Wye Valley NHS Trust

Annual accounts for the year ended 31 March 2025

Statement of Comprehensive Income

	Note	2024/25	2023/24
		£000	**£000**
Operating income from patient care activities	3	373,458	334,599
Other operating income	4	20,065	27,328
Operating expenses	7,9	(390,884)	(349,705)
Operating surplus/(deficit) from continuing operations		**2,639**	**12,222**
Finance income	11	1,857	1,488
Finance expenses	12	(4,378)	(9,269)
PDC dividends payable		(2,774)	(2,645)
Net finance costs		**(5,295)**	**(10,426)**
Other gains / (losses)	13	8	-
Surplus / (deficit) for the year		**(2,648)**	**1,796**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	8	(362)	(135)
Revaluations	17	-	1,132
Other reserve movements		-	4
Total Other comprehensive income		**(362)**	**1,001**
Total comprehensive income / (expense) for the period		**(3,010)**	**2,797**

The Trusts performance is measured against a performance adjusted deficit (note 36). For 2024/25 the adjusted deficit was £5,623k (£13,388k in 2023/24).

Statement of Financial Position

	Note	31 March 2025 £000	31 March 2024 £000
Non-current assets			
Intangible assets	14	11,572	14,359
Property, plant and equipment	15	155,098	145,765
Right of use assets	18	4,288	5,416
Receivables	21	429	408
Total non-current assets		**171,387**	**165,948**
Current assets			
Inventories	20	5,087	4,878
Receivables	21	24,244	35,826
Cash and cash equivalents	22	37,906	26,212
Total current assets		**67,237**	**66,916**
Current liabilities			
Trade and other payables	23	(37,582)	(37,275)
Borrowings	24	(13,445)	(12,693)
Provisions	25	(49)	(192)
Total current liabilities		**(51,076)**	**(50,160)**
Total assets less current liabilities		**187,548**	**182,704**
Non-current liabilities			
Borrowings	24	(42,444)	(53,920)
Provisions	25	(1,529)	(1,619)
Total non-current liabilities		**(43,973)**	**(55,539)**
Total assets employed		**143,575**	**127,165**
Financed by			
Public dividend capital		325,841	306,421
Revaluation reserve		16,999	22,047
Income and expenditure reserve		(199,265)	(201,303)
Total taxpayers' equity		**143,575**	**127,165**

The notes on pages 6 to 58 form part of these accounts.

Stephen Collman

Name Stephen Collman

Position Acting Chief Executive

Date 25/06/2025

Statement of Changes in Taxpayers Equity for the year ended 31 March 2025

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2024 - brought forward	**306,421**	**22,047**	**(201,303)**	**127,165**
Surplus/(deficit) for the year	-	-	(2,648)	**(2,648)**
Impairments	-	(362)	-	**(362)**
Revaluations	-	-	-	**-**
Public dividend capital received	19,420	-	-	**19,420**
Other reserve movements	-	(4,686)	4,686	**-**
Taxpayers' and others' equity at 31 March 2025	**325,841**	**16,999**	**(199,265)**	**143,575**

Statement of Changes in Taxpayers Equity for the year ended 31 March 2024

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2023 - brought forward	**270,216**	**21,050**	**(169,375)**	**121,891**
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023	-	-	(33,728)	**(33,728)**
Surplus/(deficit) for the year	-	-	1,796	**1,796**
Impairments	-	(135)	-	**(135)**
Revaluations	-	1,132	-	**1,132**
Transfer to retained earnings on disposal of assets	-	-	-	**-**
Public dividend capital received	36,205	-	-	**36,205**
Other reserve movements	-	-	4	**4**
Taxpayers' and others' equity at 31 March 2024	**306,421**	**22,047**	**(201,303)**	**127,165**

Information on reserves

Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the trust.

Statement of Cash Flows

	Note	2024/25 £000	2023/24 £000
Cash flows from operating activities			
Operating surplus / (deficit)		2,639	12,222
Non-cash income and expense:			
Depreciation and amortisation	7.1	13,660	13,514
Net impairments	8	7,021	(4,861)
Income recognised in respect of capital donations	4	(3,146)	(11,597)
(Increase) / decrease in receivables and other assets		8,363	(6,493)
(Increase) / decrease in inventories		(209)	438
Increase / (decrease) in payables and other liabilities		1,305	(7,245)
Increase / (decrease) in provisions		(222)	(66)
Net cash flows from / (used in) operating activities		**29,411**	**(4,088)**
Cash flows from investing activities			
Interest received		1,857	1,488
Purchase of intangible assets		(1,771)	(835)
Purchase of PPE and investment property		(23,296)	(35,903)
Receipt of cash donations to purchase assets		3,146	11,597
Net cash flows from / (used in) investing activities		**(20,064)**	**(23,653)**
Cash flows from financing activities			
Public dividend capital received		19,420	36,205
Capital element of lease rental payments		(1,244)	(1,403)
Capital element of PFI, LIFT and other service concession payments		(11,952)	(9,680)
Interest paid on lease liability repayments		(212)	(207)
Interest paid on PFI, LIFT and other service concession obligations		(1,992)	(2,177)
PDC dividend (paid) / refunded		(1,673)	(3,754)
Net cash flows from / (used in) financing activities		**2,347**	**18,984**
Increase / (decrease) in cash and cash equivalents		**11,694**	**(8,757)**
Cash and cash equivalents at 1 April - brought forward		**26,212**	**34,969**
Cash and cash equivalents at 31 March	22	**37,906**	**26,212**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2024/25 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow 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 GAM permits a choice of accounting policy, the accounting policy that 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 are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

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.

Note 1.2 Going concern
These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity’s services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

The Trust reported deficits in its accounts from 2015/16 to 2019/20. The SOCI shows the actual deficit for 2024/25. Note 37 identifies the control total performance adjusted value of deficits incurred in recent years. In 2020/21 and 2021/22 the trust reported a small surplus on an adjusted basis, removing the impact of impairments and Government grants. In 2022/23 the Trust reported an adjusted deficit of £6.5m which was in line with the annual plan agreed with NHSE. In 2023/24 the Trust reported an adjusted deficit of £13.4m which was in line with the revised forecast agreed with NHSE. In 2024/25 the Trust reported an adjusted deficit of £5.6m which was in line with the revised forecast agreed with NHSE. Further details of the performance adjusted deficit are provided in note 37.

Persistent deficits over recent years reflect the underlying structural nature of the Trust’s financial deficit. The primary drivers of the deficit relate to constraints of the costs of unavoidable smallness (provision of core services to a relatively small and remote population) and the relatively high impact of the PFI site on Trust finances. The Trust has been subject to a referral by its external auditors to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 relating to its deficit position and an adverse value for money conclusion relating to its financial resilience. The Trust's underlying financial position is still in deficit however the Trust plans to breakeven in 2025/26.

Management have considered the principle of "going concern" and concluded that there is clear evidence of continuation of services, having agreed operational plans for 2025/26 with commissioners. A revised allocations methodology more appropriately recognises and funds the cost of unavoidable smallness from 2025/26 which partially mitigates a core driver of historic deficits. The underlying deficit results in uncertainty over financial sustainability in the medium term which requires mitigation through a long term financial plan.

Note 1.3 Interests in other entities
NHS Charitable Fund
Under the provisions of IAS 27 Consolidated and Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entity's financial statements. However, the value of charitable funds held by the Trust is not deemed to be material and has therefore not been consolidated in to the accounts.

Note 1.4 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust's NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS). The NHSPS sets out rules to establish the amount payable to trusts for NHS-funded secondary healthcare.

Aligned payment and incentive contracts form the main payment mechanism under the NHSPS. API contracts contain both a fixed and variable element. Under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances, diagnostic imaging and nuclear medicine, and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with 'fixed' in this context meaning not varying based on units of activity. Elements within this are accounted for as variable consideration under IFRS 15 as explained below.

