

Nick Ramsay AM
Chair, Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA



21 February 2018

Dear Nick

Thank you for your letter dated 8th February. I have tried to contact your office for a discussion before drafting this response.

I want to confirm again that the disclosures in both the Grŵp Gwalia financial statements and in the Pobl Group financial statements are absolutely in accordance with the accounting standards which were in force at the time. This has been scrutinised in detail by our external auditors Mazars following your first letter. I have asked the question again and this has been reiterated by them and also by Pobl's Executive Director of Resources.

I think we agree that this is not necessarily an issue around the technical accounting treatment of such payments but equally importantly it's about ensuring transparency. When I said at the PAC that Mr Williams' payment for loss of office would be disclosed in the accounts, I said this in good faith having no reason to think that it wouldn't be. The confluence of the timing of the merger, the shift to FRS 102 (given the disclosure rules under FRS 102 differ from UK GAAP) and the timing of Mr Williams' exit from Pobl mean that the disclosure was caught up in the change. This is unfortunate and as you are aware we have updated the Pobl Group accounts to include the additional information. I wish I had spotted it at the time but sadly I didn't.

In terms of your request to me to 'advise that due process has been followed', I can confirm that both the Group Chair and the Chair of our Group Audit Committee have been part of the decision to add the additional disclosure into the accounts. Our auditors have confirmed they are happy with the inclusion and that, in their opinion, the change doesn't in anyway impact on the 'true and fair' view of the accounts. We will also be minuting the decision to voluntarily add the information at the next meeting of the Group Audit Committee and also at the next Pobl Group AGM.

As I have already said I am disappointed about the situation and I'm satisfied that it has now been dealt with.

Yours sincerely

Amanda Davies
Group Chief Executive

Cc Wendy Bourton, Pobl Group Chair