

Meeting: Governing Body			
Meeting Date	04 June 2021	Action	Approve
Item No.	5	Confidential	No
Title	2020/21 Annual Accounts and Letter of Representation		
Presented By	Sam Evans, Executive Director of Finance		
Author	Carol Shannon-Jarvis Associate CFO		
Clinical Lead	-		

Executive Summary

The National Health Service Act 2006 (as amended) requires Clinical Commissioning Groups to prepare their Annual Accounts in accordance with Directions issued by NHS England.

The Annual Accounts and Letter of Representation will be submitted through the governance arrangements as follows:

- Audit Committee review and agree for recommendation to the Governing Body – Friday am 4th June 2021
- Governing Body for approval – Friday pm 4th June 2021
- Submitted with all relevant signatures – Tuesday 15th June 2021
-

Recommendations

It is recommended that the Governing Body

- Approve the 2020/21 Annual Accounts and Letter of Representation as recommended by Audit Committee.

Links to CCG Strategic Objectives

SO1 - To support the Borough through a robust emergency response to the Covid-19 pandemic.	<input type="checkbox"/>
SO2 - To deliver our role in the Bury 2030 local industrial strategy priorities and recovery.	<input type="checkbox"/>
SO3 - To deliver improved outcomes through a programme of transformation to establish the capabilities required to deliver the 2030 vision.	<input type="checkbox"/>
SO4 - To secure financial sustainability through the delivery of the agreed budget strategy.	<input checked="" type="checkbox"/>

Links to CCG Strategic Objectives	
Does this report seek to address any of the risks included on the Governing Body Assurance Framework? If yes, state which risk below:	
GBAF N/A	

Implications						
Are there any quality, safeguarding or patient experience implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Has any engagement (clinical, stakeholder or public/patient) been undertaken in relation to this report?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Have any departments/organisations who will be affected been consulted ?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any conflicts of interest arising from the proposal or decision being requested?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any financial Implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Is an Equality, Privacy or Quality Impact Assessment required?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
If yes, has an Equality, Privacy or Quality Impact Assessment been completed?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
If yes, please give details below:						
If no, please detail below the reason for not completing an Equality, Privacy or Quality Impact Assessment:						
Are there any associated risks including Conflicts of Interest?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
Are the risks on the CCG's risk register?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
There is a risk the CCG will not meet statutory obligations in respect of publishing Annual Accounts.						

Governance and Reporting		
Meeting	Date	Outcome
Audit Committee	05/06/2021	Annual Accounts and letter of representation were recommended to Governing Body for approval.

FOREWORD TO THE ACCOUNTS

NHS Bury CCG

The Clinical Commissioning Group was licenced from 1 April 2013 under provisions enacted in the Health & Social Care Act 2012, which amended the National Health Service Act 2006

These accounts for the year ended 31 March 2021 have been prepared by Bury Clinical Commissioning Group under section 17 of schedule 1A of the National Health Service Act 2006 (as amended) in the form which the Secretary of State has, with the approval of the Treasury, directed.

The National Health Service Act 2006 (as amended) requires Clinical Commissioning Groups to prepare their Annual Report and Annual Accounts in accordance with Directions issued by NHS England.

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**Statement of Comprehensive Net Expenditure for the year ended
31 March 2021**

	2020-21	2019-20
Note	£'000	£'000
Income from sale of goods and services	2 (93)	(245)
Other operating income	2 -	(437)
Total operating income	(93)	(682)
Staff costs	4 5,930	6,108
Purchase of goods and services	5 355,650	309,966
Depreciation and impairment charges	-	-
Provision expense	-	-
Other Operating Expenditure	5 175	174
Total operating expenditure	361,755	316,249
Net Operating Expenditure	361,662	315,567
Finance income	-	-
Finance expense	-	-
Net expenditure for the Year	361,662	315,567
Net (Gain)/Loss on Transfer by Absorption	-	-
Total Net Expenditure for the Financial Year	361,662	315,567
Other Comprehensive Expenditure		
<u>Items which will not be reclassified to net operating costs</u>		
Net (gain)/loss on revaluation of PPE	-	-
Net (gain)/loss on revaluation of Intangibles	-	-
Net (gain)/loss on revaluation of Financial Assets	-	-
Net (gain)/loss on assets held for sale	-	-
Actuarial (gain)/loss in pension schemes	-	-
Impairments and reversals taken to Revaluation Reserve	-	-
<u>Items that may be reclassified to Net Operating Costs</u>		
Net (gain)/loss on revaluation of other Financial Assets	-	-
Net gain/loss on revaluation of available for sale financial assets	-	-
Reclassification adjustment on disposal of available for sale financial assets	-	-
Sub total	-	-
Comprehensive Expenditure for the year	361,662	315,567

The notes on pages 1 to 26 form part of this statement

**Statement of Financial Position as at
31 March 2021**

	2020-21	2019-20
Note	£'000	£'000
Non-current assets:		
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property	-	-
Trade and other receivables	-	-
Other financial assets	9 200	200
Total non-current assets	<u>200</u>	<u>200</u>
Current assets:		
Inventories	-	-
Trade and other receivables	8 817	2,723
Other financial assets	-	-
Other current assets	-	-
Cash and cash equivalents	10 14	4
Total current assets	831	2,726
Non-current assets held for sale	-	-
Total current assets	<u>831</u>	<u>2,726</u>
Total assets	<u>1,031</u>	<u>2,926</u>
Current liabilities		
Trade and other payables	11 (29,175)	(17,821)
Other financial liabilities	-	-
Other liabilities	-	-
Borrowings	-	-
Provisions	-	-
Total current liabilities	(29,175)	(17,821)
Non-Current Assets plus/less Net Current Assets/Liabilities	<u>(28,144)</u>	<u>(14,895)</u>
Non-current liabilities		
Trade and other payables	-	-
Other financial liabilities	-	-
Other liabilities	-	-
Borrowings	-	-
Provisions	-	-
Total non-current liabilities	-	-
Assets less Liabilities	<u>(28,144)</u>	<u>(14,895)</u>
Financed by Taxpayers' Equity		
General fund	(28,144)	(14,895)
Revaluation reserve	-	-
Other reserves	-	-
Charitable Reserves	-	-
Total taxpayers' equity:	<u>(28,144)</u>	<u>(14,895)</u>

The notes on pages 1 to 26 form part of this statement

The financial statements on pages 1 to 26 were approved by the Governing Body on [date] and signed on its behalf by:

