance lease receivables.

**Amounts receivable under finance leases:**

**31 March**  
**2017**  
**£000**

31 March  
2016  
£000

**Gross investment in leases**

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

**Present value of minimum lease payments**

Within one year	<b>0</b>	0
Between one and five years	<b>0</b>	0
After five years	<b>0</b>	0
<b>Total present value of minimum lease payments</b>	<b>0</b>	0
Included in: Current borrowings	<b>0</b>	0
Non-current borrowings	<b>0</b>	0
<b>Total</b>	<b>0</b>	0

**27.3 Rental Revenue**

	<b>31 March 2017 £000</b>	31 March 2016 £000
Contingent rent	<b>0</b>	0
Other	<b>0</b>	0
<b>Total rental revenue</b>	<b>0</b>	0

**27.4 Finance Lease Commitment**

Public Health Wales NHS Trust has/has not entered into any new contracts to lease (building assets) under finance leases during 2016-17.

**28. PRIVATE FINANCE TRANSACTIONS****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

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. FINANCIAL PERFORMANCE

### 30.1 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 replaces 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 for 2016-17.

#### 30.1.1 Financial Duty

	Annual financial performance			2014-17 Financial duty £000
	2014-15	2015-16	2016-17	
	£000	£000	£000	
Retained surplus	35	17	16	<b>68</b>
Less Donated asset / grant funded revenue adjustment	0	0	0	<b>0</b>
Adjusted surplus/(deficit)	35	17	16	<b>68</b>

Public Health Wales NHS Trust has met its financial duty to break even over the 3 years 2014-15 to 2016-17.

#### 30.1.2 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 submitted an Integrated Medium Term Plan for the period 2016-17 to 2018-19 in accordance with NHS Wales Planning Framework.

	Financial duty 2016-17 to 2018-19 Status
The Cabinet Secretary for Health, Well-being and Sport approval status	Approved

Public Health Wales NHS Trust has met its annual financial duty to have an approved financial plan for the period 2016-17 to 2018-19.

Public Health Wales NHS Trust's 2014-15 to 2016-17 IMTP was not approved.

Public Health Wales NHS Trust's 2015-16 to 2017-18 IMTP was approved.

## 30. FINANCIAL PERFORMANCE, CONTINUED

### 30.2 ADMINISTRATIVE REQUIREMENTS

#### 30.2.1. External financing

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

	31 March 2017 £000	31 March 2016 £000
External financing limit set by the Welsh Government	1,036	(1,607)
Cash flow financing	(44)	(1,915)
Finance leases taken out in the year	0	0
Other capital receipts	0	0
External financing requirement	<b>(44)</b>	(1,915)
<b>Undershoot (overshoot)</b>	<b>1,080</b>	308

The Trust has achieved its external financing limit.

#### 30.2.2. 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:

	2016-17
Total number of non-NHS bills paid	22,933
Total number of non-NHS bills paid within target	22,018
Percentage of non-NHS bills paid within target	96.0%

**The Trust has met the target.**

## 31. THIRD PARTY ASSETS

	31 March 2017 £000	31 March 2016 £000
Investments	0	0
Monetary Assets	0	0
Total	0	0

## 32. EVENTS AFTER REPORTING PERIOD

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

### 33. RELATED PARTY TRANSACTIONS

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

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

The Welsh Government is regarded as a related party. During the year the Trust has 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.

	Expenditure related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Government	150	96,864	62	714
WHSSC/EASC	30	52	0	13
Abertawe Bro Morgannwg UHB	4,031	6,913	195	937
Aneurin Bevan	3,081	1,399	98	146
Betsi Cadwaladr	3,535	4,318	170	98
Cardiff & Vale	3,941	5,930	529	1,287
Cwm Taff	1,946	409	108	164
Hywel Dda	1,773	1,810	108	249
Powys	217	204	42	71
Velindre	2,257	453	317	41
Public Health Wales NHS Trust	0	0	0	0
Welsh Ambulance Service Trust	39	74	0	5
Welsh Local Authorities	5,626	282	822	111
Cardiff University	520	882	132	181
Swansea University	295	139	75	16
Cardiff Metropolitan University	0	0	0	0
University of South Wales	0	0	0	0
Bangor University	357	41	61	3
Glyndwr University	0	0	0	0
Charities	0	0	0	0
<b>TOTAL</b>	<b>27,798</b>	<b>119,770</b>	<b>2,719</b>	<b>4,036</b>

## 34. POOLED BUDGETS

Public Health Wales NHS Trust has no pooled budgets.

