

Consolidated Financial Statements For The Year to 31st March 2020



Contents

	Page
Statement of Accounting Officer's Responsibilities	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report to the Board of Governors of Yeovil District Hospital Foundation Trust	4 – 11
Foreword to the Accounts	12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Taxpayers' Equity	15 – 16
Cash Flow Statement	17
Notes to the Accounts	18 - 62

**Statement of the Chief Executive's responsibilities as the Accounting Officer of
Yeovil District Hospital NHS Foundation Trust**

The National Health Service Act 2006 (NHS Act 2006) states that the Chief Executive is the accounting officer of the NHS Foundation Trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Yeovil District Hospital NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Yeovil District Hospital NHS Foundation Trust and of its income and expenditure, items of comprehensive income and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Department of Health Group Accounting Manual* the NHS Foundation Trust Annual Reporting Manual and in particular to:

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements;
- assess Yeovil District Hospital NHS Foundation Trust's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve Yeovil District Hospital NHS Foundation Trust or the Group without the transfer of its services to another public sector entity

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Yeovil District Hospital NHS Foundation Trust and to enable them to ensure that the accounts comply with the requirements outlined in the above mentioned Act.

The accounting officer is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error and for safeguarding the assets of Yeovil District Hospital NHS Foundation Trust and hence for taking any reasonable steps for the prevention and detection of fraud and other irregularities. The accounting officer is also responsible for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the *NHS Foundation Trust Accounting Officer Memorandum*.

Signed



Jonathan Higman, Chief Executive

Date: 23rd June 2020

Statement of Directors' responsibilities in respect of the Accounts

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Independent Regulator of NHS Foundation Trusts, NHS Improvement, in exercise of the powers conferred on Monitor, with the approval of the Treasury, directs that these accounts give a true and fair view of the Foundation Trust's gains and losses, cash flows and financial state at the end of the financial year.

So far as the directors are aware, there is no relevant information of which the Trust's auditors are unaware. The directors have taken all steps that ought to have been taken as a director in order to make themselves aware of any relevant information and to establish that the Trust's auditors is aware of that information.

Signed on behalf of the board:

A handwritten signature in black ink, appearing to read 'J. Higman', with a horizontal line drawn underneath it.

Jonathan Higman, Chief Executive

Date: 23rd June 2020



Independent auditor's report

to the Council of Governors of Yeovil District Hospital NHS Foundation Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

We have audited the financial statements of Yeovil District Hospital NHS Foundation Trust ("the Group") for the year ended 31 March 2020 which comprise the Group and Trust Statements of Comprehensive Income, Group and Trust Statements of Financial Position, Group and Trust Statements of Changes in Equity and Group and Trust Statements of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group and the Trust's affairs as at 31 March 2020 and of the Group and Trust's income and expenditure for the year then ended; and
- the Group and the Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2019/20 and the Department of Health and Social Care (DHSC) Group Accounting Manual 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group and Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality: £3.6 million (2019:£3.0 million)
Group financial statements as a whole 2% (2019: 2%) of income from operations

Risks of material misstatement vs 2019

Recurring risks		
Valuation of land and buildings		◀▶
Recognition of NHS and Non-NHS Income		◀▶
Recognition of Non-Pay and Non-Depreciation Expenditure		◀▶

Key

◀▶ Risk level unchanged from prior year

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We continued to perform procedures over going concern. However, due to changes in the NHS cash regime we no longer consider there to be a material uncertainty related to going concern and this is not separately identified as a key audit matter in our report this year. We summarise below the other key audit matters in decreasing order of audit significance, in arriving at our audit opinion above together with our key audit procedures to address those matters and our findings from those procedures in order that the Groups governors as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

All of these key audit matters relate to the Group and the parent Trust.

	The risk	Our response
<p>Valuation of land and buildings</p> <p>(£54.4 million; 2019: £52.9 million)</p> <p><i>Refer to page 31 (Annual Report - Audit Committee Report), page 23 (accounting policy) and page 45 (financial disclosures)</i></p>	<p>Subjective valuation</p> <p>Land and buildings are required to be held at current value in existing use. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with a 'modern equivalent asset'. 91.2% of the Groups land and buildings related to specialised assets.</p> <p>When considering the cost to build a replacement asset the Group may consider whether the asset would be built to the same specification or in the same location. Assumptions about changes to the asset must be realistic.</p> <p>Valuation is completed by an external expert, engaged by the Group using construction indices and so accurate records of the current estate are required. Full valuations are completed every five years, with interim desktop valuations completed in interim periods.</p> <p>The Group had a full valuation undertaken by an external valuer at 31 March 2020. Valuations are inherently judgemental, therefore our work focused on whether the valuer's methodology, assumptions and underlying data, were appropriate and correctly applied.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of land and buildings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p> <p>Disclosure of Sensitivity</p> <p>Following RICS published guidance issued to the profession, material valuation uncertainty clauses have been noted within valuation reports due to the impact of Covid-19. Appropriate disclosure will be required to note the uncertainty and the sensitivity of the estimates and judgements applied in the valuation of land and buildings. The financial statements (note 1.19) disclose the sensitivity estimated by the Trust.</p> <p>Accounting treatment</p> <p>Consideration is also required as to whether revaluation gains and impairment losses are processed through other operating income/expense, or recognised in other comprehensive income. This treatment could have significant impact on the reported deficit for the year.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Assessing valuer's credentials: We considered the scope, qualifications and experience of the valuer, to identify whether the valuer was appropriately experienced and qualified; — Methodology choice: We considered the overall methodology of the external valuation performed to identify whether the approach was in line with industry practice, assisted by our Estate Valuation specialist; — Benchmarking assumptions: We critically assessed the assumptions used within the valuation by assessing the assumptions used to derive the carrying value of assets against BCIS all in tender price index and industry norms and utilising our Estate Valuation specialist; — Test of details: We undertook the following tests of details: <ul style="list-style-type: none"> — We tested the completeness of the estate covered by the valuation to the Group's underlying estate records, including additions to land and buildings during the year; — We re-performed the calculation of gain or loss on revaluation for all applicable assets and checked whether the accounting entries were consistent with the DHSC Group Accounting Manual; and — For a sample of assets added during the year we agreed that an appropriate valuation basis had been adopted when they became operational and that the Group would receive future benefits. — Assessing transparency: We assessed the completeness and accuracy of the matters covered in the valuations disclosure, including the group's disclosures of the sensitivity of the valuation. <p>Our findings</p> <p>We found the resulting accounting treatment and valuation of land and buildings to be balanced (2018/19: balanced).</p> <p>We found the disclosure of the sensitivity related to COVID-19 to be proportionate.</p>

2. Key audit matters: our assessment of risks of material misstatement

	The risk	Our response
<p>Recognition of NHS and Non-NHS Income</p> <p>(£195.4 million; 2019: £153.8 million)</p> <p><i>Refer to page 31 (Annual Report - Audit Committee Report), page 21 (accounting policy) and page 36 (financial disclosures)</i></p>	<p>Effects of Irregularities:</p> <p>Of the Group's reported income from activities, £149.8 million (2019: £132.0 million) came from commissioners (Clinical Commissioning Groups (CCG), other NHS Bodies and NHS England). Income from CCGs, other NHS Bodies and NHS England make up 76% of the Group's income. The majority of this income is contracted on an annual basis, however actual income is based on completing actual levels of activity completed during the year.</p> <p>An agreement of balances (AoB) exercise is undertaken between all NHS bodies to agree the value of transactions during the year and the amounts owed at the year end. 'Mismatch' reports are produced setting out discrepancies between the submitted balances and transactions between each party, with variances over £300,000 being required to be reported to the National Audit Office to inform the audit of the DHSC consolidated accounts.</p> <p>The Group reported total other income of £43.0 million (2019: £21.8 million) from other activities principally, private patient income and education and training. Much of this income is generated by contracts with other NHS and non-NHS bodies which are based on achieving financial targets, varied payment terms, including payment on delivery, milestone payments and periodic payments. The amount also includes £19.5 million (2019: £3.4 million) Provider Sustainability Funding (PSF) received from NHS Improvement. This is received subject to achieving defined financial and operational targets on a quarterly basis.</p> <p>As such there is a fraudulent risk of revenue recognition over both NHS and Non-NHS income.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Control observations: We tested the design and operation of process level controls over revenue recognition; — Test of details: We undertook the following tests of details: <ul style="list-style-type: none"> — We agreed commissioner income to the signed contracts and selected a sample of the largest balances (comprising 97% of income from [patient care activities]) to the supporting invoice and payments to the bank receipts; — We inspected invoices for material income in the month prior to and following 31 March 2020 to determine whether income was recognised in the correct accounting period, in accordance with the amounts billed to corresponding parties; — We inspected confirmations of balances provided by the Department of Health as part of the AoB exercise and compared the relevant income recorded in the Group's financial statements to the expenditure balances recorded within the accounts of Commissioners. Where applicable, we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Group's approach to recognising income; — We assessed the judgements made to receive the transformation funding recorded in the financial statements as part of the Group's performance against the required targets to confirm eligibility for the income and agreed bonus amounts to correspondence from NHSI; and — We tested material other income balances by agreeing a sample of income transactions through to supporting documentation and/or cash receipts. <p>Our findings</p> <p>We found the resulting recognition of NHS and non-NHS income to be balanced (2018/19: balanced).</p>