High costs drugs and devices excluded from the calculation of national prices are reimbursed by NHS England based on actual usage or at a fixed baseline in addition to the price of the related service.

The Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner and are accounted for as variable consideration under IFRS 15. Payment for CQUIN and BPT on non-elective services is included in the fixed element of API contracts with adjustments for actual achievement being made at the end of the year. BPT earned on elective activity is included in the variable element of API contracts and paid in line with actual activity performed.

Where the relationship with a particular integrated care board is expected to be a low volume of activity (annual value below £0.5m), an annual fixed payment is received by the provider as determined in the NHSPS documentation. Such income is classified as 'other clinical income' in these accounts.

Elective recovery funding provides additional funding to integrated care boards to fund the commissioning of elective services within their systems. Trusts do not directly earn elective recovery funding, instead earning income for actual activity performed under API contract arrangements as explained above. The level of activity delivered by the trust contributes to system performance and therefore the availability of funding to the trust's commissioners.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

NHS injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.5 Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the Statement of Comprehensive Income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's apprenticeship service account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement 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.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

Note 1.7 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Note 1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

• it is held for use in delivering services or for administrative purposes
• it is probable that future economic benefits will flow to, or service potential be provided to, the trust
• it is expected to be used for more than one financial year
• the cost of the item can be measured reliably
• 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 cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

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

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs 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 property are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the trust.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.
IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as ‘held for sale’ cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of ‘other comprehensive income’.

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised. Other impairments are treated as revaluation losses. Reversals of ‘other impairments’ are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as ‘held for sale’ once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their ‘fair value less costs to sell’. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as ‘held for sale’ and instead is retained as an operational asset and the asset’s useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

PFI transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM*, are accounted for as 'on-Statement of Financial Position' by the trust. Annual contract payments to the operator (the unitary charge) are apportioned between the repayment of the liability including the finance cost, the charges for services and lifecycle replacement of components of the asset.

Initial recognition

In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Initial measurement of the asset and liability are in accordance with the initial measurement principles of IFRS 16 (see leases accounting policy).

Subsequent measurement

Assets are subsequently accounted for as property, plant and equipment and/or intangible assets as appropriate.

The liability is subsequently reduced by the portion of the unitary charge allocated as payment for the asset and increased by the annual finance cost. The finance cost is calculated by applying the implicit interest rate to the opening liability and is charged to finance costs in the Statement of Comprehensive Income. The element of the unitary charge allocated as payment for the asset is split between payment of the finance cost and repayment of the net liability.

Where there are changes in future payments for the asset resulting from indexation of the unitary charge, the Trust remeasures the PFI liability by determining the revised payments for the remainder of the contract once the change in cash flows takes effect. The remeasurement adjustment is charged to finance costs in the Statement of Comprehensive Income.

The service charge is recognised in operating expenses in the Statement of Comprehensive Income.

Initial application of IFRS 16 liability measurement principles to PFI and LIFT liabilities in 2023/24

IFRS 16 liability measurement principles were applied to PFI, LIFT and other service concession arrangement liabilities in these financial statements from 1 April 2023. The change in measurement basis was applied using a modified retrospective approach with the cumulative impact of remeasuring the liability on 1 April 2023 recognised in the income and expenditure reserve.

Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life	**Max life**
	Years	**Years**
Land	-	-
Buildings, excluding dwellings	5	69
Dwellings	25	27
Plant & machinery	3	15
Transport equipment	1	5
Information technology	1	10
Furniture & fittings	1	25

Note 1.9 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance controlled by the Trust. They are capable of being sold separately from the rest of the trust's business or arise from contractual or other legal rights. Intangible assets are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

Software

Software which is integral to the operation of hardware, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset where it meets recognition criteria.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful lives of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Software licences	3	7

Note 1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the weighted average cost method.

Between 2020/21 and 2023/24 the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department. Distribution of inventories by the Department ceased in March 2024.

Note 1.11 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. Cash, bank and overdraft balances are recorded at current values.

Note 1.12 Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

The Trust differentiates between NHS and Non NHS receivables when assessing credit losses. Credit losses relating to NHS bodies are not recognised other than through the maintenance of a credit note provision to account for variable contracts where activity is not finalised. A credit provision is identified for Non NHS receivables and is based on the recognition of a proportion of longstanding receivables within the provision.

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 estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Note 1.13 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The trust does not apply lease accounting to new contracts for the use of intangible assets.

The Trust determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Trust is reasonably certain to exercise.

The Trust as a lessee

Recognition and initial measurement

At the commencement date of the lease, being when the asset is made available for use, the Trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 4.72% applied to new leases commencing in 2024 and 4.81% to new leases commencing in 2025.

The Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term or other systematic basis. Irrecoverable VAT on lease payments is expensed as it falls due.

Subsequent measurement

As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust can employs revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset. The Trust has not applied the revaluation model for subsequent measurement of right of use assets in accordance with the NHS GAM 4.962 which states the HM Treasury application guidance identifies that the cost model can function as an appropriate proxy to the current value in use or fair value.

The Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

The Trust as a lessor

The Trust assesses each of its leases and classifies them as either a finance lease or an operating lease. 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.

Where the Trust is an intermediate lessor, classification of the sublease is determined with reference to the right of use asset arising from the headlease.

Finance leases

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

Operating leases

Income from operating leases is recognised on a straight-line basis or another systematic 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 as an expense on a straight-line basis over the lease term.

Note 1.14 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2025:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	4.03%	4.26%
Medium-term	After 5 years up to 10 years	4.07%	4.03%
Long-term	After 10 years up to 40 years	4.81%	4.72%
Very long-term	Exceeding 40 years	4.55%	4.40%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2025:

	Inflation rate	Prior year rate
Year 1	2.60%	3.60%
Year 2	2.30%	1.80%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's post-employment benefits discount rate of 2.40% in real terms (prior year: 2.45%).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at Note 25.2 but is not recognised in the Trust’s accounts.

Non-clinical risk pooling

The trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to 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 when the liability arises.

Note 1.15 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity’s control) are not recognised as assets, but are disclosed in Note 26 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 26, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity’s control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.16 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the “pre-audit” version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.17 Value added tax

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

Note 1.18 Losses and special payments

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.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses. See note 29, losses and special payments.

Note 1.19 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value. See also note 30.

Note 1.20 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2024/25.

Note 1.21 Standards, amendments and interpretations in issue but not yet effective or adopted

As required by IAS 8, trusts should disclose any standards, amendments and interpretations that have been issued but are not yet effective or adopted for the public sector and an assessment subsequent application will have on the financial statements. The DHSC GAM does not require the following IFRS Standards to be applied in 2024/25:
IFRS 17 Insurance Contracts – The Standard is effective for accounting periods beginning on or after 1 January 2023. IFRS 17 has been adopted by the FReM from 1 April 2025. Adoption of the Standard for NHS bodies will therefore be in 2025/26. The Standard revises the accounting for insurance contracts for the issuers of insurance. Application of this standard from 2025/26 is not expected to have a material impact on the financial statements.
IFRS 18 Presentation and Disclosure in Financial Statements - The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK endorsed and not yet adopted by the FReM. Early adoption is not permitted. The expected impact of applying the standard in future periods has not yet been assessed.

IFRS 19 Subsidiaries without Public Accountability: Disclosures - The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK endorsed and not yet adopted by the FReM. Early adoption is not permitted. The expected impact of applying the standard in future periods has not yet been assessed.

Changes to non-investment asset valuation – Following a thematic review of non-current asset valuations for financial reporting in the public sector, HM Treasury has made a number of changes to valuation frequency, valuation methodology and classification which are effective in the public sector from 1 April 2025 with a 5 year transition period. NHS bodies are adopting these changes to an alternative timeline.