Chief Accountable Officer
xxxxxxxxxxxxxxxxxxxxxx

31 March 2021

	General fund £'000	Revaluation reserve £'000	Other reserves £'000	Total reserves £'000
Changes in taxpayers' equity for 2020-21				
Balance at 01 April 2020	(14,895)	0	0	(14,895)
Transfer between reserves in respect of assets transferred from closed NHS bodies	0	0	0	0
Adjusted NHS Clinical Commissioning Group balance at 31 March 2020	(14,895)	0	0	(14,895)
Changes in NHS Clinical Commissioning Group taxpayers' equity for 2020-21				
Net operating expenditure for the financial year	(361,662)			(361,662)
Net gain/(loss) on revaluation of property, plant and equipment		0		0
Net gain/(loss) on revaluation of intangible assets		0		0
Net gain/(loss) on revaluation of financial assets		0		0
Total revaluations against revaluation reserve		0		0
Net gain (loss) on available for sale financial assets	0	0	0	0
Net gain/(loss) on revaluation of other investments and Financial Assets (excluding available for sale financial assets)			0	0
Net gain (loss) on revaluation of assets held for sale	0	0	0	0
Impairments and reversals	0	0	0	0
Net actuarial gain (loss) on pensions	0	0	0	0
Movements in other reserves	0	0	0	0
Transfers between reserves	0	0	0	0
Release of reserves to the Statement of Comprehensive Net Expenditure	0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0	0	0
Transfers by absorption to (from) other bodies	0	0	0	0
Reserves eliminated on dissolution	0	0	0	0
Net Recognised NHS Clinical Commissioning Group Expenditure for the Financial year	(361,662)	0	0	(361,662)
Net funding	348,413	0	0	348,413
Balance at 31 March 2021	(28,144)	0	0	(28,144)
Changes in taxpayers' equity for 2019-20				
Balance at 01 April 2019	(18,530)	0	0	(18,530)
Transfer of assets and liabilities from closed NHS bodies	0	0	0	0
Adjusted NHS Clinical Commissioning Group balance at 31 March 2020	(18,530)	0	0	(18,530)
Changes in NHS Clinical Commissioning Group taxpayers' equity for 2019-20				
Net operating costs for the financial year	(315,567)			(315,567)
Net gain/(loss) on revaluation of property, plant and equipment		0		0
Net gain/(loss) on revaluation of intangible assets		0		0
Net gain/(loss) on revaluation of financial assets		0		0
Total revaluations against revaluation reserve		0		0
Net gain (loss) on available for sale financial assets	0	0	0	0
Net gain/(loss) on revaluation of other investments and Financial Assets (excluding available for sale financial assets)	0	0	0	0
Net gain (loss) on revaluation of assets held for sale	0	0	0	0
Impairments and reversals	0	0	0	0
Net actuarial gain (loss) on pensions	0	0	0	0
Movements in other reserves	0	0	0	0
Transfers between reserves	0	0	0	0
Release of reserves to the Statement of Comprehensive Net Expenditure	0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0	0	0
Transfers by absorption to (from) other bodies	0	0	0	0
Reserves eliminated on dissolution	0	0	0	0
Net Recognised NHS Clinical Commissioning Group Expenditure for the Financial Year	(315,567)	0	0	(315,567)
Net funding	319,203	0	0	319,203
Balance at 31 March 2020	(14,895)	0	0	(14,895)

The notes on pages 1 to 26 form part of this statement

**Statement of Cash Flows for the year ended
31 March 2021**

	Note	2020-21 £'000	2019-20 £'000
Cash Flows from Operating Activities			
Net operating expenditure for the financial year		(361,662)	(315,567)
Depreciation and amortisation		0	0
Impairments and reversals		0	0
Non-cash movements arising on application of new accounting standards		0	0
Movement due to transfer by Modified Absorption		0	0
Other gains (losses) on foreign exchange		0	0
Donated assets received credited to revenue but non-cash		0	0
Government granted assets received credited to revenue but non-cash		0	0
Interest paid		0	0
Release of PFI deferred credit		0	0
Other Gains & Losses		0	0
Finance Costs		0	0
Unwinding of Discounts		0	0
(Increase)/decrease in inventories		0	0
(Increase)/decrease in trade & other receivables	8	1,905	1,447
(Increase)/decrease in other current assets		0	0
Increase/(decrease) in trade & other payables	11	11,354	(4,912)
Increase/(decrease) in other current liabilities		0	0
Provisions utilised		0	0
Increase/(decrease) in provisions		0	0
Net Cash Inflow (Outflow) from Operating Activities		(348,402)	(319,032)
Cash Flows from Investing Activities			
Interest received		0	0
(Payments) for property, plant and equipment		0	0
(Payments) for intangible assets		0	0
(Payments) for investments with the Department of Health		0	0
(Payments) for other financial assets		0	(200)
(Payments) for financial assets (LIFT)		0	0
Proceeds from disposal of assets held for sale: property, plant and equipment		0	0
Proceeds from disposal of assets held for sale: intangible assets		0	0
Proceeds from disposal of investments with the Department of Health		0	0
Proceeds from disposal of other financial assets		0	0
Proceeds from disposal of financial assets (LIFT)		0	0
Non-cash movements arising on application of new accounting standards		0	0
Loans made in respect of LIFT		0	0
Loans repaid in respect of LIFT		0	0
Rental revenue		0	0
Net Cash Inflow (Outflow) from Investing Activities		0	(200)
Net Cash Inflow (Outflow) before Financing		(348,402)	(319,232)
Cash Flows from Financing Activities			
Grant in Aid Funding Received		348,413	319,203
Other loans received		0	0
Other loans repaid		0	0
Capital element of payments in respect of finance leases and on Statement of Financial Position PFI and LIFT		0	0
Capital grants and other capital receipts		0	0
Capital receipts surrendered		0	0
Non-cash movements arising on application of new accounting standards		0	0
Net Cash Inflow (Outflow) from Financing Activities		348,413	319,203
Net Increase (Decrease) in Cash & Cash Equivalents	10	10	(30)
Cash & Cash Equivalents at the Beginning of the Financial Year		4	33
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		0	0
Cash & Cash Equivalents (including bank overdrafts) at the End of the Financial Year		14	4

The notes on pages 1 to 26 form part of this statement

Notes to the financial statements

1 Accounting Policies

NHS England has directed that the financial statements of clinical commissioning groups shall meet the accounting requirements of the Group Accounting Manual issued by the Department of Health and Social Care. Consequently, the following financial statements have been prepared in accordance with the Group Accounting Manual 2020-21 issued by the Department of Health and Social Care. The accounting policies contained in the Group Accounting Manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to clinical commissioning groups, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the Group Accounting Manual permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the clinical commissioning group for the purpose of giving a true and fair view has been selected. The particular policies adopted by the clinical commissioning group are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Going Concern

These accounts have been prepared on a going concern basis.

Public sector bodies are assumed to be going concerns where the continuation of the provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

Where a clinical commissioning group ceases to exist, it considers whether or not its services will continue to be provided (using the same assets, by another public sector entity) in determining whether to use the concept of going concern for the final set of financial statements. If services will continue to be provided the financial statements are prepared on the going concern basis.

In 2020/21, in response to the Covid-19 pandemic, all detailed financial planning was suspended and the requirement for CCGs to agree annual contracts with providers was removed. Instead, all CCGs are currently making regular 'block' payments to NHS providers in line with guidance. This mechanism is currently confirmed to the end of September 2021.