2. Key audit matters: our assessment of risks of material misstatement

	The risk	Our response
<p>Recognition of Non-Pay and Non-Depreciation Expenditure (£66.9 million; 2019: £59.3 million)</p> <p><i>Refer to page 31 (Annual Report - Audit Committee Report), page 22 (accounting policy) and page 38 (financial disclosures)</i></p>	<p>Effects of Irregularities:</p> <p>As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition. There is a risk that the Group may manipulate expenditure to meet externally set targets and we had regard to this when planning and performing our audit procedures.</p> <p>The incentives for fraudulent expenditure recognition relate to achieving financial targets and the key risks relate to the manipulation of recognition of non-pay expenditure at the year-end.</p> <p>There may therefore be an incentive to defer non-pay expenditure or recognise commitments at a reduced value in order to achieve financial targets.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Control observations: We tested the design and operation of process level controls over expenditure approval; — Test of details: We undertook the following tests of details: <ul style="list-style-type: none"> — We agreed a specific item sample of non pay expenditure transactions to supporting evidence and cash; — We inspected invoices for material expenditure in the month prior to and following 31 March 2020 to determine whether expenditure was recognised in the correct accounting period relevant to when services were delivered; — We assessed the completeness and judgements made within the expenditure balance, specifically accrued expenditure, through comparison to historical performance; and — We inspected confirmations of balances provided by the Department of Health as part of the AoB exercise and compared the relevant payables recorded in the Group’s financial statements to the receivables balances recorded within the accounts of other providers and other bodies within the AoB boundary. Where applicable, we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Group’s approach to recognising expenditure with other providers and other bodies within the AoB boundary. <p>Our findings</p> <p>We found the resulting recognition of non-pay expenditure to be balanced (2018/19: balanced).</p>

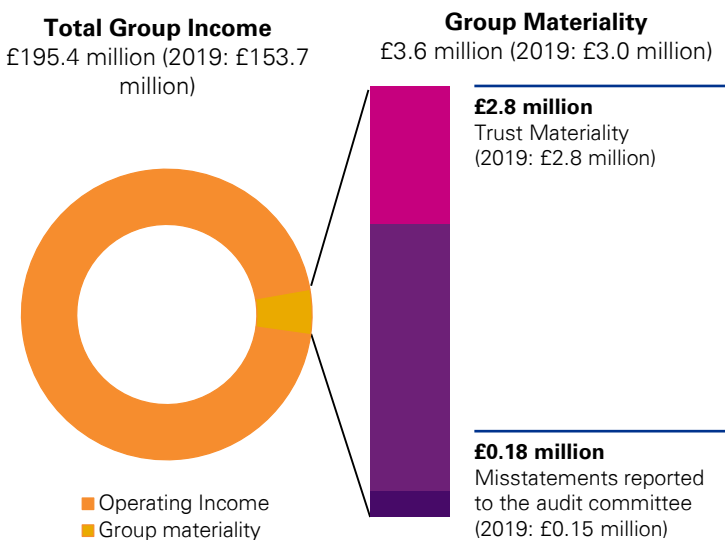
3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £3.6 million (2019: £3.0 million), determined with reference to a benchmark of operating income (of which it represents approximately 2% (2019: 2%)). We consider operating income to be more stable than a surplus- or deficit-related benchmark.

Materiality for the parent Trust's financial statements as a whole was set at £2.8 million (2019: £2.8 million), determined with reference to a benchmark of operating income (of which it represents approximately 2% (2019: 2%)).

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £180,000 (2019: £150,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's four (2019: five) reporting components, we subjected four (2019: five) to full scope audits for group purposes.



4. We have nothing to report on going concern

The Accounting Officer has prepared the financial statements on the going concern basis as they have not been informed by the relevant national body of the intention to dissolve the Group or the Trust without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Accounting Officer's conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Trust will continue in operation.

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks to the Group's and Trust's business model, including the impact of Brexit and COVID-19, and analysed how those risks might affect the Group's and Trust's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Trust's available financial resources over this period was the availability and extent of temporary revenue and capital support from DHSC to enable them to meet their liabilities. This is in the context of changes to the cash and capital regime published by DHSC in April 2020 alongside revised arrangements for NHS contracting and payment applicable for part of the 2020/21 financial year and published in March and May 2020.

As these were risks that could potentially cast significant doubt on the Group's and Trust's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's and Trust's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Accounting Officer consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Accounting Officers statement in page 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Trust's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20, is misleading or is not consistent with our knowledge of the Group and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 56 of the annual report, the Accounting Officer is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Group and parent Trust without the transfer of their services to another public sector entity.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.
- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

Our conclusion on the Group's arrangements for securing economy, efficiency and effectiveness in the use of resources is qualified/adverse

Under the Code of Audit Practice we are required to report to you if the Group has not made proper arrangement for securing economy, efficiency and effectiveness in the use of resources.

Qualified conclusion

Subject to the matters outlined in the basis for qualified conclusion paragraph below we are satisfied that in all significant respects Yeovil District Hospital NHS Foundation Group put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2020.

Basis for qualified conclusion

In May 2019, the Group CQC inspection resulted in an overall rating of 'Requires improvement', including a 'inadequate' rating for use of resources. Following the CQC inspection, the Group commissioned an independent review of financial governance arrangements in October 2019, with the resulting reporting identifying a series of actions required to improve the arrangements.

Whilst progress has been made to implement some actions, a number have not been implemented in line with the original due dates and remain outstanding at 31 March 2020. Due to the timing of the review, implemented actions have not been in place for significant parts of the period under review.

These findings demonstrate weaknesses during the 2019//20 financial year over the Group's arrangements applying the principles and values of sound governance to support informed decision making.

[Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources](#)

The Group is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Group has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Group’s arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Group had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

[Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources](#)

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Group’s arrangements to secure economy, efficiency and effectiveness in the use of resources. The ‘risk’ in this case is the risk that we could come to an incorrect conclusion in respect of the Group’s arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Group, insofar as they relate to ‘proper arrangements’. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

The significant risks identified during our risk assessment are set out below together with the findings from the work we carried out on each area.