Changes to subsequent measurement of intangible assets and PPE classification / terminology to be implemented for NHS bodies from 1 April 2025:

· Withdrawal of the revaluation model for intangible assets. Carrying values of existing intangible assets measured under a previous revaluation will be taken forward as deemed historic cost.

· Removal of the distinction between specialised and non-specialised assets held for their service potential. Assets will be classified according to whether they are held for their operational capacity. These changes are not expected to have a material impact on these financial statements.

Changes to valuation cycles and methodology to be implemented for NHS bodies in later periods:

· A mandated quinquennial revaluation frequency (or rolling programme) supplemented by annual indexation in the intervening years.
· Removal of the alternative site assumption for buildings valued at depreciated replacement cost on a modern equivalent asset basis. The approach for land has not yet been finalised by HM Treasury.
The impact of applying these changes in future periods has not yet been assessed. PPE and right of use assets currently subject to revaluation have a total book value of £108m as at 31 March 2025. Assets valued on an alternative site basis have a total book value of £108m at 31 March 2025.

Note 1.22 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

PPE

Note 1.8 describes the MEA approach for valuation of PPE. The MEA model has been updated to take account of changes to the Trust's PPE valuation. The Trust has made a judgement regarding the required size and location of assets required in order to deliver health care services using the MEA basis of valuation. This methodology was adopted some years ago based on professional advice. There have been no changes in the judgements regarding the MEA in 2024/25. These would be revisited if there was a change in clinical strategy or service provision, no such changes are anticipated.

Radiotherapy unit
Gloucestershire Hospitals NHS Foundation Trust (GHNHSFT) has a built a Radiotherapy unit at the County Hospital site on land owned by the Trust. GHNHSFT have financed the build. Completion of the project was delivered in 2014/15 and on completion GHNHSFT took control of the unit. The Trust receive a nominal rent for the land from GHNHSFT and the Trust will receive the unit at nil consideration at the end of the 25 year agreement. Any costs incurred by the Trust are being recovered from GHNHSFT. The Trust has determined that, as it does not control the use of the unit, it is not its asset and will not be included in its SoFP. The asset will be recognised when the asset is transferred to the Trust in 14 years' time. The trust is accruing a deferred debtor over the period of the contract to reflect the eventual value of the asset transfer.

Radiology MES
The Trust entered in to a Managed Equipment Service with Philips for the provision of Radiology services in April 2018. The contract is operational until March 2029. The service includes the provision to replace assets over the life of the contract and is accounted for through the use of a financial model that recognises the assets and liabilities inherent within the contract and accounts for changes in assets and liabilities within the SoFP as well as recognising expenditure related to the service within the SoCI. Judgement is exercised in calculating the split of the unitary payment between services, interest and liability repayment through interpretation of the financial model. The judgement impacts the value of assets and liabilities relating to the MES as at 31 March 2025, due to the interpretation the financial model to account for the value of assets and liabilities relating to the MES as at 31 March 2025.

Note 1.23 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:

Note 1.8 refers to the measurement of the value of Property, plant and equipment. The valuation uses the MEA method and is undertaken by the Trust's professional advisor. Such valuations will always be subject to a degree of uncertainty. The carrying value of land, buildings and dwellings is £108m. Asset lives and indices are disclosed in note 1.8.

Valuation of land and buildings
As described in note 17 to the financial statements, The Trust's estate was valued as at 31 March 2025 by Mrs Sharon Short BSc (Hons) MRICS, Principal Surveyor at the District Valuation Service (DVS), with recent experience in the location and category of property valued.

For each asset occupied and used by the Trust in the delivery of services for which we have a responsibility, the basis of valuation required since 1st April 2015 is Current Value in existing use, as defined in DHSC GAM and reflecting the adaptation approved by FRAB to IAS 16. Existing Use Value is defined in the RICS Valuation – Professional Standards at UK VPGA 6 as:

'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.'
For those properties where there is no market-based evidence to support the use of EUV to arrive at Current Value, the Depreciated Replacement Cost (DRC) approach has been used. These are properties which are rarely sold in the market, except by way of a sale of the business or entity of which it is part, due to uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise. For specialised properties, the land and building parts have been valued separately and when combined these figures give the asset's total value.

Where depreciated replacement cost (DRC) is used, the valuer has had regard to the RICS UK GN (2018) titled 'Depreciated Replacement Cost (DRC) Method of Valuation for Financial Reporting', as supplemented by Treasury guidance
For certain assets the Trust has determined that alternative sites would be appropriate and in these instances the land has been valued assuming the benefit of planning permission for development for a use, or a range of uses, prevailing in the vicinity of the selected site.
The relevant properties affected are as follows
County Hospital, Hereford
The assumption of an alternative site location, "out of town". The type of location envisaged is exemplified by the Enterprise Zone (Rotherwas Estate) or Moreton Business Park. Business park/industrial land values apply.
Ross Road HC/CDC, Hereford
The assumption of an alternative site location with an area of the City that otherwise comprises wholly Social Housing developments.
For the present valuation date, in selecting the site on which the modern equivalent asset would be situated, the Trust's independent consultant has confirmed that MEA Model notional site locations will remain in accordance with the above approach, in accordance with section 7 of UKGN 2. The valuations provided for these assets will reflect the alternative site where appropriate, assuming the benefit of planning permission for development for a use, or a range of uses, prevailing in the vicinity of the selected site.

Unless otherwise stated, the assumption has been made that the properties valued will continue to be held by the Trust for the foreseeable future having regard to the prospect and viability of the continuance of that occupation.
An optimised notional Modern Equivalent Asset approach has been adopted, as developed by the Trust's Estates Departmentas representing its actual service delivery from the actual physical estate.
For assets valued to DRC having regard to the replacement costs of a modern equivalent asset, the MEA GIAs used for the assets differ from those currently existing and have been supplied by to the valuer as the alternative MEA Model, after discussion.
For the reasons outlined above, risks, sensitivities and all relevant matters have been captured in the valuations and the results remain appropriate in the current circumstances.

Note 2 Operating Segments

The Trust reports its performance as a single business segment which relates to the provision of healthcare.

Under IFRS 8 (Operating Segments), the Trust has determined that, within its internal Business Unit management structure, one unit has similar characteristics to another and can, therefore, be aggregated under the standard. This particularly relates to the similarities of services offered by each area and the patient population that they serve. Overall, each area's main objective is the delivery of health care to NHS patients.

The income from external sources for the Trust is £393,523k and further analysis is provided within Notes 3 (Operating income from patient care activities) and 4 (Other operating income).Expenditure is £390,884k, interest income is £1,857k, interest expense is £4,378k and PDC dividends £2,774k. The deficit for the year is £2,648k before performance adjustments.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 3.1 Income from patient care activities (by nature)	**2024/25**	**2023/24**
	£000	**£000**
Acute services		
Income from acute services	292,113	267,336
Community services		
Income from community services	67,247	59,029
All services		
Private patient income	281	288
National pay award central funding***	467	124
Additional pension contribution central funding**	13,350	7,822
Total income from activities	**373,458**	**334,599**

https://www.england.nhs.uk/pay-syst/nhs-payment-scheme/

**Increases to the employer contribution rate for NHS pensions since 1 April 2019 have been funded by NHS England. NHS providers continue to pay at the former rate of 14.3% with the additional amount being paid over by NHS England on providers' behalf. The full cost of employer contributions (23.7%, 2023/24: 20.6%) and related NHS England funding (9.4%, 2023/24: 6.3%) have been recognised in these accounts.

***Additional funding was made available directly to providers by NHS England in 2024/25 and 2023/24 for implementing the backdated element of pay awards where government offers were finalised after the end of the financial year. NHS Payment Scheme prices and API contracts are updated for the weighted uplift in in-year pay costs when awards are finalised.