Based on this position, the CCG believes that it remains appropriate to prepare the accounts on a going concern basis.

1.2 Accounting Convention

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

1.3 Joint Arrangements

Arrangements over which the clinical commissioning group has joint control with one or more other entities are classified as joint arrangements. Joint control is the contractually agreed sharing of control of an arrangement. A joint arrangement is either a joint operation or a joint venture.

A joint operation exists where the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. Where the clinical commissioning group is a joint operator it recognises its share of, assets, liabilities, income and expenses in its own accounts.

1.4 Pooled Budgets

The clinical commissioning group has entered into a pooled budget arrangement with Bury MBC [in accordance with section 75 of the NHS Act 2006]. Under the arrangement, funds are pooled for the commissioning of health and social care services. The pool is jointly controlled by Bury MBC and Bury CCG constituting a joint operation and accounted for under IFRS 11. The pool is hosted by Bury MBC and governed by the Strategic Commissioning Board (SCB). The CCG Governing Body and Council Cabinet have delegated management of the pool to the SCB whose membership is made up of equal representation from the Council and CCG.

Whilst the section 75 agreement between the CCG and Bury Council does constitute a 'joint operation' under IFRS 11, the substance of the commissioning transactions related to the Fund's spending plan indicates that neither the CCG nor Bury Council are either a joint operator or lead commissioner, but are acting as single entities. Therefore, each organisation accounts for its own transactions without recognising its interest in its share of total assets, liabilities, revenue and expenditure that relate to the whole Fund.

Note 15 provides details of the income and expenditure of the pool.

1.5 Revenue

In the application of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows:

- As per paragraph 121 of the Standard the Clinical Commissioning Group will not disclose information regarding the performance obligations part of a contract that has an original expected duration of one year or less,
- The clinical commissioning group is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with value of the performance completed to date.

- The FReM has mandated the exercise of the practical expedient offered in C7(a) of the Standard that requires the clinical commissioning group to reflect the aggregate effect of all contracts modified before the date of initial application.

The main source of funding for the Clinical Commissioning Group is from NHS England. This is drawn down and credited to the general fund. Funding is recognised in the period in which it is received.

Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred.

Payment terms are standard reflecting cross government principles.

The value of the benefit received when the clinical commissioning group accesses funds from the Government's apprenticeship service are recognised as income in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and a corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

1.6 Employee Benefits

1.6.1 Short-term Employee Benefits

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy, are recognised in the period in which the service is received from employees, including bonuses earned but not yet taken.

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

Notes to the financial statements cont.

1.6.2 Retirement Benefit Costs

Past and present employees are covered by the provisions of the NHS Pensions Schemes. These schemes are unfunded, defined benefit schemes that cover NHS employers, General Practices and other bodies allowed under the direction of the Secretary of State in England and Wales. The schemes 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, the schemes are accounted for as if they were a defined contribution scheme; the cost recognised in these accounts represents the contributions payable for the year. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions.

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 clinical commissioning group commits itself to the retirement, regardless of the method of payment.

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

1.7 Other Expenses

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

1.8 Grants Payable (where relevant)

Where grant funding is not intended to be directly related to activity undertaken by a grant recipient in a specific period, the clinical commissioning group recognises the expenditure in the period in which the grant is paid. All other grants are accounted for on an accruals basis.

1.9 Leases

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

1.9.1 The Clinical Commissioning Group 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 clinical commissioning group's surplus/deficit.

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

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

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

1.10 Cash & 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 clinical commissioning group's cash management.

1.11 Provisions

Provisions are recognised when the clinical commissioning group has a present legal or constructive obligation as a result of a past event, it is probable that the clinical commissioning group 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 HM Treasury's discount rate as follows:

All general provisions are subject to four separate discount rates according to the expected timing of cashflows from the Statement of Financial Position date:

- A nominal short-term rate of 0.02% (2019-20: 0.51%) for inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date.
- A nominal medium-term rate of 0.18% (2019-20: 0.55%) for inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date.
- A nominal long-term rate of 1.99% (2019-20: 1.99%) for inflation adjusted expected cash flows over 10 years and up to and including 40 years from the Statement of Financial Position date.
- A nominal very long-term rate of 1.99% (2019-20: 1.99%) for inflation adjusted expected cash flows exceeding 40 years from the Statement of Financial Position date.

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

A restructuring provision is recognised when the clinical commissioning group 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 on-going activities of the entity.

1.12 Clinical Negligence Costs

NHS Resolution operates a risk pooling scheme under which the clinical commissioning group pays an annual contribution to NHS Resolution, which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with clinical commissioning group.

1.13 Non-clinical Risk Pooling

The clinical commissioning group participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the clinical commissioning group pays an annual contribution to the NHS Resolution and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

Notes to the financial statements cont

1.14 Contingent liabilities and contingent assets

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 clinical commissioning group, 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 clinical commissioning group. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingent liabilities and contingent assets are disclosed at their present value.

1.15 Financial Assets

Financial assets are recognised when the clinical commissioning group 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 classified into the following categories:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income and ;
- Financial assets at fair value through profit and loss.

The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

1.15.1 Financial Assets at Amortised cost

Financial assets measured at amortised cost are those held within a business model whose objective is achieved by collecting contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables and other simple debt instruments. After initial recognition these financial assets are measured at amortised cost using the effective interest method less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

1.15.2 Financial assets at fair value through other comprehensive income

Financial assets held at fair value through other comprehensive income are those held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest.

1.15.3 Financial assets at fair value through profit and loss

Financial assets measured at fair value through profit and loss are those that are not otherwise measured at amortised cost or fair value through other comprehensive income. This includes derivatives and financial assets acquired principally for the purpose of selling in the short term.

1.15.4 Impairment

For all financial assets measured at amortised cost or at fair value through other comprehensive income (except equity instruments designated at fair value through other comprehensive income), lease receivables and contract assets, the clinical commissioning group recognises a loss allowance representing the expected credit losses on the financial asset.

The clinical commissioning group adopts the simplified approach to impairment in accordance with IFRS 9, and measures the loss allowance for trade receivables, lease receivables and contract assets at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2) and otherwise at an amount equal to 12 month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds and Exchequer Funds assets where repayment is ensured by primary legislation. The clinical commissioning group therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies and the clinical commissioning group does not recognise allowances for stage 1 or stage 2 impairments against these bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

1.16 Financial Liabilities

Financial liabilities are recognised on the statement of financial position when the clinical commissioning group 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 derecognised when the liability has been discharged, that is, the liability has been paid or has expired.

1.16.1 Financial Liabilities at Fair Value Through Profit and Loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the clinical commissioning group's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

1.16.2 Other Financial Liabilities

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

1.17 Value Added Tax

Most of the activities of the clinical commissioning group 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.

Notes to the financial statements cont.