Significant Risk	Description	Work carried out and judgements
Financial Sustainability	<p>Whilst the context of the financial challenges within the NHS is noted, the deficit presents a significant risk to our assessment of the adequacy of arrangements in place at the Group specifically in relation to planning finances effectively.</p> <p>The Group continues to operate with an underlying deficit, with no medium term plans to returned to a break even position. It is reliant on DHSC loans to support the cash position.</p>	<p>Our work included:</p> <ul style="list-style-type: none"> — Considering the nature of cash support the Group is receiving from NHSI and its performance against any conditions attached to the support. — Assessing the Group’s arrangements for managing working capital, including the processes for forecasting and monitoring cash flows and delivering cash savings. — Considering the arrangements in place to deliver recurrent cost improvements by assessing the Group CIP delivery against the planned CIP target and the use of recurrent and non-recurrent savings. — Comparing the Group use of agency staff against the agency cap set by NHS Improvement. — Evaluating the Group position as at 31 March 2020 against the forecast position and considering the future financial plans to assess the ongoing financial sustainability. <p>Our findings on this risk area:</p> <ul style="list-style-type: none"> — As at 31 March 2020 the Group has achieved the control total of a £19.3 million deficit, which resulted in the receipt of £19.3 million of PSF, MRET and FRF. Achievement of the control total resulted in the Group reporting a £72,000 deficit against planned surplus of £0.5 million. — The Group cash balance at year end was £12.1 million, with the Group requiring £26.3 million of revenue support borrowings in year, taking the total revenue support loan balance to £84.1 million. — The Group delivered £5.6 million of the £6.0 million Cost Improvement Plans for 2019/20, of which 55% are recurrent savings. — The Group has incurred £5.5 million of agency expenditure against an agreed agency cap of £5.6 million. <p>We have nothing to report in this respect.</p>

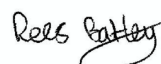
Significant Risk	Description	Work carried out and judgements
Response to Regulators	<p>In May 2019, the Group CQC inspection resulted in an overall rating of 'Requires improvement', including a 'inadequate' rating for use of resources.</p> <p>Following the CQC inspection, the Group commissioned an independent review of financial governance arrangements in October 2019, with the resulting reporting identifying a series of actions required to improve the arrangements.</p>	<p>Our work included:</p> <ul style="list-style-type: none"> — Reviewing the actions undertaken as a response to the CQC use of resources report issued in May 2019 and Financial Governance review in October 2019. — Monitoring the progress and implementation of actions arising from the reviews undertaken. <p>Our findings on this risk area:</p> <p>We noted the Group responded to the CQC report by undertaking a review of the Financial Governance arrangements at the Group. This report identified a series of recommendations required to improve the arrangements in place at the Group.</p> <p>The Group agreed an action plan as a result of the review, which was provided to the Board on 26 February 2020 and also prepared an update on progress to the Board on 25 March 2020.</p> <p>Whilst progress has been made to implement some actions, a number have not been implemented in line with the original due dates and remain outstanding at 31 March 2020. Due to the timing of the review, implemented actions have not been in place for significant parts of the 2019/20 financial year'.</p> <p>These findings demonstrate weaknesses during the 2019/20 financial year over the Group's arrangements in respect of Value for Money sub-criterion informed decision making.</p>

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Group. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Group, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Yeovil District Hospital NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.



Rees Batley
for and on behalf of KPMG LLP (Statutory Auditor)

Chartered Accountants
66 Queen Square,
Bristol, BS1 4BE
25 June 2020

FOREWORD TO THE ACCOUNTS

These accounts for the year ended 31 March 2020 have been prepared by Yeovil District Hospital NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Signed:

A handwritten signature in black ink, appearing to read 'J. Higman', with a horizontal line drawn underneath it.

Jonathan Higman, Chief Executive

Date 23rd June 2020

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 MARCH 2020**

	Note	Group		Trust	
		2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Operating income from patient care activities	3	152,449	131,983	138,471	119,510
Other operating income	4	42,952	21,788	45,501	25,036
Total operating income		195,401	153,771	183,972	144,546
Operating expenses	5	(193,942)	(171,852)	(183,606)	(164,177)
Operating Surplus/(Deficit)		1,459	(18,081)	366	(19,631)
Finance income	9	14	40	1,133	1,113
Finance expenses	9	(1,473)	(1,553)	(2,797)	(2,822)
Net finance costs		(1,459)	(1,513)	(1,664)	(1,709)
(Loss)/Gain on disposal of non-current assets	10	(91)	744	(91)	(80)
Share of (losses) of associates/joint arrangements		0	(72)	0	0
Corporation tax expense		28	(109)	0	0
Deficit for the year		(63)	(19,031)	(1,389)	(21,420)
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments		(752)	(1,765)	(752)	0
Revaluations	14	1,588	4,721	1,030	4,358
Other reserve movements		(46)	(15)	0	0
Total comprehensive income/(expense) for the period		727	(16,090)	(1,111)	(17,062)
Surplus/(Deficit) for the period attributable to:					
non-controlling interests; and the Foundation Trust		0	144	0	0
Total Surplus		(63)	(19,175)	1,389	(21,420)
Total comprehensive income/ (expense) for the period attributable to:					
non-controlling interests; and the Foundation Trust		0	144	0	0
Total comprehensive income/ (expense)		727	(16,234)	(1,111)	(17,062)
Total comprehensive income/ (expense)		727	(16,090)	(1,111)	(17,062)

All results relate to continuing operations – Daycase UK (DCUK) was previously partly owned (70%) by the Trust. During the year the Trust acquired the remaining 30% of the shares of DCUK, transferred its activities to the Trust and liquidated the company.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	Group		Trust	
		31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000
Non current assets					
Intangible assets	13	5,151	5,115	4,957	5,129
Property, plant and equipment	14	64,179	60,466	61,755	58,536
Investments in associates and joint ventures	26	148	139	15,125	15,124
Trade and other receivables	17	691	762	32,342	32,501
Total non current assets		70,169	66,482	114,179	111,290
Current assets					
Inventories	15	2,344	2,303	1,371	1,440
Trade and other receivables	16	16,833	12,549	15,141	11,025
Cash and cash equivalents	17	14,214	5,021	7,172	243
Total current assets		33,391	19,873	23,684	12,708
Current liabilities					
Trade and other payables	19	(23,423)	(20,576)	(21,585)	(17,154)
Borrowings	22	(90,303)	(35,668)	(92,824)	(38,045)
Provisions	20	(1,680)	(75)	(1,628)	(32)
Other Liabilities		0	0	0	(1,156)
Total current liabilities		(115,406)	(56,319)	(116,037)	(56,387)
Total assets less current liabilities		(11,846)	30,036	21,826	67,611
Non current liabilities					
Trade and other payables	19	0	(132)	0	0
Borrowings	22	(2,691)	(47,480)	(39,749)	(87,325)
Provisions	20	(929)	(867)	(913)	(894)
Total non current liabilities		(3,620)	(48,479)	(40,662)	(88,219)
Total assets employed		15,466	(18,443)	(18,836)	(20,608)
Financed by					
Public dividend capital	25	44,592	42,342	44,592	42,342
Revaluation reserve		13,371	12,535	5,631	4,722
Income and expenditure reserve		(75,136)	(74,958)	(69,059)	(67,672)
Non-controlling interest		0	(60)	0	0
Charitable fund reserves		1,707	1,698	0	0
Total taxpayers' & others' equity		(15,466)	(18,443)	(18,836)	(20,608)

The notes on pages 18 – 62 form an integral part of these financial statements

The Annual Accounts were formally approved by the Board of Directors and were signed on its behalf by:



Jonathan Higman – Chief Executive

Date - 23rd June 2020



Sarah James – Chief Finance Officer

Date – 23rd June 2020

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2019/2020

	Total	Charitable Funds	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Non - Controlling Interest
	£'000	£'000	£'000	£'000	£'000	£'000
Taxpayers' Equity at 1 April 2019	(18,443)	1,698	42,342	12,535	(74,958)	(60)
Deficit for the year	(63)	9	0	0	(72)	0
Revaluation gains and impairment losses property, plant and equipment	836	0	0	836	0	0
Public Dividend Capital received	2,250	0	2,250	0	0	0
Movements on other reserves*	(46)	0	0	0	(106)	60
Taxpayers' Equity at 31 March 2020	(15,466)	1,707	44,592	13,371	(75,136)	0

* The £106k relates to reserve movements from the winding up a subsidisray Daycase UK (DCUK).

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY 2018/2019

	Total	Charitable Funds	Public Dividend Capital	Revaluation Reserve	Income and Expenditure Reserve	Non - Controlling Interest
	£'000	£'000	£'000	£'000	£'000	£'000
Taxpayers' Equity at 1 April 2018	(2,606)	2,454	42,089	9,580	(56,525)	(204)
(Deficit) / Surplus for the year	(19,031)	(756)	0	0	(18,419)	144
Revaluation gains and impairment losses property, plant and equipment	2,956	0	0	2,956	0	0
Public Dividend Capital received	253	0	253	0	0	0
Movements on other reserves	(15)	0	0	(1)	(14)	0
Taxpayers' Equity at 31 March 2019	(18,443)	1,698	42,342	12,535	(74,958)	(60)

Information on reserves

NHS charitable funds reserves

This balance represents the ring-fenced funds held by the NHS charitable funds consolidated within these accounts. These reserves are classified as restricted or unrestricted.