Note 3.2 Income from patient care activities (by source)

	2024/25	**2023/24**
Income from patient care activities received from:	**£000**	**£000**
NHS England	21,270	19,398
Integrated care boards	301,432	275,749
Other NHS providers	11,077	9,573
NHS other	35,560	26,051
Local authorities	3,602	3,196
Non-NHS: private patients	281	288
Non-NHS: overseas patients (chargeable to patient)	17	29
Injury cost recovery scheme	219	314
Total income from activities	**373,458**	**334,599**
Of which:		
Related to continuing operations	373,458	334,599

Injury cost recovery income is subject to a provision for impairment of receivables of 24.45% to reflect expected rates of recovery.

NHS Other income includes income from Welsh NHS bodies of £35,545k (2023/24 £26,051k).

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2024/25	2023/24
	£000	£000
Income recognised this year	17	29
Cash payments received in-year	31	14
Amounts added to provision for impairment of receivables	-	14

Note 4 Other operating income

	2024/25			2023/24		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	481	-	**481**	424	-	**424**
Education and training	8,812	625	**9,437**	7,503	542	**8,045**
Receipt of capital grants and donations and peppercorn leases (see note 16)		3,146	**3,146**		11,597	**11,597**
Charitable and other contributions to expenditure		-	**-**		111	**111**
Revenue from operating leases		92	**92**		92	**92**
Other income	6,909	-	**6,909**	7,059	-	**7,059**
Total other operating income	**16,202**	**3,863**	**20,065**	**14,986**	**12,342**	**27,328**
Of which:						
Related to continuing operations			20,065			27,328
Related to discontinued operations			-			-

Other income includes £3,709k of cross charges to other NHS bodies including Worcestershire Acute Hospitals Trust (£1,813k, 2023/24 £1,130k) and Herefordshire and Worcestershire Health and Care NHS Trust (£908k, 2023/24 £960k). The balance of £3,200k is made up of income generation and other non-contract related sources.

Note 5 Transaction price allocated to remaining performance obligations

	31 March 2025	31 March 2024
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	£000	£000
within one year	1,239	1,653
after one year, not later than five years		
after five years		
Total revenue allocated to remaining performance obligations	**1,239**	**1,653**

The trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

The Trust does not have any performance obligations arising from contracts. Healthcare contracts are of one year duration and no balances remain at the year-end.

Note 6 Operating leases - Wye Valley NHS Trust as lessor

This note discloses income generated in operating lease agreements where Wye Valley NHS Trust is the lessor.

The Trust rents space out to third parties in its Belmont Abbey and Ross community sites and in its Franklin Barnes building. Any risks are managed and insured in accordance with the rest of the estate.

Note 6.1 Operating lease income

	2024/25	2023/24
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	92	92
Variable lease receipts / contingent rents	-	-
Total in-year operating lease income	**92**	**92**

Note 6.2 Future lease receipts

	31 March 2025	31 March 2024
	£000	£000
Future minimum lease receipts due in:		
- not later than one year	92	92
- later than one year and not later than two years	73	73
- later than two years and not later than three years	73	73
- later than three years and not later than four years	73	73
- later than four years and not later than five years	73	73
- later than five years	431	504
Total	**815**	**888**

Note 7.1 Operating expenses

	2024/25	2023/24
	£000	£000
Purchase of healthcare from non-NHS and non-DHSC bodies	2,996	3,101
Staff and executive directors costs	246,841	221,660
Remuneration of non-executive directors	140	133
Supplies and services - clinical (excluding drugs costs)	38,069	34,947
Supplies and services - general	2,958	3,103
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	33,274	30,592
Consultancy costs	17	127
Establishment	5,969	5,645
Premises	9,852	10,581
Transport (including patient travel)	1,435	1,143
Depreciation on property, plant and equipment	9,102	8,636
Amortisation on intangible assets	4,558	4,878
Net impairments	7,021	(4,861)
Movement in credit loss allowance: contract receivables / contract assets	21	29
Change in provisions discount rate(s)	(7)	120
Fees payable to the external auditor		
audit services- statutory audit	346	570
Internal audit costs	101	90
Clinical negligence premium - amounts payable to NHS resolution	8,026	7,213
Legal fees	83	296
Insurance	160	83
Research and development	47	45
Education and training	1,133	1,751
Expenditure on short term leases	339	441
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	15,168	16,449
Losses, ex gratia & special payments	(25)	54
Other	3,260	2,879
Total	**390,884**	**349,705**
Of which:		
Related to continuing operations	390,884	349,705

Total Other costs include amounts relating to ICT services, £1,573k (2023/24, £1,501k); professional fees, £499k (2023/24, £782k) and Other, £1,188k (2023/24, £946k).

Note 7.2 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1,000k (2023/24: £1,000k).

Note 8 Impairment of assets

	2024/25	2023/24
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Abandonment of assets in course of construction	-	110
Changes in market price	7,021	(4,971)
Total net impairments charged to operating surplus / deficit	**7,021**	**(4,861)**
Impairments charged to the revaluation reserve	362	135
Total net impairments	**7,383**	**(4,726)**

Following a revaluation in 2024/25, a number of asset impairments arose to reflect the decrease in valuation of buildings in 2024/25. The net impact to the operating surplus/ deficit was £7,021k with further details as follows;

Annual revaluation of the Trust's estate as at 31 March 2025:

-Gross Impairment charged to the operating surplus/deficit of £4,842k due to the valuation of the Elective Surgical Hub as it came into operational use

- Gross Impairment charged to the operating surplus/deficit of £3,177k, driven by the devaluation of buildings in the year.
- Gross reversal of impairments previously charged to the operating /surplus deficit of (£998k) driven by an increase in land and certain buildings.

The net reversal of impairment to assets in 2023/24 totalling (£4,726k) arose as a result of the annual revaluation of the Trust's estate as at 31 March 2024:

Annual revaluation of the Trust's estate as at 31 March 2024:

- Gross reversal of impairments previously charged to the operating /surplus deficit of (£5,150k) driven by increasing buildings values.
- Impairment charged to the operating surplus/deficit of £179k, driven by the devaluation of land in the year.

-Impairment charged to the operating surplus/deficit of £110k, due to the impairment of the Education Centre development fees held as assets under construction in 2022/23.

See also note 1.8 for details of bases of valuation.

Note 9 Employee benefits

	2024/25	2023/24
	Total	Total
	£000	£000
Salaries and wages	183,215	163,501
Social security costs	18,264	16,635
Apprenticeship levy	958	817
Employer's contributions to NHS pensions	33,738	25,870
Temporary staff (agency only)*	12,087	16,308
Total staff costs	**248,262**	**223,131**
Of which		
Costs capitalised as part of assets	1,250	780

Employer contributions to NHS pensions for 2024/25 include £13.3m (2023/24 £7.8m) of contributions to reflect the increase in employer contribution rate.

* Internal Bank staff are included in the Salaries and Wages value as prescribed in the FReM.

Note 9.1 Retirements due to ill-health

During 2024/25 there were 2 early retirements from the trust agreed on the grounds of ill-health (3 in the year ended 31 March 2024). The estimated additional pension liabilities of these ill-health retirements is £55k (£836k in 2023/24).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 10 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 in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2025, is based on valuation data as at 31 March 2024, updated to 31 March 2025 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from 1 April 2024 at 23.7% of pensionable pay (previously 20.6%). The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

Note 11 Finance income

Finance income represents interest received on assets and investments in the period.