1.18 Losses & Special Payments (where reported in financial statements)

Losses and special payments are items that Parliament 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 that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the clinical commissioning group not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

1.19 Critical accounting judgements and key sources of estimation uncertainty

In the application of the clinical commissioning group's accounting policies, management is required to make various judgements, estimates and assumptions. These are regularly reviewed.

1.19.1 Critical accounting judgements in applying accounting policies

The following are the judgements, apart from those involving estimations, that management has made in the process of applying the clinical commissioning group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The calculation of running costs has been undertaken in accordance with NHS England national guidance and definitions. However the application of the rules for each organisation involves an application of professional judgement to particular circumstances

1.19.2 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Prescribing: The prescribing expenditure is as per the NHSBSA Prescribing Monitoring Document forecast outturn. The forecast being based on historical trend analysis of actual spend by month.

1.20 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Department of Health and Social Care GAM does not require the following IFRS Standards and Interpretations to be applied in 2020-21. These Standards are still subject to HM Treasury FReM adoption, with IFRS 16 being for implementation in 2022/23, and the government implementation date for IFRS 17 still subject to HM Treasury consideration.

- IFRS 16 Leases – The Standard is effective 1 April 2022 as adapted and interpreted by the FReM.
- IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

The CCG has commenced the assessment of the application of IFRS 16 to its financial statements. This commenced with work to identify leases which are currently operating leases and should be reclassified as finance leases as well as a broader review of recurring expenditure streams where right to use assets may be embedded in contracting arrangements. The work had progressed to March 2020, when the CCG revised its operational priorities and working patterns to deal with the COVID19 pandemic and combined with the decision to defer the implementation of IFRS16 in the NHS to 1 April 2022 means that it has not been practical to complete this work or present it for audit. The work to identify the impact of this standard is expected to recommence in Autumn 2021.

2 Other Operating Revenue

	2020-21	2019-20
	Total	Total
	£'000	£'000
Income from sale of goods and services (contracts)		
Education, training and research	65	43
Non-patient care services to other bodies	3	122
Patient transport services	-	-
Prescription fees and charges	-	0
Dental fees and charges	-	-
Income generation	-	-
Other Contract income	26	80
Recoveries in respect of employee benefits	-	-
Total Income from sale of goods and services	<u>93</u>	<u>245</u>
Other operating income		
Rental revenue from finance leases	-	-
Rental revenue from operating leases	-	-
Charitable and other contributions to revenue expenditure: NHS	-	-
Charitable and other contributions to revenue expenditure: non-NHS	-	-
Receipt of donations (capital/cash)	-	-
Receipt of Government grants for capital acquisitions	-	-
Continuing Health Care risk pool contributions	-	-
Non cash apprenticeship training grants revenue	-	-
Other non contract revenue	-	437
Total Other operating income	<u>-</u>	<u>437</u>
Total Operating Income	<u>93</u>	<u>682</u>

3 Disaggregation of Income - Income from sale of good and services (contracts)

	Education, training and research £'000	Non-patient care services to other bodies £'000	Patient transport services £'000	Prescription fees and charges £'000	Dental fees and charges £'000	Income generation £'000	Other Contract income £'000	Recoveries in respect of employee benefits £'000
Source of Revenue								
NHS	-	3	-	-	-	-	-	-
Non NHS	65	-	-	-	-	-	26	-
Total	65	3	-	-	-	-	26	-
	Education, training and research £'000	Non-patient care services to other bodies £'000	Patient transport services £'000	Prescription fees and charges £'000	Dental fees and charges £'000	Income generation £'000	Other Contract income £'000	Recoveries in respect of employee benefits £'000
Timing of Revenue								
Point in time	65	3	-	-	-	-	26	-
Over time	-	-	-	-	-	-	-	-
Total	65	3	-	-	-	-	26	-

4. Employee benefits and staff numbers

4.1 Employee benefits

	Total		2020-21	Total		2019-20
	Permanent Employees £'000	Other £'000	Total £'000	Permanent Employees £'000	Other £'000	Total £'000
Employee Benefits						
Salaries and wages	4,263	356	4,619	4,208	489	4,697
Social security costs	477	1	478	446	0	446
Employer Contributions to NHS Pension scheme	807	2	809	797	0	797
Other pension costs	0	0	0	0	0	0
Apprenticeship Levy	7	0	7	7	0	7
Other post-employment benefits	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0
Termination benefits	17	0	17	160	0	160
Gross employee benefits expenditure	<u>5,572</u>	<u>359</u>	<u>5,930</u>	<u>5,619</u>	<u>489</u>	<u>6,108</u>
Less recoveries in respect of employee benefits (note 4.2)	0	0	0	0	0	0
Total - Net admin employee benefits including capitalised costs	<u>5,572</u>	<u>359</u>	<u>5,930</u>	<u>5,619</u>	<u>489</u>	<u>6,108</u>
Less: Employee costs capitalised	0	0	0	0	0	0
Net employee benefits excluding capitalised costs	<u>5,572</u>	<u>359</u>	<u>5,930</u>	<u>5,619</u>	<u>489</u>	<u>6,108</u>

4.2 Recoveries in respect of employee benefits

	Permanent Employees £'000	Other £'000	2020-21	2019-20
			Total £'000	Total £'000
Employee Benefits - Revenue				
Salaries and wages	-	-	-	-
Social security costs	-	-	-	-
Employer contributions to the NHS Pension Scheme	-	-	-	-
Other pension costs	-	-	-	-
Other post-employment benefits	-	-	-	-
Other employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Total recoveries in respect of employee benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

4.3 Average number of people employed

	2020-21	2020-21	Total	2019-20	2019-20	Total
	Permanently employed Number	Other Number		Permanently employed Number	Other Number	Total Number
Total	95.27	6.96	102.23	89.56	7.51	97.07

Of the above:

Number of whole time equivalent people engaged on capital projects	-	-	-	-	-	-
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4.4 Exit packages agreed in the financial year

	2020-21		2020-21		2020-21	
	Compulsory redundancies Number	£	Other agreed departures Number	£	Number	Total £
Less than £10,000	-	-	-	-	-	-
£10,001 to £25,000	-	-	-	-	-	-
£25,001 to £50,000	-	-	-	-	-	-
£50,001 to £100,000	-	-	-	-	-	-
£100,001 to £150,000	-	-	-	-	-	-
£150,001 to £200,000	-	-	-	-	-	-
Over £200,001	-	-	-	-	-	-
Total	-	-	-	-	-	-

	2019-20		2019-20		2019-20	
	Compulsory redundancies Number	£	Other agreed departures Number	£	Number	Total £
Less than £10,000	-	-	-	-	-	-
£10,001 to £25,000	-	-	-	-	-	-
£25,001 to £50,000	-	-	1	46,095	1	46,095
£50,001 to £100,000	-	-	-	-	-	-
£100,001 to £150,000	-	-	-	-	-	-
£150,001 to £200,000	-	-	1	160,000	1	160,000
Over £200,001	-	-	-	-	-	-
Total	-	-	2	206,095	2	206,095