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 trust. Additional PDC may also be issued to NHS foundation trusts by the Department of Health. A charge, reflecting the cost of capital utilised by the NHS foundation 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.

Non-Controlling Interest

A non-controlling interest is an ownership position where a corporate shareholder owns less than 50 percent of outstanding shares and can only influence management decisions instead of controlling them. This related to DCUK and is no longer applicable as this is now 100% owned within the group.

Income and expenditure reserve

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31 MARCH 2020**

	Note	Group		Trust	
		2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Cash flows from operating activities					
Operating surplus/ (deficit)		1,459	(18,081)	366	(19,631)
Non-cash income and expense:					
Depreciation and amortisation		4,500	4,083	4,664	4,139
Net impairments and reversals of impairments		84	101	(163)	(1,498)
Income recognised in respect of capital donations		(169)	(728)	(165)	(728)
(Increase)/decrease in receivables		(4,213)	232	(3,956)	6,322
(Increase)/decrease in inventories		(41)	(226)	69	(208)
Increase/(decrease) in payables and other liabilities		(320)	(3,049)	1,690	1,723
Increase/(decrease) in provisions		1,665	12	1,665	12
Corporation tax (paid)		(109)	0	0	0
NHS charitable funds - net movements in working capital, non-cash transactions cash flows		2	(665)	0	0
Net cash from / (used in) operations		2,858	(18,321)	4,170	(9,869)
Cash flows from investing activities					
Interest received	9	4	20	1,133	1,113
Payments to acquire intangible assets	14	(500)	(842)	(484)	(849)
Payments to acquire tangible fixed assets	15	(3,301)	(2,952)	(1,175)	(2,463)
Sale of property, plant and equipment	15	0	2,471	0	0
Prepayment of PFI capital Contributions		(463)	0		0
Receipt of cash donations to purchase capital assets		48	20	11	0
Cash flows attributing to investing activities		(53)	0		
Net cash used in investing activities		(4,265)	(1,283)	(515)	(2,199)
Cash flows from financing activities					
Public Dividend Capital received	25	2,250	253	2,250	253
Loans received from Department of Health	22	9,948	20,857	9,948	20,857
Movements on other loans including intercompany		36	616	(5,968)	(6,754)
Interest paid on Department of Health loans		(1,415)	(1,332)	(1,276)	(1,332)
Loans repaid - including finance lease capital		(161)	(155)	(161)	(155)
Interest element of finance lease including intercompany		(44)	(53)	(1,519)	(1,490)
Interest on PFI and other service concessions		(14)	0	0	0
Other capital movements		0	(193)	0	257
Net cash used in financing activities		10,600	19,993	3,274	11,636
(Decrease) / Increase in cash and cash equivalents		9,193	389	6,929	(432)
Cash and cash equivalents at 1 April		5,021	4,632	243	675
Cash and cash equivalents at 31 March	18	14,214	5,021	7,172	243

Notes to the Accounts

1. Accounting policies and other information

NHS Improvement, in exercising the statutory functions conferred on Monitor, 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 2019/20 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.

Going concern

In preparation of the year end accounts the Board is required to undertake an assessment as to whether the Trust will continue as a going concern.

The Department of Health and Social Care (DHSC) Group Accounting Manual 2019/20 states that financial statements should be prepared on a going concern basis unless there is an intention for dissolution without transfer of services to another entity.

There is no intention for dissolution of the Trust and the Trust continues to prepare and publish financial and operational plans for future years. As the Trust has operated with a deficit position in previous years, the Board have considered the principle of going concern and ongoing financing.

Financial plans and cash flow forecasts for 2020/21 have been prepared taking into account potential impacts of COVID19 and financial arrangements in response, and the new cash regime which converts previous loans to Public Dividend Capital and allows for future Public Dividend Capital support.

On 2 April 2020, the DHSC and NHS England and NHS Improvement (NHSE/I) announced reforms to the NHS cash regime. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment.

The affected loans total £90.1m, and are classified as current liabilities within these financial statements and result in Net Current Liabilities of £82.0m. As the repayment of these loans will be funded through the issue of PDC, this does not present a going concern risk for the Trust.

The Trust submitted a draft plan to NHSE/I on 5 March 2020, setting out the work in progress position before suspension of the planning round due to COVID19. This set out a deficit position of £28.9m for the year ending 31 March 2021, however had the planning round continued the Trust believe that the final plan for the year would have been to achieve the Financial Improvement Trajectory of £15.3m deficit and thus earn £15.3m of Financial Recovery Funding (FRF).

Planning was superseded by the financial arrangements for COVID19, which include nationally devised contracts for the period to 31 July 2020. This national approach provides assurance of sufficient income to meet all operating costs in the period.

Further, the Directors have a reasonable expectation that any shortfall in earned income over expenditure for the remainder of the year will be met in the form of revenue support from DHSC. Whilst historically such support has been in the form of loans, following the announcement that all existing loans will be repaid using the issue of PDC, the Trust expects any future support required to be in the form of PDC.

The cash balance as at 31st March 2020 was £12.5m, and at 31st May 2020 £31.6m. The Trust has assessed its best, worst and most likely case financial forecast for 2020/21 taking into account an assumed reversion to plan in the later part of the year. This results in a surplus /deficit in the range of £0.0m to £10.2m after Financial Recovery Funding. The Trust will require cash support in the form of additional PDC during the year to support the cash position in the range of £0.0m (best case) to £10.2m (worst case).

The Directors, having made appropriate enquiries, have concluded that there is a reasonable expectation the Trust will have access to adequate resources to continue in operational existence for the going concern assessment period. Therefore, these accounts have been prepared under a going concern basis as set out in IAS 1.

Accounting convention

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

1.1 Consolidation NHS Charitable Fund

The NHS foundation trust is the corporate trustee to Yeovil NHS Charitable Fund. The trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the foundation trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March 2020 in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the foundation trust's accounting policies and
- eliminate intra-group transactions, balances, gains and losses.

Other subsidiaries

Subsidiary entities are those over which the trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

The amounts consolidated are drawn from the published financial statements of the subsidiaries for the year [except where a subsidiary's financial year end is before 1 January or after 1 July in which case the actual amounts for each month of the trust's financial year are obtained from the subsidiary and consolidated.

The Trust wholly owns Symphony Healthcare Services Ltd which forms part of the consolidated accounts. Symphony Healthcare Services Ltd provides primary care services and its turnover for the period ended 31st March 2020 was £25.7m

The Trust also wholly owns Simply Serve LTD which provides Estates and Facilities services which began trading on 1st February 2018 and its turnover for the period ended 31st March 2020 was £14.2m and forms part of the consolidated accounts.

Wellchester Innovation Limited is also a wholly subsidiary that was incorporate on 1st October 2016 to provide consultancy services leveraging YDH's knowledge of innovation in the health sector.

In addition the Trust also wholly owns Yeovil Property Operating Company LLP which facilitates the provision of GP practice premises and the company was incorporated on 19th January 2016.

Daycase UK (DCUK) was previously partly owned (70% by the Trust). However, this was liquidated in year.

Associates

Associate entities are those over which the trust has the power to exercise a significant influence. Associate entities are recognised in the trust's financial statement using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the trust's share of the entity's profit or loss or other gains and losses (e.g. revaluation gains on the entity's property, plant and equipment) following acquisition. It is also reduced when any distribution, e.g., share dividends are received by the trust from the associate.

Joint ventures

Joint ventures are arrangements in which the trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.

The Trust has a joint venture with Yeovil Estates Partnership LLP in which it holds 50% of the equity and 50% of the voting rights

The Trust also owns 15.3% of SW Path Services LLP, SPS Facilities LLP and Southwest Pathology Service LLP and holds 20% of all the voting rights.

Business Combinations

When acquiring a business from outside the Whole of Government Accounts boundary the trust will account for it in accordance with IFRS 3. Where this is applicable the combination will be accounted for at fair value at the date of combination and any goodwill arising will be accounted for as an asset.

1.2 Income

Revenue from contract's 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.

Revenue from NHS Contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it.

The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer.

At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

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 have been 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.