	2024/25	2023/24
	£000	£000
Interest on bank accounts	1,857	1,488
Total finance income	**1,857**	**1,488**

Note 12.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2024/25	2023/24
	£000	£000
Interest expense:		
Interest on lease obligations	212	207
Finance costs on PFI, LIFT and other service concession arrangements:		
Main finance costs	1,993	2,181
Remeasurement of the liability resulting from change in index or rate	2,184	6,745
Total interest expense	**4,389**	**9,133**
Unwinding of discount on provisions	(11)	136
Total finance costs	**4,378**	**9,269**

Note 13 Other gains / (losses)

	2024/25	2023/24
	£000	£000
Gains on disposal of assets	8	-
Total gains / (losses) on disposal of assets	**8**	**-**
Total other gains / (losses)	**8**	**-**

Note 14 Intangible assets - 2024/25

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2024 - brought forward	**29,457**	**621**	**30,078**
Additions	651	1,120	**1,771**
Valuation / gross cost at 31 March 2025	**30,108**	**1,741**	**31,849**
Amortisation at 1 April 2024 - brought forward	**15,719**	**-**	**15,719**
Provided during the year	4,558	-	**4,558**
Amortisation at 31 March 2025	**20,277**	**-**	**20,277**
Net book value at 31 March 2025	**9,831**	**1,741**	**11,572**
Net book value at 1 April 2024	**13,738**	**621**	**14,359**

Note 14.1 Intangible assets - 2023/24

	Software licences £000	Intangible assets under construction £000	Total £000
Valuation / gross cost at 1 April 2023 - as previously stated	**29,035**	**357**	**29,392**
Additions	330	505	**835**
Reclassifications	92	(241)	**(149)**
Valuation / gross cost at 31 March 2024	**29,457**	**621**	**30,078**
Amortisation at 1 April 2023 - as previously stated	**10,930**	**-**	**10,930**
Provided during the year	4,878	-	**4,878**
Reclassifications	(89)	-	**(89)**
Amortisation at 31 March 2024	**15,719**	**-**	**15,719**
Net book value at 31 March 2024	**13,738**	**621**	**14,359**
Net book value at 1 April 2023	**18,105**	**357**	**18,462**

Intangible assets include the Electronic Patient Record (EPR) Phase 2 system which has a net book value of £5,749k and a remaining amortisation period of 3 years at 31 March 2025.

Useful economic lives intangible assets are disclosed in note 1.9

Note 15.1 Property, plant and equipment - 2024/25

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2024 - brought forward	**3,180**	**93,799**	**2,348**	**28,656**	**23,926**	**33**	**7,845**	**6,257**	**166,044**
Additions	-	1,511	-	20,305	1,318	-	1,200	61	**24,395**
Impairments	-	(8,659)	(81)	-	-	-	-	-	**(8,740)**
Reversals of impairments	161	1,184	12	-	-	-	-	-	**1,357**
Revaluations	-	(3,225)	(90)	-	-	-	-	-	**(3,315)**
Reclassifications	1,075	16,761	-	(18,947)	1,111	-	-	-	**-**
Valuation/gross cost at 31 March 2025	**4,416**	**101,371**	**2,189**	**30,014**	**26,355**	**33**	**9,045**	**6,318**	**179,741**
Accumulated depreciation at 1 April 2024 - brought forward	**-**	**0**	**-**	**-**	**13,292**	**33**	**4,910**	**2,044**	**20,279**
Transfers by absorption	-	-	-	-	-	-	-	-	**-**
Provided during the year	-	3,225	90	-	2,601	-	1,213	550	**7,679**
Revaluations	-	(3,225)	(90)	-	-	-	-	-	**(3,315)**
Accumulated depreciation at 31 March 2025	**-**	**0**	**-**	**-**	**15,893**	**33**	**6,123**	**2,594**	**24,643**
Net book value at 31 March 2025	**4,416**	**101,371**	**2,189**	**30,014**	**10,462**	**-**	**2,922**	**3,724**	**155,098**
Net book value at 1 April 2024	**3,180**	**93,799**	**2,348**	**28,656**	**10,634**	**-**	**2,935**	**4,213**	**145,765**

Note 15.2 Property, plant and equipment - 2023/24

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2023 - as previously stated	**3,462**	**89,710**	**2,260**	**3,850**	**22,756**	**37**	**7,032**	**6,230**	**135,337**
Additions	-	878	-	24,931	1,525	-	749	5	**28,088**
Impairments	(281)	(33)	-	(110)	-	-	-	-	**(424)**
Reversals of impairments	-	5,122	28	-	-	-	-	-	**5,150**
Revaluations	-	(1,910)	62	-	-	-	-	-	**(1,848)**
Reclassifications	(1)	33	(2)	(15)	(9)	(4)	274	22	**298**
Disposals / derecognition	-	-	-	-	(346)	-	(210)	-	**(556)**
Valuation/gross cost at 31 March 2024	**3,180**	**93,799**	**2,348**	**28,656**	**23,926**	**33**	**7,845**	**6,257**	**166,044**
Accumulated depreciation at 1 April 2023 - as previously stated	**-**	**-**	**-**	**-**	**11,307**	**37**	**3,701**	**1,464**	**16,509**
Provided during the year	-	2,896	85	-	2,453	-	1,078	557	**7,069**
Revaluations	-	(2,895)	(85)	-	-	-	-	-	**(2,980)**
Reclassifications	-	-	-	-	(122)	(4)	341	23	**238**
Disposals / derecognition	-	-	-	-	(346)	-	(210)	-	**(556)**
Accumulated depreciation at 31 March 2024	**-**	**0**	**-**	**-**	**13,292**	**33**	**4,910**	**2,044**	**20,279**
Net book value at 31 March 2024	**3,180**	**93,799**	**2,348**	**28,656**	**10,634**	**-**	**2,935**	**4,213**	**145,765**
Net book value at 1 April 2023	**3,462**	**89,710**	**2,260**	**3,850**	**11,449**	**-**	**3,331**	**4,766**	**118,828**

Note 15.3 Property, plant and equipment financing - 31 March 2025

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	4,416	47,354	1,787	15,785	10,055	-	2,922	233	**82,552**
On-SoFP PFI contracts and other service concession arrangements	-	52,655	402	-	-	-	-	-	**53,057**
Owned - donated/granted	-	1,362	-	14,229	407	-	-	3,491	**19,489**
Total net book value at 31 March 2025	**4,416**	**101,371**	**2,189**	**30,014**	**10,462**	**-**	**2,922**	**3,724**	**155,098**

Note 15.4 Property, plant and equipment financing - 31 March 2024

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	3,180	39,476	1,942	19,431	10,004	-	2,935	247	**77,215**
On-SoFP PFI contracts and other service concession arrangements	-	52,790	406	-	-	-	-	-	**53,196**
Owned - donated/granted	-	1,533	-	9,225	630	-	-	3,966	**15,354**
Total net book value at 31 March 2024	**3,180**	**93,799**	**2,348**	**28,656**	**10,634**	**-**	**2,935**	**4,213**	**145,765**

Note 16 Donations of property, plant and equipment

The Trust has engaged in a contract with a Government backed organisation and as a result has received £3.1m in grant funding to further develop assets as part of an expanded integrated energy system (2023/24 £11.6m, 2022/23 £4.4m). The fair value of the assets acquired has been valued at £14.2m.

Note 17 Revaluations of property, plant and equipment

The Trust's estate was valued as at 31 March 2025 by Mrs Sharon Short BSc (Hons) MRICS, Principal Surveyor at the District Valuation Service (DVS).

The valuations took the form of a desktop asset valuation as at 31 March 2025. The valuation basis used was on an optimised MEA basis. This represented a continuation of valuation methodology. The valuation has been undertaken having regard to International Financial Reporting Standards (IFRS) as applied to the United Kingdom public sector and in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Professional Standards 2nd edition.

Note 18 Leases - Wye Valley NHS Trust as a lessee

This note details information about leases for which the Trust is a lessee.

The Trust leases a number of premises from which its activities are carried out. In addition, the Trust also leases a significant amount of medical equipment via individual finance leases. It also holds a managed equipment service contract for radiology equipment.