## 35. OPERATING SEGMENTS

	PHW NHS Trust		NHS Wales Collaborative		TOTAL		ELIMINATIONS			
	2016-17 £000	2015-16 £000	2016-17 £000	2015-16 £000	2016-17 £000	2015-16 £000	2016-17 £000	2015-16 £000	2016-17 £000	2015-16 £000
Operating Revenue										
Segmental Income	<b>114,542</b>	108,811	<b>6,806</b>	0	<b>121,348</b>	108,811	<b>(111)</b>	0	<b>121,237</b>	108,811
	<b>114,542</b>	108,811	<b>6,806</b>	0	<b>121,348</b>	108,811	<b>(111)</b>	0	<b>121,237</b>	108,811
<b>Operating expenses</b>	<b>£000</b>	£000	<b>£000</b>	£000	<b>£000</b>	£000	<b>£000</b>	£000	<b>£000</b>	£000
Welsh Government	<b>34</b>	3	<b>0</b>	0	<b>34</b>	3	<b>0</b>	0	<b>34</b>	3
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>12,546</b>	13,019	<b>1,959</b>	0	<b>14,505</b>	13,019	<b>0</b>	0	<b>14,505</b>	13,019
Welsh NHS Trusts	<b>829</b>	759	<b>585</b>	0	<b>1,414</b>	759	<b>0</b>	0	<b>1,414</b>	759
Other NHS Trusts	<b>163</b>	116	<b>0</b>	0	<b>163</b>	116	<b>0</b>	0	<b>163</b>	116
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>4,601</b>	4,493	<b>0</b>	0	<b>4,601</b>	4,493	<b>0</b>	0	<b>4,601</b>	4,493
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>1,555</b>	1,346	<b>0</b>	0	<b>1,555</b>	1,346	<b>0</b>	0	<b>1,555</b>	1,346
Staff costs	<b>67,421</b>	63,724	<b>3,410</b>	0	<b>70,831</b>	63,724	<b>(16)</b>	0	<b>70,815</b>	63,724
Supplies and services - clinical	<b>7,759</b>	8,287	<b>2</b>	0	<b>7,761</b>	8,287	<b>0</b>	0	<b>7,761</b>	8,287
Supplies and services - general	<b>728</b>	442	<b>38</b>	0	<b>766</b>	442	<b>0</b>	0	<b>766</b>	442
Consultancy Services	<b>358</b>	648	<b>61</b>	0	<b>419</b>	648	<b>0</b>	0	<b>419</b>	648
Establishment	<b>6,746</b>	6,782	<b>291</b>	0	<b>7,037</b>	6,782	<b>0</b>	0	<b>7,037</b>	6,782
Transport	<b>606</b>	466	<b>4</b>	0	<b>610</b>	466	<b>0</b>	0	<b>610</b>	466
Premises	<b>5,658</b>	4,027	<b>241</b>	0	<b>5,899</b>	4,027	<b>0</b>	0	<b>5,899</b>	4,027
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

## 35. OPERATING SEGMENTS, CONTINUED

Operating Revenue	PHW NHS Trust		NHS Wales Collaborative		TOTAL		ELIMINATIONS			
	2016-17 £000	2015-16 £000	2016-17 £000	2015-16 £000	2016-17 £000	2015-16 £000	2016-17 £000	2015-16 £000	2016-17 £000	2015-16 £000
Depreciation	3,439	3,337	0	0	3,439	3,337	0	0	3,439	3,337
Amortisation	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of property, plant and equipment	23	(61)	0	0	23	(61)	0	0	23	(61)
Impairments and reversals of intangible assets	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of financial assets	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of non current assets held for sale	0	0	0	0	0	0	0	0	0	0
Audit fees	151	151	0	0	151	151	0	0	151	151
Other auditors' remuneration	0	0	0	0	0	0	0	0	0	0
Losses, special payments and irrecoverable debts	533	251	0	0	533	251	0	0	533	251
Research and development	0	0	0	0	0	0	0	0	0	0
Other operating expenses	1,352	982	208	0	1,560	982	(95)	0	1,465	982
<b>Total</b>	<b>114,502</b>	<b>108,772</b>	<b>6,799</b>	<b>0</b>	<b>121,301</b>	<b>108,772</b>	<b>(111)</b>	<b>0</b>	<b>121,190</b>	<b>108,772</b>
Investment Revenue	16	27	0	0	16	27	0	0	16	27
Other Gains and Losses	0	0	0	0	0	0	0	0	0	0
Finance Costs	(47)	(49)	0	0	(47)	(49)	0	0	(47)	(49)
<b>SURPLUS / (DEFICIT)</b>	<b>9</b>	<b>17</b>	<b>7</b>	<b>0</b>	<b>16</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>17</b>

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 five 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.

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

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

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

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

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

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

**By Order of the Board****Signed:**

Date: 01 June 2017

Chairman:



Date: 01 June 2017

Chief Executive:



Date: 01 June 2017

Director of Finance:





GIG  
CYMRU  
NHS  
WALES

Iechyd Cyhoeddus  
Cymru  
Public Health  
Wales