Provider sustainability fund (PSF) and Financial Recovery Fund (FRF)

The PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

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 Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

1.3 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.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS foundation trust to identify its share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employer's pension cost 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.

1.4 Expenditure on other goods and services

Expenditure on goods and services is recognised when they have been received 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.

1.5 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 cost of the individual asset is at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous 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 e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

Measurement

Valuation

All 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.

All assets are measured subsequently at valuation.

Land and property assets are valued 5 yearly with a 3 yearly interim valuation also carried out. Annual desktop valuation reviews are carried out in other years. The 5 yearly and 3 yearly interim valuations are carried out by a professionally qualified valuer in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

The valuations are carried out on the basis of current value in existing use (as required by HM Treasury) incorporating the approach of using a suitable alternative site in valuing the estate. The annual reviews are conducted using the most appropriate information available at the date of the review. A full valuation was carried out as at 31 March 2020.

The valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19.

The values in the report have been used to inform the measurement of property assets at valuation in these financial statements.

Due to the uncertainty around the valuation a 1% decrease change in the valuation would result in a £0.55m impact on the financial statements.

With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Equipment assets values are reviewed annually by internal experts to determine the remaining life based on past and forecasted consumption of economic useful life of the asset.

Assets in the course of construction are valued at current cost. Material assets are valued by professional valuers when they are first brought into use and are subsequently valued as part of the 5 or 3 yearly valuations.

An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5, of which there are currently none.

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.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic 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.

The range of useful economic lives are shown in the table below:

	Years
Building	9 to 75
Plant and Machinery	5 to 15
Transport equipment	5 to 15
Information technology	5 to 8
Furniture & Fittings	7 to 10

Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off statement PFI contract assets are not depreciated until the asset is brought into use or reverse to the Trust, retrospectively.

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 DHSC 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 impairment.

An impairment that arises from a clear consumption of economic benefit or 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 income 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 all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
 - o management are committed to a plan to sell the asset
 - o an active programme has begun to find a buyer and complete the sale
 - o the asset is being actively marketed at a reasonable price
 - o the sale is expected to be completed within 12 months of the date of classification as 'held for sale' and
 - o the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following the 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. 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 economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated, government granted and other 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.

1.6 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They 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

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use
- the trust intends to complete the asset and sell or use it
- the trust has the ability to sell or use the asset
- how the intangible asset will generate probable future economic or service delivery benefits, e.g., the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the trust to complete the development and sell or use the asset and
- the trust can measure reliably the expenses attributable to the asset during development.

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

Software

Software which is integral to the operation of hardware e.g. 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 e.g. application software, is capitalised as an intangible asset.

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.

Subsequently intangible assets are measured at current value in existing use. Where no market exists they are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluation gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment.

An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13. If it does not meet the requirements of IAS 40 or IFRS 5.

Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

Amortisation

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

	Years
Intangible Assets – Internally generated	5 - 10
Intangible Assets – Purchased software	5

1.7 Revenue government grants and other contributions to expenditure

Government grants are grants from Government bodies other than income from Clinical Commissioning Groups or NHS 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.

The value of the benefit received when accessing funds from the Governments apprenticeship service is recognised as income at the point of receipt of the training service. When these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition of the benefit.

1.8 Inventories

Inventories are valued at the lower of cost and net realisable value. Valued using a weighted average cost method. This is considered to be a reasonable approximation to current cost due to the high turnover of inventories.

Inventories are reviewed to enable identification of slow moving and obsolete items and for condemnation, disposal and replacement of all unserviceable articles. Obsolete goods are disposed of in line with the Standing Financial Instructions guidance on Disposals and Condemnations, Insurance, Losses and Special Payments.

1.9 Financial instruments and financial liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for 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, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Regular way purchases or sales are recognised and de-recognised, as applicable using the trade/settlement terms and conditions.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

De-recognition

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

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

Classification and measurement

Financial assets are categorised as 'fair value through income and expenditure', loans and receivables.

Financial liabilities are classified as 'fair value through income and expenditure' or as 'other financial liabilities'.

Financial assets and financial liabilities at 'fair value through income and expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term.

Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The trust's loans and receivables comprise: cash and cash equivalents, NHS receivables, accrued income and 'other receivables'.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Other financial liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment or intangible assets is not capitalised as part of the cost of those assets.

Determination of fair value

For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from discounted cash flow analysis.

Impairment of financial assets

At the Statement of Financial Position date, the trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the assets carrying value and the present value of the revised future cash flows discounted at the assets original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced.

1.10 Leases

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS foundation trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property, plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately

1.11 Provisions

The NHS foundation 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 the discount rates published and mandated by HM Treasury effective for 31st March 2020:

		Nominal rate
Short Term	Up to 5 years	0.51%
Medium Term	After 5 years up to 10 years	0.55%
Long Term	After 10 years	1.99%

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 31 March 2020:

	Inflation rate
Year 1	1.90%
Year 2	2.00%
Into perpetuity	2.00%

Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS foundation trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS foundation trust.

The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS foundation trust is disclosed at note 21 but is not recognised in the NHS foundation trust's accounts.

Non-clinical risk pooling

The NHS foundation 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 the NHS Litigation Authority 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

1.12 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 24 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 24, 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

1.13 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 trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

At any time, 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 NHS foundation 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 NHS foundation trust during the financial year.

Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets) (ii) average daily cash balances held with the Government Banking Services (GBS), excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health (as 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 thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

1.14 Value added tax

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

1.15 Corporation tax

The NHS foundation trust does not have a corporation tax liability for the year 2019/20. Tax may be payable on activities as described below:

- the activity is not related to the provision of core healthcare as defined under Section 14(1) of the HSCA. Private healthcare falls under this legislation and is not therefore taxable;
- the activity is commercial in nature and competes with the private sector. In house trading activities are normally ancillary to the core healthcare objectives and are therefore not subject to tax;
- the activity must have annual profits of over £50,000.

Within the reporting group of Yeovil District Hospital NHS Foundation Trust subsidiary companies may have a corporation tax liability for 2019/20 financial year.

The net amount of any corporation tax payable by the subsidiaries for the period is immaterial to the Trust accounts. Tax payable is disclosed in full in the notes to the subsidiaries individual statutory accounts.

1.16 Foreign exchange

The functional and presentational currencies of the trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

When accounting for such transactions any gains or losses are recognised through the losses and special payments and disclosed in note 13.

1.17 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

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, including losses which would have been made good through insurance cover had NHS Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

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

1.19 Critical judgements in applying accounting policies

International accounting standard IAS1 requires estimates, assumptions and judgements to be continually evaluated and to be based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The purpose of evaluation is to consider whether there may be a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year, compared to the carrying value in these accounts. The following significant assumptions and areas of estimation and judgement have been considered in preparing these financial statements.

Value of land, buildings and dwellings £55,000,000 (2018/19 £53,500,000). This is the most significant estimate in the accounts and is based on the professional judgement of the Trust's independent valuer with extensive knowledge of the physical estate and market factors.

The value does not take into account potential future changes in market value which cannot be predicted with any certainty.

The majority of the Trusts estate is considered to be specialised assets as there is no open market for an acute hospital. The modern equivalent asset valuation is based on the assumption that a replacement hospital would be built on an alternative site, within the surrounding area of Yeovil.

Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Accounting standards that have been issued but have not yet been adopted

The following accounting standards, amendments and interpretations have been issued by the IASB and IFRIC:

IFRS 14 Regulatory Deferral Accounts

IFRIC 23 Income Tax Treatment

The above amendments and new standards have not yet been adopted within the FReM, and are therefore not applicable to the Department of Health group for 2019/20. The impact of standards has not yet been fully assessed.

1.20 Accounting standards, amendments and interpretations in issue but not yet effective or adopted

The Group will adopt the following new accounting standards,

IFRS 16 Leases

Is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below.

For those recognised in the statement of financial position the standard also requires the re-

measurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

On transition to IFRS 16 on 1 April 2021, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date.

For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury.

Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2021 for existing finance leases.

For leases commencing in 2021/22, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable.

However, the Trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

2. Operating Segments

The chief operating decision maker for Yeovil District Hospital NHS Foundation Trust is the Trust Board. Key decisions are agreed at monthly Board meetings and sub-committee meetings of the Board, following scrutiny of performance and resource allocation.