Note 18.1 Right of use assets - 2024/25

	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2024 - brought forward	**2,908**	**8,091**	**45**	**11,044**	**101**
Additions	73	-	-	**73**	-
Remeasurements of the lease liability	333	(25)	-	**308**	(13)
Disposals / derecognition	(117)	(8)	-	**(125)**	-
Valuation/gross cost at 31 March 2025	**3,197**	**8,058**	**45**	**11,300**	**88**
Accumulated depreciation at 1 April 2024 - brought forward	**1,173**	**4,429**	**26**	**5,628**	**37**
Provided during the year	429	983	11	**1,423**	18
Disposals / derecognition	(32)	(7)	-	**(39)**	-
Accumulated depreciation at 31 March 2025	**1,570**	**5,405**	**37**	**7,012**	**55**
Net book value at 31 March 2025	**1,627**	**2,653**	**8**	**4,288**	**33**
Net book value at 1 April 2024	**1,735**	**3,662**	**19**	**5,416**	**64**

Net book value of right of use assets leased from other NHS providers	-
Net book value of right of use assets leased from other DHSC group bodies	33

Note 18.2 Right of use assets - 2023/24

	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2023 - brought forward	**2,894**	**7,833**	**45**	**10,772**	**101**
Additions	14	292	-	**306**	-
Disposals / derecognition	-	(34)	-	**(34)**	-
Valuation/gross cost at 31 March 2024	**2,908**	**8,091**	**45**	**11,044**	**101**
Accumulated depreciation at 1 April 2023 - brought forward	681	3,403	11	**4,095**	18
Provided during the year	492	1,060	15	**1,567**	19
Disposals / derecognition	-	(34)	-	**(34)**	-
Accumulated depreciation at 31 March 2024	**1,173**	**4,429**	**26**	**5,628**	**37**
Net book value at 31 March 2024	**1,735**	**3,662**	**19**	**5,416**	**64**
Net book value at 1 April 2023	**2,213**	**4,430**	**34**	**6,677**	**83**

Net book value of right of use assets leased from other NHS providers	-
Net book value of right of use assets leased from other DHSC group bodies	64

Note 18.3 Revaluations of right of use assets

The trust is not measuring right of use assets applying the revaluation model in IAS 16

Note 18.4 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 24.1.

	2024/25	2023/24
	£000	£000
Carrying value at 1 April	**5,583**	**6,680**
Lease additions	73	306
Lease liability remeasurements	308	-
Interest charge arising in year	212	207
Early terminations	(94)	-
Lease payments (cash outflows)	(1,456)	(1,610)
Carrying value at 31 March	**4,626**	**5,583**

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.

These payments are disclosed in Note 7.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 18.5 Maturity analysis of future lease payments

	Total	Of which leased from DHSC group bodies:	**Total**	Of which leased from DHSC group bodies:
	31 March 2025	**31 March 2025**	**31 March 2024**	**31 March 2024**
	£000	**£000**	**£000**	**£000**
Undiscounted future lease payments payable in:				
- not later than one year;	1,022	20	1,220	18
- later than one year and not later than five years;	3,244	14	3,995	47
- later than five years.	360	-	368	-
Total gross future lease payments	**4,626**	**34**	**5,583**	**65**
Finance charges allocated to future periods	-	-	-	-
Net lease liabilities at 31 March 2025	**4,626**	**34**	**5,583**	**65**
Of which:				
Leased from other NHS providers		-		-
Leased from other DHSC group bodies		34		65

Note 19 Disclosure of interests in other entities

The Trust retains a 17% share in Hoople Limited, established in 2011 as a joint venture between Herefordshire County Council and local health organisations. The value of the Trust's share in the company is estimated to be £535k based on the company's 2023/24 accounts (2022/23, £533k). Hoople is a registered company, limited by shares therefore Wye Valley NHS Trust's risks and labilities are limited to its shareholding in the company which are fully paid.
The Trust is not aware of any specific contingent liabilities relating to its share in the joint venture.

Hoople is a public sector owned company based in Hereford, specialising in providing support services to the public sector as well as commercial customers. They provide a range of service areas including IT services, training, education, recruitment, HR & payroll, finance, revenues & benefits, care, building, cleaning & maintenance and school MIS support services. Hoople was established in April 2011 to provide services to its shareholders. These are Herefordshire Council, Wye Valley NHS Trust and Lincolnshire County Council.

Note 20 Inventories

	31 March 2025	31 March 2024
	£000	£000
Drugs	2,471	2,078
Consumables	2,589	2,772
Energy	27	28
Total inventories	**5,087**	**4,878**
of which:		
Held at fair value less costs to sell	-	-

Inventories recognised in expenses for the year were £38,951k (2023/24: £35,922k). Write-down of inventories recognised as expenses for the year were £0k (2023/24: £0k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2023/24 the Trust received £111k of items purchased by DHSC. Distribution of inventory by the Department ceased in March 2024.

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

Note 21.1 Receivables

	31 March 2025 £000	31 March 2024 £000
Current		
Contract receivables*	16,100	24,509
Allowance for impaired contract receivables / assets	(722)	(701)
Prepayments (non-PFI)**	7,261	9,054
PDC dividend receivable	122	1,223
VAT receivable	581	1,005
Corporation and other taxes receivable	130	76
Other receivables	772	660
Total current receivables	**24,244**	**35,826**
Non-current		
Other receivables	429	408
Total non-current receivables	**429**	**408**
Of which receivable from NHS and DHSC group bodies:		
Current	8,894	22,534
Non-current	429	408

*Contract receivables include; Welsh commissioner parity funding £5m (2023/24 £0) and deficit support funding £0 (£13m 2023/24)

**Prepayments includes a capital prepayment relating to the Integrated Energy Centre Scheme £4,877k 2024/25 (£6,970k 2023/24).

Note 21.2 Allowances for credit losses

	2024/25		2023/24	
	Contract receivables and contract assets	**All other receivables**	**Contract receivables and contract assets**	**All other receivables**
	£000	**£000**	**£000**	**£000**
Allowances as at 1 April - brought forward	**701**	**-**	**672**	**-**
Changes in existing allowances	21	-	29	-
Allowances as at 31 Mar 2025	**722**	**-**	**701**	**-**

This applies to non-NHS debts only and also excludes Welsh NHS bodies.

Note 21.3 Exposure to credit risk

Credit Provision - 2024/25	Opening balance	Changes in existing allowances	Closing balance
ICR	634	(15)	619
General bad debt provision	67	36	103
Total	**701**	**21**	**722**

The Injury Cost Recovery (ICR) provision reflects the recognition of ICR income over the value of claims settled. The movement in the credit provision reflects a reduction in the debtor value, partly offset by an increase in the provision of accrued income from 23.07% to 24.45%.

The general provision is calculated based on a set percentage of Non NHS receivables as at 31 March 2025.

Note 22 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2024/25	2023/24
	£000	£000
At 1 April	**26,212**	**34,969**
Net change in year	11,694	(8,757)
At 31 March	**37,906**	**26,212**
Broken down into:		
Cash at commercial banks and in hand	21	81
Cash with the Government Banking Service	37,885	26,131
Total cash and cash equivalents as in SoFP	**37,906**	**26,212**

There was a net increase in cash held this year of £11,694k (£8,757k decrease 2023/24). This was largely due to a reduction in debtors as the 2023/24 deficit funding (£13,000k) was recevied in 2024/25.