	2020-21		2019-20	
	Departures where special payments have been made Number	£	Departures where special payments have been made Number	£
Less than £10,000	-	-	-	-
£10,001 to £25,000	-	-	-	-
£25,001 to £50,000	-	-	-	-
£50,001 to £100,000	-	-	-	-
£100,001 to £150,000	-	-	-	-
£150,001 to £200,000	-	-	-	-
Over £200,001	-	-	-	-
Total	-	-	-	-

4.5 Analysis of Other Agreed Departures

	2020-21		2019-20	
	Other agreed departures Number	£	Other agreed departures Number	£
Voluntary redundancies including early retirement contractual costs	-	-	-	-
Mutually agreed resignations (MARS) contractual costs	-	-	-	-
Early retirements in the efficiency of the service contractual costs	-	-	-	-
Contractual payments in lieu of notice	-	-	2	206,095
Exit payments following Employment Tribunals or court orders	-	-	-	-
Non-contractual payments requiring HMT approval*	-	-	-	-
Total	-	-	2	206,095

* As a single exit package can be made up of several components each of which will be counted separately in this table, the total number will not necessarily match the total number in the table above, which will be the number of individuals.

These tables report the number and value of exit packages agreed in the financial year. The expense associated with these departures may have been recognised in part or in full in a previous period.

Redundancy and other departure costs have been paid in accordance with the provisions of Agenda for Change.

Exit costs are accounted for in accordance with relevant accounting standards and at the latest in full in the year of departure.

Where entities has agreed early retirements, the additional costs are met by NHS Entities and not by the NHS Pension Scheme, and are included in the tables. Ill-health retirement costs are The Remuneration Report includes the disclosure of exit payments payable to individuals named in that Report.

4.6 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. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care 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:

4.6.1 Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

4.6.2 Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

5. Operating expenses

	2020-21	2019-20
	Total	Total
	£'000	£'000
Purchase of goods and services		
Services from other CCGs and NHS England	277	1,039
Services from foundation trusts	90,847	90,204
Services from other NHS trusts	124,007	109,251
Provider Sustainability Fund	-	-
Services from Other WGA bodies	-	-
Purchase of healthcare from non-NHS bodies	42,458	32,931
Purchase of social care	24,821	8,009
General Dental services and personal dental services	-	-
Prescribing costs	34,196	32,348
Pharmaceutical services	-	-
General Ophthalmic services	-	-
GPMS/APMS and PCTMS	31,423	28,108
Supplies and services – clinical	22	35
Supplies and services – general	3,971	4,673
Consultancy services	-	11
Establishment	629	854
Transport	9	9
Premises	2,436	1,974
Audit fees	74	54
Other non statutory audit expenditure		
· Internal audit services	-	-
· Other services	34	-
Other professional fees	431	406
Legal fees	1	0
Education, training and conferences	14	58
Funding to group bodies	-	-
CHC Risk Pool contributions	-	-
Non cash apprenticeship training grants	-	-
Total Purchase of goods and services	355,650	309,966
Depreciation and impairment charges		
Depreciation	-	-
Amortisation	-	-
Impairments and reversals of property, plant and equipment	-	-
Impairments and reversals of intangible assets	-	-
Impairments and reversals of financial assets	-	-
· Assets carried at amortised cost	-	-
· Assets carried at cost	-	-
· Available for sale financial assets	-	-
Impairments and reversals of non-current assets held for sale	-	-
Impairments and reversals of investment properties	-	-
Total Depreciation and impairment charges	-	-
Provision expense		
Change in discount rate	-	-
Provisions	-	-
Total Provision expense	-	-
Other operating expenditure		
Chair and Non Executive Members	170	169
Grants to Other bodies	-	-
Clinical negligence	6	5
Research and development (excluding staff costs)	-	-
Expected credit loss on receivables	-	-
Expected credit loss on other financial assets (stage 1 and 2 only)	-	-
Inventories written down	-	-
Inventories consumed	-	-
Other expenditure	-	-
Total Other operating expenditure	175	174
Total Operating Expenditure	355,825	310,140

In accordance with SI 2008 no.489, *The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008*, the CCG's contract with its auditors provides for a limitation of the auditor's liability of £1m.

Audit fees include VAT that is not recoverable by the CCG.

6 Better Payment Practice Code

Measure of compliance	2020-21 Number	2020-21 £'000	2019-20 Number	2019-20 £'000
Non-NHS Payables				
Total Non-NHS Trade invoices paid in the Year	11,304	89,433	14,762	77,177
Total Non-NHS Trade Invoices paid within target	11,212	88,798	14,675	76,747
Percentage of Non-NHS Trade invoices paid within target	99.19%	99.29%	99.41%	99.44%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	965	219,753	2,715	213,362
Total NHS Trade Invoices Paid within target	962	219,747	2,705	213,223
Percentage of NHS Trade Invoices paid within target	99.69%	100.00%	99.63%	99.93%

7. Operating Leases

7.1 As lessee

7.1.1 Payments recognised as an Expense

	Land £'000	Buildings £'000	Other £'000	2020-21 Total £'000	Land £'000	Buildings £'000	Other £'000	2019-20 Total £'000
Payments recognised as an expense								
Minimum lease payments	-	96	1	97	-	170	4	174
Contingent rents	-	-	-	-	-	-	-	-
Sub-lease payments	-	-	-	-	-	-	-	-
Total	-	96	1	97	-	170	4	174

7.1.2 Future minimum lease payments

	Land £'000	Buildings £'000	Other £'000	2020-21 Total £'000	Land £'000	Buildings £'000	Other £'000	2019-20 Total £'000
Payable:								
No later than one year	-	-	-	-	-	-	-	-
Between one and five years	-	-	-	-	-	-	-	-
After five years	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Whilst our arrangements with Community Health Partnerships Limited and NHS Property Services Limited fall within the definition of operating leases, rental charge for future years has not yet been agreed. Consequently this note does not include future minimum lease payments for these arrangements only

8.1 Trade and other receivables

	Current 2020-21 £'000	Non-current 2020-21 £'000	Current 2019-20 £'000	Non-current 2019-20 £'000
NHS receivables: Revenue	21	-	171	-
NHS receivables: Capital	-	-	-	-
NHS prepayments	421	-	1,774	-
NHS accrued income	42	-	327	-
NHS Contract Receivable not yet invoiced/non-invoice	-	-	-	-
NHS Non Contract trade receivable (i.e pass through funding)	-	-	-	-
NHS Contract Assets	-	-	-	-
Non-NHS and Other WGA receivables: Revenue	30	-	75	-
Non-NHS and Other WGA receivables: Capital	-	-	-	-
Non-NHS and Other WGA prepayments	60	-	185	-
Non-NHS and Other WGA accrued income	48	-	173	-
Non-NHS and Other WGA Contract Receivable not yet invoiced/non-invoice	-	-	-	-
Non-NHS and Other WGA Non Contract trade receivable (i.e pass through funding)	-	-	-	-
Non-NHS Contract Assets	-	-	-	-
Expected credit loss allowance-receivables	-	-	-	-
VAT	32	-	18	-
Private finance initiative and other public private partnership arrangement prepayments and accrued income	-	-	-	-
Interest receivables	-	-	-	-
Finance lease receivables	-	-	-	-
Operating lease receivables	-	-	-	-
Other receivables and accruals	164	-	(1)	-
Total Trade & other receivables	817	-	2,723	-
Total current and non current	817	-	2,723	-
Included above:				
Prepaid pensions contributions	-	-	-	-