The Trust Board review and make decisions on activity and performance of the group as a whole entity, not for its separate business activities. The activities of the subsidiary companies are not considered sufficiently material to require separate disclosure.

	Elective Care £000	Urgent Care £000	Total £000
NHS Clinical Income	54,507	75,631	130,138
Private Care Income	2,004		2,004
Total Income	56,511	75,631	132,142
Total Expenditure	(55,393)	(75,680)	(131,073)
Segmental Surplus / (Deficit)	<hr/> 1,118	<hr/> (49)	<hr/> 1,069 <hr/>
<i>SHS</i>			(1,141)
<i>Charitable funds</i>			9
Consolidated Income Statement			<hr/> (63) <hr/>

The Trusts Service Line Reporting is set up to mirror the two clinical strategic business units of the Trust Elective Care and Urgent Care. Individual specialty service level positions group up in to one of these two business units.

Cost and income are inclusive of all subsidiaries that support the running of the core acute services, including YDH Trust and Simply Serve Ltd. Symphony Healthcare Services is separate to our core acute work and is not included in our Service Line Reporting.

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS
2019/2020

3. Operating income from patient care activities

3.1 Income from patient care activities (by nature)

	Group		Trust	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Clinical Income				
A & E income	8,317	6,917	8,317	6,917
Elective income	18,411	17,825	18,411	17,752
High cost drugs income	11,675	10,992	11,675	10,992
Non-elective income	47,060	35,799	47,060	35,799
Other non protected clinical income	372	439	372	439
Commuinty Serives	13,703	11,313	0	0
Other NHS clinical income	28,176	26,815	28,049	25,919
Outpatient income - Firsts	7,448	7,261	7,448	7,261
Outpatient income - Follow ups	11,392	10,885	11,392	10,885
Private patient income	2,132	2,464	1,984	2,273
AFC Pay award central funding	0	1,273	0	1,273
Pension Contribution central funding	3,763	0	3,763	0
Clinical income from activities	152,449	131,983	138,471	119,510

3.2 Income from patient care activities (by source)

	Group		Trust	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
CCG's and NHS England	148,983	127,174	135,280	114,957
Other NHS Foundation Trusts	852	579	725	513
Departement of Health and Social Care	0	1,273	0	1,273
Non - NHS: private patients	2,132	2,463	1,984	2,273
Non - NHS: overseas patients	80	55	80	55
NHS injury recovery scheme (was RTA)	372	439	372	439
Non NHS other	30	0	30	0
Total income from activities	152,449	131,983	138,471	119,510

NHS Injury Scheme income is subject to a provision for doubtful debts of 21.79% for 2019/20 which has decreased from 21.89% in 2018/19 to reflect expected rates of collection.

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS
2019/2020

3.3 Income from activities arising from commissioner requested services

Under the terms of its provider license, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider license and are services that commissioners believe would need to be protected in the event of provider failure.

	Group and Trust	
	2019/20	2018/19
	£'000	£'000
Income from services designated (or grandfathered) as commissioner requested services	149,945	129,081
Other	2,504	2,902
Total	<u>152,449</u>	<u>131,983</u>

3.4 Overseas visitors (relating to patients charged directly by the NHS foundation trust)

	Trust	
	2019/20	2018/19
	£'000	£'000
Income recognised this year	80	55
Cash payments received in-year	15	24
Amounts added to provision for impairment of receivables	42	35
Amounts written off in-year	25	3

4. Other operating income

	Group		Trust	
	2019/20	2018/19	2019/20	2018/19
	£'000	£'000	£'000	£'000
Research and development	921	896	921	896
Education and training	4,515	4,268	4,515	4,268
Receipt of capital grants and donations	169	728	165	728
PSF, FRF and MRET Income	19,479	3,374	19,479	3,374
Incoming resources received by NHS charitable fund	522	464	0	0
Other income	17,346	12,058	20,421	15,770
Total other operating income	<u>42,952</u>	<u>21,788</u>	<u>45,501</u>	<u>25,036</u>

Included within other income is income relating to catering, staff recharges, car parking, estates recharges and pharmacy drug sales as well as other additional income.

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS
2019/2020

5. Operating expenses

5.1 Operating expenses comprise

	Note	Group		Trust	
		2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Clinical negligence insurance		4,195	4,220	4,195	4,220
Consultancy costs		239	374	213	324
Depreciation and amortisation		4,500	4,083	4,664	4,139
Drug costs		20,537	16,226	19,951	15,934
Establishment		3,266	3,578	952	836
Fees for Audit					
- Statutory audit		64	59	64	59
- Associate Companies		22	27	0	
- Audit Related Assurance Services		1	10	1	10
Internal audit fees		55	60	55	60
Tax advisory services		174	219	101	67
Impairments	11	84	101	752	1,497
Increase in provisions		1,563	12	1,490	97
Legal fees		150	232	102	60
Losses, ex gratia & special payments		149	17	149	17
NHS charities expenditure		523	1,240	0	0
Premises		9,853	8,887	4,249	3,842
Purchase of healthcare from non NHS bodies *		6,800	5,553	31,351	26,025
Rentals under operating leases	5.3	755	623	0	8
Operating expenditure IFRIC 12		561	0	0	0
Services from:					
- CCGs and NHS England		72	20	72	284
- NHS Foundation Trusts		2,422	2,385	2,330	3,836
- NHS Trusts		104	277	93	279
Staff costs:					
- Executive Directors	6	937	1,207	937	915
- Other Staff costs	6	121,402	106,737	98,137	87,106
- Redundancy costs	6	139	510	139	510
- Non-Executive Directors' costs		110	116	110	116
Supplies and services (excluding drug costs)					
- Clinical		9,478	9,641	4,229	4,073
- General		3,085	2,947	7,310	8,153
Training		681	484	495	417
Transport		1,194	1,118	1,091	1,032
Other		827	889	374	261
		<u>193,942</u>	<u>171,852</u>	<u>183,606</u>	<u>164,177</u>

* The Trust figure includes intercompany expenditure with non NHS wholly owned subsidiaries.

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS
2019/2020

5.2 Limitation on auditor’s liability

The limitation on the auditor’s liability is £1,000,000. (2018/19: £1,000,000)

5.3 Operating leases - Yeovil District Hospital NHS Foundation Trust as a lessee

	Group		Trust	
	2019/20	2018/19	2019/20	2018/19
	£'000	£'000	£'000	£'000
Operating lease expense				
Minimum lease payments	<u>755</u>	<u>623</u>	<u>0</u>	<u>0</u>
	<u>755</u>	<u>623</u>	<u>0</u>	<u>0</u>
Future minimum lease payments due:				
- not later than one year	678	671	0	481
- later than one year and not later than five years	1,492	1,677	0	960
- later than five years	281	688	0	36
	<u>2,451</u>	<u>3,036</u>	<u>0</u>	<u>1,477</u>

The Group has entered into commercial leases primarily for healthcare equipment.

6. Staff costs

6.1 Staff costs

	Group		Trust	
	2019/20	2018/19	2019/20	2018/19
	£'000	£'000	£'000	£'000
Salaries and wages	93,697	84,259	78,639	68,232
Social Security Costs	8,427	7,771	6,201	7,088
Employer Contributions to NHSPA	9,462	9,029	6,602	8,083
Additional Pension Costs 6.3%	3,763	0	3,763	0
Termination Benefits	139	510	139	510
Apprenticeship Levy	304	625	304	625
Agency and contract staff	6,796	6,376	3,675	4,109
	<u>122,588</u>	<u>108,570</u>	<u>99,323</u>	<u>88,647</u>

The rise in expenditure relating to employer contributions to NHSPA mainly relates to the employer contribution rate increasing to 20.6% (2018/2019 14.38%). There is corresponding income shown in note 3.1

6.2 Employee benefits

Benefits in kind relating to lease cars totalled £115,680 in year (2018/19 £109,265). The Trust has introduced a Salary Sacrifice Green Car scheme for employees, these cars are classified as being a Benefit in Kind, and the associated costs are covered by the Salary Sacrifice.

7. 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 are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2018. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The actuarial valuation was carried out at 31 March 2020 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. This will set the employer contribution rate payable from April 2020 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this ‘employer cost cap’ assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS
2019/2020

8. Retirements due to ill health

During 2019/20 there were no early retirements from the trust agreed on the grounds of ill-health.