Note 23.1 Trade and other payables

	31 March 2025	31 March 2024
	£000	£000
Current		
Trade payables	6,864	7,599
Capital payables	2,880	3,878
Accruals	16,818	15,406
Receipts in advance and payments on account	1,239	1,654
Social security costs	2,425	2,202
Other taxes payable	2,892	2,281
Pension contributions payable	2,845	2,554
Other payables	1,619	1,701
Total current trade and other payables	**37,582**	**37,275**
Non-current		
Total non-current trade and other payables	**-**	**-**
Of which payables from NHS and DHSC group bodies:		
Current	5,891	3,288
Non-current	-	-

Note 24.1 Borrowings

	31 March 2025	31 March 2024
	£000	£000
Current		
Lease liabilities	1,022	1,220
Obligations under PFI, LIFT or other service concession contracts	12,423	11,473
Total current borrowings	**13,445**	**12,693**
Non-current		
Lease liabilities	3,604	4,363
Obligations under PFI, LIFT or other service concession contracts	38,840	49,557
Total non-current borrowings	**42,444**	**53,920**

Note 24.2 Reconciliation of liabilities arising from financing activities

	Lease Liabilities	PFI and LIFT schemes	Total
	£000	£000	£000
Carrying value at 1 April 2024	**5,583**	**61,030**	**66,613**
Cash movements:			
Financing cash flows - payments and receipts of principal	(1,244)	(11,952)	**(13,196)**
Financing cash flows - payments of interest	(212)	(1,992)	**(2,204)**
Non-cash movements:			
Additions	73	-	**73**
Lease liability remeasurements	308	-	**308**
Remeasurement of PFI / other service concession liability resulting from change in index or rate		2,184	**2,184**
Application of effective interest rate	212	1,993	**2,205**
Early terminations	(94)	-	**(94)**
Carrying value at 31 March 2025	**4,626**	**51,263**	**55,889**

	Lease Liabilities	PFI and LIFT schemes	Total
	£000	£000	£000
Carrying value at 1 April 2023	**6,680**	**30,237**	**36,917**
Cash movements:			
Financing cash flows - payments and receipts of principal	(1,403)	(9,680)	**(11,083)**
Financing cash flows - payments of interest	(207)	(2,181)	**(2,388)**
Non-cash movements:			
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023		33,728	**33,728**
Additions	306	-	**306**
Remeasurement of PFI / other service concession liability resulting from change in index or rate		6,745	**6,745**
Application of effective interest rate	207	2,181	**2,388**
Carrying value at 31 March 2024	**5,583**	**61,030**	**66,613**

Note 25.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2024	**237**	**1,011**	**563**	**1,811**
Change in the discount rate	(1)	(6)	(4)	**(11)**
Arising during the year	-	-	12	**12**
Utilised during the year	(28)	(63)	(153)	**(244)**
Unwinding of discount	(3)	(8)	21	**10**
At 31 March 2025	**205**	**934**	**439**	**1,578**
Expected timing of cash flows:				
- not later than one year;	15	24	10	**49**
- later than one year and not later than five years;	62	127	52	**241**
- later than five years.	128	783	377	**1,288**
Total	**205**	**934**	**439**	**1,578**

Provisions relating to Early Departure Costs covers the pre 1995 early retirement costs. Liabilities and the timing of liabilities are based on pensions provided to individual ex-employees and projected life expectancies using government actuarial tables. The major uncertainties rest around life expectancies. There is no expected reimbursement of costs.

Legal claims relate to permanent injury benefit for two former employees which is paid quarterly until death and employer liability claims which are currently being processed by the Trust's insurers. The provision for 2024/25 has been revised using updated actuarial life tables provided by the Office for National Statistics. The Post-employment benefits discount rate applicable to these and pensions provisions has been changed to 2.4% in 2024/25 (2023/24 2.45%) as advised by HM Treasury.
The Other category includes a provision relating to the potential tax liability on Consultant's superannuation contributions (the Trust participates in a national scheme to indemnify Consultants against additional tax liabilities). Future liabilities and cash flows are based on individual member data and scheme rules.

Also included in other provisions are liabilities to third parties, with claims notified and being managed by NHS Resoltion. Reimbursement is potentially available from NHS Resolution, net of our member excess.

Note 25.2 Clinical negligence liabilities

At 31 March 2025, £102,017k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Wye Valley NHS Trust (31 March 2024: £93,674k).

Note 26 Contingent assets and liabilities

	31 March 2025 £000	31 March 2024 £000
Value of contingent liabilities		
NHS Resolution legal claims	5	11
Gross value of contingent liabilities	**5**	**11**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**5**	**11**
Net value of contingent assets	**-**	**-**

Note 27 Contractual capital commitments

	31 March 2025 £000	31 March 2024 £000
Property, plant and equipment	2,454	11,351
Intangible assets	-	9
Total	**2,454**	**11,360**

Note 28 On-SoFP PFI, LIFT or other service concession arrangements

The PFI project involved the redevelopment of the site at Hereford County Hospital to enable the Trust to integrate its existing operations on that one site, thus ensuring that the previous sites at the General Hospital and Victoria Eye Hospital became surplus to requirements. The 30 year contract saw the Trust's PFI partner become responsible for the provision of design, construction, insurance, ongoing maintenance and hotel services at the County Hospital. Furthermore, the contract replaced some major equipment within the Radiology department.

The contract start date of the scheme was 16 April 1999 with the end of the concession period being 15 April 2029. At this date, the assets revert to the ownership of the Trust.

Under the terms of the Trust's PFI contract, its PFI partner has leased, with full title guarantee, the land at Hereford County Hospital over a period of 125 years at peppercorn rent. However, the lease will automatically cease on expiry of the PFI agreement.

Under IFRIC 12, the asset is treated as an asset of the Trust. The substance of the contract is that the Trust has a finance lease and payments comprise two elements – imputed finance lease charges and service charges. Both elements are shown in the tables below.

Note 28.1 On-SoFP PFI, LIFT or other service concession arrangement obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position:

	31 March 2025	31 March 2024
	£000	£000
Gross PFI, LIFT or other service concession liabilities	**55,186**	**66,770**
Of which liabilities are due		
- not later than one year;	12,423	13,433
- later than one year and not later than five years;	42,763	53,337
- later than five years.	-	-
Finance charges allocated to future periods	(3,923)	(5,740)
Net PFI, LIFT or other service concession arrangement obligation	**51,263**	**61,030**
- not later than one year;	12,423	11,473
- later than one year and not later than five years;	38,840	49,557
- later than five years.	-	-

Note 28.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2025	31 March 2024
	£000	£000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**115,273**	**149,015**
Of which payments are due:		
- not later than one year;	27,459	29,882
- later than one year and not later than five years;	87,814	119,133
- later than five years.	-	-

Note 28.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2024/25	2023/24
	£000	£000
Unitary payment payable to service concession operator	**29,113**	**28,310**
Consisting of:		
- Interest charge	1,993	2,181
- Repayment of balance sheet obligation	11,952	9,680
- Service element and other charges to operating expenditure	14,946	15,653
- Revenue lifecycle maintenance	222	796
Total amount paid to service concession operator	**29,113**	**28,310**

Note 29 Financial instruments

Note 29.1 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 of the continuing service provider relationship that the Trust has with its NHS commissioners and the way those commissioners are financed, the Trust 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 Trust 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 Trust in undertaking its activities.

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

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

Interest rate risk
In prior years the Trust has borrowed from government for capital expenditure, subject to affordability as confirmed by NHS Improvement. The Trust's borrowing was restructured in 2020/21 when all DHSC loans were re-financed as Public Dividend Capital. This eliminated DHSC loans and risk relating to interest payments.

The Trust has entered in to an MES agreement for Radiology services and in addition holds leases for the medical equipment. These agreements incorporate implied interest rates which are fixed under the contractual agreements.

The Trust therefore has low exposure to interest rate fluctuations.

Inflation risk
The Trust's contract with its PFI provider allows for an annual uplift of non-pay related elements of the contract linked to the RPI. This represents a risk in relation to ongoing high levels of inflation on (e.g.) consumables and energy. Inflation is built into our planning assumptions and cost improvement programmes mitigate such risks. There have been no changes to inflation risk exposure or policies and processes for managing the risk since the previous year.