8.2 Receivables past their due date but not impaired

	2020-21 DHSC Group Bodies £'000	2020-21 Non DHSC Group Bodies £'000	2019-20 DHSC Group Bodies £'000	2019-20 Non DHSC Group Bodies £'000
By up to three months	21	-	9	15
By three to six months	-	-	-	-
By more than six months	-	-	5	-
Total	21	-	14	15

9 Other financial assets

9.1 Current

	2020-21 £'000	2019-20 £'000
Balance at 01 April 2020	-	-
Additions	-	-
Revaluation	-	-
Impairments	-	-
Impairment reversals	-	-
Transferred from non-current financial assets	-	-
Disposals	-	-
Transfer (to)/from other public sector body	-	-
Balance at 31 March 2021	-	-

9.2 Non-current

	2020-21 £'000	2019-20 £'000
Balance at 01 April 2020	200	-
Additions	-	200
Revaluation	-	-
Impairments	-	-
Impairment reversals	-	-
Transferred from non-current financial assets	-	-
Disposals	-	-
Transfer (to) from other public sector body	-	-
Balance at 31 March 2021	200	200

Corporate Services Delivery Vehicle (CSDV) investment

The CCG has invested a sum of £200,000 in the Corporate Services Delivery Vehicle (CSDV). The purpose of the CSDV is to improve corporate services across Greater Manchester, deliver savings and increase resilience.

This investment, depending on performance of the CSDV, will receive the equivalent of dividends after an initial period. Investors will place their funds with the CSDV however, the investment will not be able to be withdrawn for a period of two years until 1st April 2022.

From year 3 onwards the CSDV will be expected to pay an annual dividend to investors based on its financial performance for the financial year. The 'dividend payments' will represent a portion of the operating surplus after the CSDV has accumulated its target level of reserves.

Investors may withdraw their capital after the two years of investment, either in full or in part. Their future dividend payments would then reduce or no longer be payable.

10 Cash and cash equivalents

	2020-21	2019-20
	£'000	£'000
Balance at 01 April 2020	4	33
Net change in year	10	(30)
Balance at 31 March 2021	14	4
Made up of:		
Cash with the Government Banking Service	14	4
Cash with Commercial banks	-	-
Cash in hand	-	-
Current investments	-	-
Cash and cash equivalents as in statement of financial position	14	4
Bank overdraft: Government Banking Service	-	-
Bank overdraft: Commercial banks	-	-
Total bank overdrafts	-	-
Balance at 31 March 2021	14	4

11 Trade and other payables	Current 2020-21 £'000	Non-current 2020-21 £'000	Current 2019-20 £'000	Non-current 2019-20 £'000
Interest payable	-	-	-	-
NHS payables: Revenue	391	-	3,091	-
NHS payables: Capital	-	-	-	-
NHS accruals	538	-	1,386	-
NHS deferred income	-	-	10	-
NHS Contract Liabilities	-	-	-	-
Non-NHS and Other WGA payables: Revenue	6,220	-	1,434	-
Non-NHS and Other WGA payables: Capital	-	-	-	-
Non-NHS and Other WGA accruals	19,352	-	9,280	-
Non-NHS and Other WGA deferred income	-	-	-	-
Non-NHS Contract Liabilities	-	-	-	-
Social security costs	75	-	76	-
VAT	-	-	-	-
Tax	66	-	67	-
Payments received on account	-	-	-	-
Other payables and accruals	2,533	-	2,476	-
Total Trade & Other Payables	29,175	-	17,821	-
Total current and non-current	<u>29,175</u>		<u>17,821</u>	

Other payables include £280k outstanding pension contributions at 31 March 2021 (£315k at 31st March 2020)

12 Commitments

12.1 Capital commitments

	2020-21 £'000	2019-20 £'000
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

12.2 Other financial commitments

Bury CCG has not entered into non-cancellable contracts which are not leases, private finance initiative contracts or other service concession arrangements in 2020/21.

13 Financial instruments

13.1 Financial risk management

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

Because NHS Clinical Commissioning Group is financed through parliamentary funding, it is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The clinical commissioning group has 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 the clinical commissioning group in undertaking its activities.

Treasury management operations are carried out by the finance department, within parameters defined formally within the NHS clinical commissioning group standing financial instructions and policies agreed by the Governing Body. Treasury activity is subject to review by the NHS clinical commissioning group and internal auditors.

13.1.1 Currency risk

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

13.1.2 Liquidity risk

NHS Clinical Commissioning Group is required to operate within revenue and capital resource limits, which are financed from resources voted annually by Parliament. The NHS clinical commissioning group draws down cash to cover expenditure, as the need arises. The NHS Clinical Commissioning Group is not, therefore, exposed to significant liquidity risks.

13.1.3 Financial Instruments

As the cash requirements of NHS England are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with NHS England's expected purchase and usage requirements and NHS England is therefore exposed to little credit, liquidity or market risk.

13 Financial instruments cont'd

13.2 Financial assets

	Financial Assets measured at amortised cost 2020-21 £'000	Equity Instruments designated at FVOCI 2020-21 £'000	Total 2020-21 £'000
Equity investment in group bodies		-	-
Equity investment in external bodies		-	-
Loans receivable with group bodies	-		-
Loans receivable with external bodies	-		-
Trade and other receivables with NHSE bodies	8		8
Trade and other receivables with other DHSC group bodies	55		55
Trade and other receivables with external bodies	242		242
Other financial assets	200		200
Cash and cash equivalents	14		14
Total at 31 March 2021	519	-	519

13.3 Financial liabilities

	Financial Liabilities measured at amortised cost 2020-21 £'000	Other 2020-21 £'000	Total 2020-21 £'000
Loans with group bodies	-		-
Loans with external bodies	-		-
Trade and other payables with NHSE bodies	12		12
Trade and other payables with other DHSC group bodies	7,699		7,699
Trade and other payables with external bodies	21,324		21,324
Other financial liabilities	-		-
Private Finance Initiative and finance lease obligations	-		-
Total at 31 March 2021	29,034	-	29,034

14 Operating segments

The CCG operates under one operating segment - that of Commissioning Healthcare

	Gross expenditure £'000	Income £'000	Net expenditure £'000	Total assets £'000	Total liabilities £'000	Net assets £'000
Commissioning of Health Care	361,755	(93)	361,662	1,031	(29,175)	(28,144)
Total	361,755	(93)	361,662	1,031	(29,175)	(28,144)

15 Joint Operations - Pooled budgets

In 2019-20 the CCG entered into a pooled budget arrangement [in accordance with section 75 of the NHS Act 2006] with Bury Council known as the Integrated Commissioning Fund (ICF) pooled budget. The purpose of the pool is to support integrated health and social care. The pool is hosted by Bury Council. Commissioning decisions are made by the Strategic Commissioning Board (SCB) whose membership is made up of equal numbers of CCG and Council representatives. The ICF pooled budget entered into expanded the services pooled from those mandated by the Better Care Fund to all allowable Health and Social Care services approved by the partners.