9. Finance income and expenses

	Group		Trust	
	2019/20	2018/19	2019/20	2018/19
	£'000	£'000	£'000	£'000
Finance Income				
Trust interest received	4	20	1,123	1,093
Charity interest received	10	20	10	20
	<u>14</u>	<u>40</u>	<u>1,133</u>	<u>1,113</u>
Finance Expense				
Interest on loan from Department of Health	(1,276)	(1,423)	(1,276)	(1,332)
Commercial Loans	(137)	(77)	0	0
Interest on finance leases	(58)	(53)	(1,519)	(1,490)
Unwinding of discount on provisions	(2)	0	(2)	0
	<u>(1,473)</u>	<u>(1,553)</u>	<u>(2,797)</u>	<u>(2,822)</u>

10. Gains / losses on disposal/de-recognition of non-current assets

	Group		Trust	
	2019/20	2018/19	2019/20	2018/19
	£'000	£,000	£'000	£,000
Gain/(Loss) on disposal of fixed assets	(91)	(80)	(91)	(80)
Gain on disposal of property	0	824	0	0
	<u>(91)</u>	<u>744</u>	<u>(91)</u>	<u>(80)</u>

The disposals in 2019/20 were in respect of non-protected assets.

11. The Late Payment of Commercial Debts (Interest) Act 1998

There were no amounts included within interest payable arising from claims made by businesses under this legislation.

12. Losses and special payments

	Group and Trust			
	2019/20		2018/19	
	Number	Value £'000	Number	Value £'000
Losses of Cash:				
Due to overpayment of salary	25	19	0	0
Bad Debts				
Private Patients	519	36	2	0
Overseas Visitors	16	25	7	3
Other	18	12	16	0
Damage to building:				
Not theft or fraud	0	0	0	0
Ex Gratia payments:				
Loss of personal effects	12	7	17	12
Other	1	50	4	17
Recovered Losses:				
Compensation Payments Received	1	(40)	1	(15)
Total losses and special payments	592	109	47	17

There were no case payments that exceeded £100,000.

These amounts are reported on an accruals basis, excluding provisions for future losses

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS 2019/2020

13 Intangible Assets

13.1 Intangible assets at the balance sheet date comprise the following elements

	Group							
	2019/20				2018/19			
	Software licence £'000	Development £'000	Assets under construction £'000	Total £'000	Software licence £'000	Development £'000	Assets under construction £'000	Total £'000
Cost or valuation at 1 April	1,674	2,877	2,808	7,359	1,560	2,877	2,083	6,520
Additions - purchased	100	361	262	723	105	0	744	849
Additions - leased	0	0	0	0	0	0	0	0
Reclassifications	0	1,469	(1,469)	0	19	0	(19)	0
Disposals	(47)	(38)	0	(85)	(10)	0	0	(10)
At 31 March	1,727	4,669	1,601	7,997	1,674	2,877	2,808	7,359
Amortisation at 1 April	1,342	902	0	2,244	1,141	574	0	1,715
Provided during the year	241	402	0	643	203	328	0	531
Disposals	(41)	0	0	(41)	(2)	0	0	(2)
Amortisation at 31 March	1,542	1,304	0	2,846	1,342	902	0	2,244
Net book value								
- Purchased at 1 April	332	1,975	2,808	5,115	419	2,303	2,083	4,805
	332	1,975	2,808	5,115	419	2,303	2,083	4,805
Net book value								
- Purchased at 31 March	185	3,365	1,601	5,151	332	1,975	2,808	5,115
Total at 31 March	185	3,365	1,601	5,151	332	1,975	2,808	5,115

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS 2019/2020

	Trust							
	2019/20				2018/19			
	Software licence	Development	Assets under construction	Total	Software licence	Development	Assets under construction	Total
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Cost or valuation at 1 April	558	2,874	2,808	6,240	469	2,877	2,083	5,429
Additions - purchased	69	153	262	484	79	0	744	823
Additions - leased	0	0	0	0	0	0	0	0
Reclassifications	0	1,469	(1,469)	0	19	0	(19)	0
Disposals	(50)	(38)	0	(88)	(9)	(3)	0	(12)
At 31 March	577	4,458	1,601	6,636	558	2,874	2,808	6,240
Amortisation at 1 April	207	902	0	1,109	6	574	0	580
Provided during the year	216	397	0	613	203	328	0	531
Disposals	(43)	0	0	(43)	(2)	0	0	(2)
Amortisation at 31 March	380	1,299	0	1,679	207	902	0	1,109
Net book value								
- Purchased at 1 April	349	1,972	2,808	5,129	463	2,303	2,083	4,849
	349	1,972	2,808	5,129	463	2,303	2,083	4,849
Net book value								
- Purchased at 31 March	197	3,159	1,601	4,957	349	1,972	2,808	5,129
Total at 31 March	197	3,159	1,601	4,957	349	1,972	2,808	5,129

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS 2019/2020

14. Property plant and equipment

14.1 Property, plant and equipment at 31 March 2020 comprise the following elements

	Group								
	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Transport	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2019	4,592	56,919	1,369	754	17,464	0	2,944	1,200	85,242
Additions - purchased	538	1,980	0	1,885	924	5	578	130	6,040
Additions - leased	0	68	0	0	555	0	0	0	623
Additions - donated	0	11	0	56	84	0	0	52	203
Reclassifications	0	545	0	(567)	22	0	0	0	0
Impairments charged to revaluation reserve	0	(752)	0	0	0	0	0	0	(752)
Revaluation	22	(849)	(32)	0	0	0	0	0	(859)
Disposals	0	0	0	0	(150)	0	(13)	(4)	(167)
At 31 March 2020	5,152	57,922	1,337	2,128	18,899	5	3,509	1,378	90,330
Depreciation at 1 April 2019	0	8,640	720	0	13,130	0	1,725	561	24,776
Provided during the year	0	2,317	54	0	1,182	0	181	123	3,857
Impairments	0	84	0	0	0	0	0	0	84
Reversal of impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluation	0	(2,398)	(54)	0	0	0	0	0	(2,452)
Disposals	0	0	0	0	(99)	0	(13)	(2)	(114)
Accumulated depreciation at 31 March 2020	0	8,643	720	0	14,213	0	1,893	682	26,151
Net book value									
- Purchased at 1 April 2019	4,592	45,470	649	593	3,660	0	1,210	489	56,663
- Finance Leases at 1 April 2019	0	1,353	0	0	0	0	0	0	1,353
- Donated at 1 April 2019	0	1,456	0	161	674	0	9	150	2,450
Total at 1 April 2019	4,592	48,279	649	754	4,334	0	1,219	639	60,466
- Purchased at 31 March 2020	5,152	46,529	617	1,968	3,482	5	1,609	561	59,923
- Finance Leases at 31 March 2020	0	1,089	0	0	623	0	0	0	1,712
- Donated at 31 March 2020	0	1,661	0	160	581	0	7	135	2,544
Total at 31 March 2020	5,152	49,279	617	2,128	4,686	5	1,616	696	64,179

YEovil DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS 2019/2020

	Trust							
	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2019	4,592	46,568	649	754	6,058	969	549	60,139
Additions - purchased	538	1,878	0	1,942	901	546	31	5,836
Additions - leased	0	68	0	0	555	0	0	623
Additions - donated	0	11	0	0	84	0	13	108
Reclassifications	0	545	0	(567)	22	0	0	0
Impairments charged to revaluation reserve	0	(1,601)	(32)	0	0	0	0	(1,633)
Revaluation	22	0	0	0	0	0	0	22
Disposals	0	0	0	0	(150)	(13)	(4)	(167)
At 31 March 2020	5,152	47,469	617	2,129	7,470	1,502	589	64,928
Depreciation at 1 April 2019	0	0	0	0	1,315	204	84	1,603
Provided during the year	0	2,309	54	0	1,418	181	90	4,052
Impairments	0	752	0	0	0	0	0	752
Reversal of impairments	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Revaluation	0	(3,061)	(54)	0	0	0	0	(3,115)
Disposals	0	0	0	0	(105)	(13)	(1)	(119)
Accumulated depreciation at 31 March 2020	0	0	0	0	2,628	372	173	3,173
Net book value								
- Purchased at 1 April 2019	1,229	11,890	649	593	1,339	512	65	16,277
- Finance Leases at 1 April 2019	3,363	33,324	0	0	2,728	244	250	39,909
- Donated at 1 April 2019	0	1,356	0	161	674	9	150	2,350
Total at 1 April 2019	4,592	46,570	649	754	4,741	765	465	58,536
- Purchased at 31 March 2020	1,789	14,038	617	1,969	2,030	989	88	21,520
- Finance Leases at 31 March 2020	3,363	31,770	0	0	2,231	134	193	37,691
- Donated at 31 March 2020	0	1,661	0	160	581	7	135	2,544
Total at 31 March 2020	5,152	47,469	617	2,129	4,842	1,130	416	61,755