Credit risk
Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 2024/25 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk
The Trust's operating costs are incurred under contracts with Integrated Care Boards, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 29.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2025	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	16,579	-	**16,579**
Cash and cash equivalents	37,906	-	**37,906**
Total at 31 March 2025	**54,485**	**-**	**54,485**

Carrying values of financial assets as at 31 March 2024	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Trade and other receivables excluding non financial assets	24,876	-	**24,876**
Cash and cash equivalents	26,212	-	**26,212**
Total at 31 March 2024	**51,088**	**-**	**51,088**

Note 29.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2025	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	4,626	**4,626**
Obligations under PFI, LIFT and other service concession contracts	51,263	**51,263**
Trade and other payables excluding non financial liabilities	26,151	**26,151**
Total at 31 March 2025	**82,040**	**82,040**

Carrying values of financial liabilities as at 31 March 2024	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	5,583	**5,583**
Obligations under PFI, LIFT and other service concession contracts	61,030	**61,030**
Trade and other payables excluding non financial liabilities	29,388	**29,388**
Total at 31 March 2024	**96,001**	**96,001**

Note 29.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31 March 2025	31 March 2024
	£000	£000
In one year or less	39,596	44,041
In more than one year but not more than five years	46,007	57,332
In more than five years	360	368
Total	**85,963**	**101,741**

Note 29.5 Fair values of financial assets and liabilities

Book value (carrying value) is deemed to be a reasonable approximation of fair value for all the financial assets and liabilities disclosed.

Note 30 Losses and special payments

	2024/25		2023/24	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Bad debts and claims abandoned	48	10	84	18
Stores losses and damage to property	24	273	24	223
Total losses	**72**	**283**	**108**	**241**
Special payments				
Ex-gratia payments	50	29	27	19
Total special payments	**50**	**29**	**27**	**19**
Total losses and special payments	**122**	**312**	**135**	**260**
Compensation payments received				

Note 31 Gifts

No gifts were made by the Trust in 2024/25 or 2023/24 above the disclosure threshold of £300.

Note 32 Related parties

The Department of Health and Social Care is regarded as a related party. During the year 2024/25, Wye Valley NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. Those entities where transactions during the year were greater than £100k and/or outstanding balances at 31 March 2025 were greater than £50k are listed below:

NHS Trusts/Foundation Trusts

Birmingham Women's and Children's NHS Foundation Trust
Gloucestershire Hospitals NHS Foundation Trust
South Warwickshire University NHS Foundation Trust
University Hospitals Birmingham NHS Foundation Trust
George Eliot Hospital NHS Trust
Herefordshire and Worcestershire Health and Care NHS Trust
The Royal Wolverhampton NHS Trust
University Hospitals Coventry And Warwickshire NHS Trust
Worcestershire Acute Hospitals NHS Trust

NHS Commissioning bodies

NHS Birmingham and Solihull ICB
NHS Black Country ICB
NHS Buckinghamshire, Oxfordshire and Berkshire West ICB
NHS Business Services Authority
NHS Coventry and Warwickshire ICB
NHS Gloucestershire ICB
NHS Herefordshire and Worcestershire ICB
NHS Shropshire, Telford and Wrekin ICB
NHS England

Other NHS organisations

NHS Resolution
NHS Blood and Transplant
In addition, the Trust has had a number of material transactions (within the limits defined above) with other government departments and other central and local government bodies. These include the following:

Welsh Government bodies

Welsh Health Bodies - Aneurin Bevan Local Health Board
Welsh Health bodies - Powys Local Health Board

Other Government bodies

Herefordshire Council
Powys County Council

Income Tax, NI, VAT and Superannuation transactions

HM Revenue & Customs
NHS Pension Scheme

Other organisations

NHS Supply chain (Supply Chain Coordination Limited)
Wye Valley NHS Trust Charitable Fund. The executive directors and non-executive directors of the Trust Board share the responsibility for ensuring that the NHS body fulfils its duties as Trustee in managing the charitable funds. Non-executive members of the Trust Board were appointed by NHS England. Executive members are appointed by the Trust Board. Members are not individual trustees under Charity Law but act as agents on behalf of the trustee. The receivables position for the Trust includes £911k for expenditure incurred via the Trust's procure to pay system, on behalf of the charitable funds, to be repaid to the Trust.

Note 33 Events after the reporting date

None to report

Note 34 Better Payment Practice code

Non-NHS Payables	2024/25 Number	2024/25 £000	2023/24 Number	2023/24 £000
Total non-NHS trade invoices paid in the year	59,683	176,370	57,397	170,765
Total non-NHS trade invoices paid within target	59,112	171,317	51,537	150,522
Percentage of non-NHS trade invoices paid within target	99.0%	97.1%	89.8%	88.1%
NHS Payables				
Total NHS trade invoices paid in the year	1,347	14,922	1,343	14,677
Total NHS trade invoices paid within target	1,285	14,615	1,194	14,230
Percentage of NHS trade invoices paid within target	95.4%	97.9%	88.9%	97.0%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 35 Capital Resource Limit

	2024/25 £000	2023/24 £000
Gross capital expenditure	26,547	29,229
Less: Disposals	(86)	-
Less: Donated and granted capital additions	(5,076)	(9,225)
Charge against Capital Resource Limit	**21,385**	**20,004**
Capital Resource Limit	22,188	22,115
Under / (over) spend against CRL	**803**	**2,111**

Note 36 Breakeven duty financial performance

	2024/25 £000	2023/24 £000
Adjusted financial performance surplus / (deficit) (control total basis)	(5,623)	(13,388)
Remove impairments scoring to Departmental Expenditure Limit	-	110
IFRIC 12 breakeven adjustment	7,731	-
Add back incremental impact of IFRS 16 on PFI revenue costs in 2023/24		39
Breakeven duty financial performance surplus / (deficit)	**2,108**	**(13,239)**

Note 37 Breakeven duty rolling assessment

The Trust has a statutory duty to deliver a cumulative breakeven position over a five year period. Note 1.2 describes how, although this has not been met, the Trust has delivered to it's control totals agreed with NHSE and remains a going concern. The table below shows the cumulative performance against the breakeven duty.

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		1,165	46	(1,958)	294	1,029	844	(20,456)	(37,204)
Breakeven duty cumulative position	1,510	2,675	2,721	763	1,057	2,086	2,930	(17,526)	(54,730)
Operating income		116,785	121,544	171,898	175,798	173,450	182,637	178,046	177,567
Cumulative breakeven position as a percentage of operating income		2.3%	2.2%	0.4%	0.6%	1.2%	1.6%	(9.8%)	(30.8%)

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(26,158)	(42,219)	(17,058)	2,347	1,536	(6,512)	(13,239)	2,108
Breakeven duty cumulative position	(80,888)	(123,107)	(140,165)	(137,818)	(136,282)	(142,794)	(156,033)	(153,925)
Operating income	188,498	186,020	231,646	267,580	304,155	330,289	361,927	393,523
Cumulative breakeven position as a percentage of operating income	(42.9%)	(66.2%)	(60.5%)	(51.5%)	(44.8%)	(43.2%)	(43.1%)	(39.1%)

Adjusted financial performance (control total basis):	**2024/25**	**2023/24**
Surplus / (deficit) for the period	(2,648)	1,796
Remove net impairments not scoring to the Departmental expenditure limit	7,021	(4,971)
Remove I&E impact of capital grants and donations	(2,319)	(10,730)
Remove I&E impact of IFRIC 12 schemes on an IFRS 16 basis	(7,731)	(39)
Remove net impact of DHSC centrally procured inventories	54	556
Adjusted financial performance surplus / (deficit)	**(5,623)**	**(13,388)**