Bury CCG's share of the contribution and cost of services of the ICF pooled budget in the financial year 2020-21 were:

Bury ICF Pooled Budget	2020-21				Total £'000s
	Secondary Healthcare £'000s	Primary Healthcare £'000s	Communities & Adult Social Care £'000s	Other £'000s	
Baseline Funding Contribution to the Pool					
Bury CCG	156,189	42,914	0	30,145	229,248
Bury MBC	0	0	79,498	8,549	88,047
Total	156,189	42,914	79,498	38,694	317,296
Cost of Services Commissioned for Pool					
Bury CCG	153,550	42,850	0	32,511	228,911
Bury MBC	0	0	78,708	25,096	103,804
Total	153,550	42,850	78,708	57,607	332,714
Additional Funding Contribution to the Pool					
Bury CCG	0	0	0	15,000	15,000
Bury MBC	0	0	0	0	0
Total	0	0	0	15,000	15,000
Net (Surplus) / Deficit	-2,639	-64	-791	3,913	419

In 2020-21 NHS Bury CCG made an additional contribution to the ICF pooled budget of £15m. This comprised of a planned £10.5m agreed during 2019-20 and an additional £4.5m contribution agreed in year.

Bury ICF Pooled Budget	2019-20				Total £'000s
	Secondary Healthcare £'000s	Primary Healthcare £'000s	Communities & Adult Social Care £'000s	Other £'000s	
Baseline Funding Contribution to the Pool					
Bury CCG	144,569	38,504	0	19,239	202,311
Bury MBC	0	0	70,048	25,853	95,901
Total	144,569	38,504	70,048	45,091	298,212
Cost of Services Commissioned for Pool					
Bury CCG	145,861	38,784	0	28,065	212,711
Bury MBC	0	0	71,657	24,651	96,307
Total	145,861	38,784	71,657	52,716	309,018
Additional Funding Contribution to the Pool					
Bury CCG	0	0	0	0	0
Bury MBC	0	0	0	10,500	10,500
Total	0	0	0	10,500	10,500
Net (Surplus) / Deficit	1,292	280	1,609	-2,875	306

In 2019-20 Bury MBC made an additional contribution to the ICF pooled budget of £10.5m

16 Related party transactions

16.1 Related party transactions 2020-21

Details of related party transactions with individuals are as follows:

Geoff Little OBE is Joint Accountable Officer of NHS Bury CCG and Bury Council.
 Mike Woodhead was Joint Chief Finance Officer of NHS Bury CCG and Bury Council, until 31st January 2021.
 Dr Jeffrey Schryer is a partner in Whittaker Lane Medical Centre.
 Dr Daniel Cooke is Clinical Director and is a partner at Whittaker Lane Medical Centre.
 Dr Rakesh Thaker is a CCG Clinical Director and a Partner at Knowsley Medical Centre
 Howard Hughes is a Clinical Director and both himself and his spouse are Directors of Prestwich Pharmacy.

	Payments to Related Party £'000	Receipts from Related Party £'000	Amounts owed to Related Party £'000	Amounts due from Related Party £'000
BURY COUNCIL	21,633	-44	5,643	-48
PRESTWICH PHARMACY	1	0	0	0
WHITTAKER LANE MEDICAL CENTRE	774	0	0	0
KNOWSLEY MEDICAL CENTRE	565	0	0	0

The Department of Health and Social Care is regarded as a related party. During the year the NHS Clinical Commissioning Group has had a significant number of material transactions with entities for which the Department of Health and Social Care is regarded as the Parent Department. The CCG also had a number of significant transactions with Bury MBC during the year. The entities with material transactions comprise :

- Pennine Acute Hospitals NHS Trust
- Pennine Care NHS Foundation Trust
- Salford Royal NHS Foundation Trust
- Manchester University NHS Foundation Trust
- Bolton Hospital NHS Foundation Trust
- NHS Pensions Agency
- NHS England
- Bury MBC

16.2 Related party transactions 2019-20

Details of related party transactions with individuals are as follows:

Geoff Little OBE is Joint Accountable Officer of NHS Bury CCG and Bury Council.

Mike Woodhead is Joint Chief Finance Officer of NHS Bury CCG and Bury Council.

Dr Daniel Cooke is Clinical Director and is a partner at Whittaker Lane Medical Centre. The practice is a member of Bury GP Federation.

Dr Cathy Fines, Clinical Director, is a GP at Tower Family Healthcare - Greenmount Medical Centre - and her husband is a Consultant at Central Manchester University NHS FT. The practice is a member of Bury GP Federation.

David McCann is a Non Executive Director of Praxis Capital Ltd and Praxis Real Estate Ltd, a senior Partner in Woodcocks Solicitors and was a Non Executive Director of Rock Healthcare Bury. He is also a director of PCL (CIP) GP Ltd.

Dr Jeffrey Schryer is a partner in Whittaker Lane Medical Centre. The practice is a member of Bury GP Federation.

Howard Hughes is a Clinical Director and both himself and his spouse are Directors of Prestwich Pharmacy.

	Payments to Related Party £'000	Receipts from Related Party £'000	Amounts owed to Related Party £'000	Amounts due from Related Party £'000
BURY COUNCIL	13,275	-10,586	7,772	-10,554
BURY GP FEDERATION	2,809	-50	338	0
PRESTWICH PHARMACY	4	0	0	0
ROCK HEALTHCARE	1,748	0	296	0
TOWER FAMILY HEALTHCARE	3,797	0	228	0
WHITTAKER LANE MEDICAL CENTRE	827	0	59	0

The Department of Health and Social Care is regarded as a related party. During the year the NHS Clinical Commissioning Group has had a significant number of material transactions with entities for which the Department of Health and Social Care is regarded as the Parent Department. The entities with material transactions comprise:

- Pennine Acute Hospitals NHS Trust
- Pennine Care NHS Foundation Trust
- Salford Royal NHS Foundation Trust
- Manchester University NHS Foundation Trust
- Bolton Hospital NHS Foundation Trust
- NHS Pensions Agency
- NHS England

17 Financial performance targets

NHS Clinical Commissioning Group have a number of financial duties under the NHS Act 2006 (as amended).
 NHS Clinical Commissioning Group performance against those duties was as follows:

	2020-21	2020-21	2020-21	2020-21	2019-20	2019-20	2019-20	2019-20
	Target	Performance	Variance	Duty Achieved Y/N	Target	Performance	Variance	Duty Achieved Y/N
Expenditure not to exceed income	361,801	361,755	(46)	Y	316,249	316,249	-	Y
Capital resource use does not exceed the amount specified in Directions	-	-	-	-	-	-	-	-
Revenue resource use does not exceed the amount specified in Directions	361,708	361,662	(46)	Y	315,567	315,567	-	Y
Capital resource use on specified matter(s) does not exceed the amount specified in Directions	-	-	-	-	-	-	-	-
Revenue resource use on specified matter(s) does not exceed the amount specified in Directions	-	-	-	-	-	-	-	-
Revenue administration resource use does not exceed the amount specified in Directions	4,111	4,111	-	Y	4,569	4,569	-	Y

In accordance with these financial duties, the clinical commissioning group was allocated £361,708k (2019-20, £315,567k) with a target in year control total of £0k (2019-20, £0k)
 The clinical commission group is also required to keep administration costs below £4,111k (2019-20, £4,569k)

18 Losses and special payments

Losses

The total number of NHS clinical commissioning group losses and special payments cases, and their total value, was as follows:

	Total Number of Cases 2020-21 Number	Total Value of Cases 2020-21 £'000	Total Number of Cases 2019-20 Number	Total Value of Cases 2019-20 £'000
Administrative write-offs	-	-	-	-
Fruitless payments	-	-	-	-
Store losses	-	-	-	-
Book Keeping Losses	-	-	-	-
Constructive loss	-	-	-	-
Cash losses	-	-	-	-
Claims abandoned	-	-	-	-
Total	-	-	-	-

Special payments

	Total Number of Cases 2020-21 Number	Total Value of Cases 2020-21 £'000	Total Number of Cases 2019-20 Number	Total Value of Cases 2019-20 £'000
Compensation payments	-	-	-	-
Compensation payments Treasury Approved	-	-	-	-
Extra Contractual Payments	-	-	-	-
Extra Contractual Payments Treasury Approved	-	-	-	-
Ex Gratia Payments	-	-	-	-
Ex Gratia Payments Treasury Approved	-	-	-	-
Extra Statutory Extra Regulatory Payments	-	-	-	-
Extra Statutory Extra Regulatory Payments Treasury Approved	-	-	-	-
Special Severance Payments Treasury Approved	-	-	-	-
Total	-	-	-	-

Our Ref: LoR 2021
Date: 04/05/21



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Clinical Commissioning Group

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Rashpal Khangura
Director
KPMG LLP
1 Sovereign Square
Leeds
LS1 4DA

Dear Rashpal

Letter of Representation

This representation letter is provided in connection with your audit of the financial statements of NHS Bury Clinical Commissioning Group ("the CCG"), for the year ended 31 March 2021, for the purpose of expressing an opinion:

- as to whether these financial statements give a true and fair view of the state of the financial position of the CCG as at 31 March 2021 and of the net operating expenditure for the financial year then ended; and;
- whether the CCG's financial statements have been prepared in accordance with the accounting policies directed by NHS England with consent of the Secretary of State as relevant to Clinical Commissioning Groups in England and the Department of Health and Social Care Group Accounting Manual (GAM).

These financial statements comprise the Statement of Financial Position, the Statement of Net Expenditure, the Statement of Cash Flows, the Statement of Changes in Taxpayers Equity and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Governing Body confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Governing Body confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Governing Body has fulfilled its responsibilities, as set out in the terms of the audit engagement dated 20 January 2020, for the preparation of financial statements that:
 - i. give a true and fair view of the financial position of the CCG as at 31 March 2021 and of the net operating expenditure for that financial year; and

Accountable Officer: Geoff Little OBE **Chair:** Dr. Jeffrey Schryer
NHS Bury Clinical Commissioning Group

Our vision is to continually improve Bury's Health and Wellbeing by listening to you and working together across boundaries

- ii. have been prepared in accordance with the accounting policies directed by NHS England with consent of the Secretary of State as relevant to Clinical Commissioning Groups in England and the GAM 2020/21.

The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
3. All events subsequent to the date of the financial statements and for which IAS 10 Events after the reporting period requires adjustment or disclosure have been adjusted or disclosed.
4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. There are no uncorrected adjustments above £300k following audit of the 2020/21 financial statements.

Information provided

5. The Governing Body has provided you with:
 - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from the Governing Body for the purpose of the audit; and
 - unrestricted access to persons within the CCG from whom you determined it necessary to obtain audit evidence.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. The Governing Body confirms the following:
 - i. The Governing Body has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definition of fraud, including misstatement arising from fraudulent financial reporting and from misappropriation of assets.
 - ii. The Governing Body has disclosed to you all information in relation to:
 - a) Fraud or suspected fraud that it is aware of and that affects the CCG and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements; and
 - b) allegations of fraud, or suspected fraud, affecting the CCG's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Governing Body acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Governing Body acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

9. The Governing Body has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements. The Governing Body also confirms that, in all material respects, the expenditure and income recognised in the financial statements has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.
10. The Governing Body has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
11. The Governing Body has disclosed to you the identity of the CCG's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 Related Party Disclosures. Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in IAS 24.
12. The Governing Body confirms that all intra-NHS balances included in the Statement of Financial Position (SOFP) at 31 March 2021 in excess of £300,000 have been disclosed to you and that the CCG has complied with the requirements of the Intra NHS Agreement of Balances Exercise. The Governing Body confirms that Intra-NHS balances includes all balances with NHS counterparties, regardless of whether these balances are reported within those SOFP classifications formally deemed to be included within the Agreement of Balances exercise.
13. The Governing Body confirms that:
 - The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the CCG's ability to continue as a going concern as required to provide a true and fair view and to comply with GAM.
 - No material events or conditions exist that may cast significant doubt on the ability of the CCG to continue as a going concern.

This letter was tabled and agreed at the meeting of the Governing Body on 4th June 2021.

Yours sincerely

[SIGNATURE]

Sam Evans

Executive Director of Finance

for and on behalf of the Governing Body of NHS Bury CCG

Tel: 0161 253 7864

Email: sam.evans5@nhs.net

Appendix to the Governing Body Representation Letter of NHS Bury CCG: Definitions

Financial Statements

IAS 1.10 states that a complete set of financial statements comprises:

- a statement of financial position as at the end of the period;
- a statement of comprehensive income for the period;
- a statement of changes in equity for the period;
- a statement of cash flows for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information;
- comparative information in respect of the previous period; and
- a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'."

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and

- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity's general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.

Many existing and potential stakeholders cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena."

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;

- ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled, or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related party transaction

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.