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS 2019/2020

14.2 Property, plant and equipment at 31 March 2019 comprise the following elements:

	Group							
	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2018	4,591	52,979	1,351	2,126	16,533	2,412	1,152	81,144
Additions - purchased	32	2,095	0	515	850	529	48	4,069
Additions - Leased	0	103	0	0	0	0	0	103
Additions - Donated	0	507	0	102	108	9	2	728
Reclassifications	0	1,922	0	(1,989)	67	0	0	0
Impairments charged to revaluation reserve	0	(1,866)	0	0	0	0	0	(1,866)
Revaluation	(31)	2,955	18	0	0	0	0	2,942
Disposals	0	(1,776)	0	0	(94)	(6)	(2)	(1,878)
At 31 March 2019	4,592	56,919	1,369	754	17,464	2,944	1,200	85,242
Depreciation at 1 April 2018	0	8,640	720	0	11,956	1,552	477	23,345
Provided during the year	0	1,862	48	0	1,300	175	85	3,470
Impairments	0	0	0	0	(101)	0	0	(101)
Reversal of impairments	0	0	0	0	0	0	0	0
Reclassifications	0	(2)	0	0	2	0	0	0
Revaluation	0	(1,731)	(48)	0	0	0	0	(1,779)
Disposals	0	(129)	0	0	(27)	(2)	(1)	(159)
Accumulated depreciation at 31 March 2019	0	8,640	720	0	13,130	1,725	561	24,776
Net book value								
- Purchased at 1 April 2018	4,591	40,806	631	1,043	3,701	860	505	52,137
- Finance Leases at 1 April 2018	0	1,284	0	1,083	214	0	0	2,581
- Donated at 1 April 2018	0	2,249	0	0	662	0	170	3,081
Total at 1 April 2019	4,591	44,339	631	2,126	4,577	860	675	57,799
- Purchased at 31 March 2019	4,592	45,470	649	593	3,660	1,210	489	56,663
- Finance Leases at 31 March 2019	0	1,353	0	0	0	0	0	1,353
- Donated at 31 March 2019	0	1,456	0	161	674	9	150	2,450
Total at 31 March 2019	4,592	48,279	649	754	4,334	1,219	639	60,466

YEovil DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS 2019/2020

	Trust							
	Freehold Land	Freehold buildings excluding dwellings	Freehold dwellings	Assets under construction & payments on account	Plant and machinery	Information Technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2018	4,591	41,122	631	2,126	5,138	880	501	54,989
Additions - purchased	32	2,095	0	515	839	86	48	3,615
Additions - leased	0	103	0	0	0	0	0	103
Reclassifications	0	508	0	102	108	9	2	729
Impairments charged to revaluation reserve	0	1,923	0	(1,989)	67	0	0	1
Revaluation	(32)	(1,540)	0	0	0	0	0	(1,572)
Sale of Assets (Disposal)	1	2,359	18	0	0	0	0	2,378
Disposals	0	0	0	0	(94)	(6)	(2)	(102)
At 31 March 2019	4,592	46,570	649	754	6,058	969	549	60,141
Depreciation at 1 April 2018	0	0	0	0	42	31	0	73
Provided during the year	0	2,002	48	0	1,298	175	85	3,608
Impairments	0	(1,497)	0	0	0	0	0	(1,497)
Reversal of impairments	0	(1)	0	0	0	0	0	(1)
Revaluation	0	(2)	0	0	2	0	0	0
Disposals	0	(502)	(48)	0	0	0	0	(550)
Accumulated depreciation at 31 March 2019	0	0	0	0	(25)	(2)	(1)	(28)
Net book value								
- Purchased at 1 April 2018								
- Finance Leases at 1 April 2018	4,591	37,587	631	1,043	4,212	849	330	49,243
- Donated at 1 April 2018	0	1,284	0	0	214	0	0	1,498
Total at 1 April 2018	0	2,249	0	1,083	670	0	171	4,173
	4,591	41,120	631	2,126	5,096	849	501	54,914
- Purchased at 31 March 2019	1,229	11,890	649	593	1,339	512	65	16,277
- Finance Leases at 31 March 2019	3,363	33,324	0	0	2,728	244	250	39,909
- Donated at 31 March 2019	0	1,356	0	161	674	9	150	2,350
Total at 31 March 2019	4,592	46,570	649	754	4,741	765	465	58,536

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS
2019/2020

15. Inventories

	Group		Trust	
	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000
Drugs	1,184	1,149	1,126	1,091
Consumables	1,150	1,137	235	332
Energy	10	17	10	17
	<u>2,344</u>	<u>2,303</u>	<u>1,371</u>	<u>1,440</u>

Inventories recognised in expenses for the year were nil.

16. Trade and other receivables

16.1 Trade and other receivables

	Group		Trust	
	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000
Current				
Contract receivables	13,481	10,891	12,058	6,842
Trade receivables	0	0	0	0
Capital receivables	0	0	0	0
Allowance for other impaired receivables	(273)	(55)	(273)	(55)
Prepayments	1,921	1,705	560	119
VAT receivable	1,412	4	1,593	4
Amount owed by group undertakings	0	0	948	4,111
Other receivables	292	4	255	4
Total current receivables	<u>16,833</u>	<u>12,549</u>	<u>15,141</u>	<u>11,025</u>
Non-current				
Contract receivables	864	909	862	178
Trade receivables	0	0	0	0
Amount owed by group undertakings	0	0	31,653	32,470
Allowance for other impaired receivables	(173)	(147)	(173)	(147)
Total non-current receivables	<u>691</u>	<u>762</u>	<u>32,342</u>	<u>32,501</u>
Total receivables	<u>17,524</u>	<u>13,311</u>	<u>47,483</u>	<u>43,526</u>

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS
2019/2020

16.2 Allowances for credit losses

	Group		Trust	
	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000
At 1 April	202	464	202	464
Increase in provision	362	0	362	0
Amounts utilised	(35)	(262)	(35)	(262)
Unused amounts reversed	(83)	0	(83)	0
At 31 March	446	202	446	202

An allowance for impairment is made where there is an identifiable event which, based on previous evidence that the monies will not be recovered in full.

16.3 Analysis of allowances for creditor losses

	Group		Trust	
	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000
Ageing of impaired receivables				
0 - 30 days	18	3	18	3
30 - 60 days	109	4	109	4
60 - 90 days	0	8	0	8
90 - 180 days	12	40	12	40
Over 180 days	307	147	307	147
	446	202	446	202

17. Cash and cash equivalents

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.

	Group		Trust	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1 April	5,021	4,632	243	675
Net change in year	9,193	389	6,929	(432)
At 31 March	14,214	5,021	7,172	243
Broken down into:				
Cash at commercial banks and in hand	4,662	2,963	39	243
Cash with the Government Banking Service	7,688	208	7,133	0
Other Investments	1,864	1850	0	0
Total cash and cash equivalents as in SoFP & SoCF	14,214	5,021	7,172	243

The group cash balance includes £1.8m held by Symphony Healthcare service in an Escrow account. This cash is only accessible under certain conditions.

18. Third Party Assets

The Trust had cash at bank and in hand at 31 March 2020 £812 (£1,011 at 31 March 2019) in relation to monies held by on behalf of patients.

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS
2019/2020

19. Trade and other payables

	Group		Trust	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Receipts on account	(28)	883	135	(28)
NHS payables	50	2,941	170	961
Trade payables - capital	4,676	1,644	4,676	1,612
Other trade payables	1,995	2,547	2,121	4,508
Other payables	7,099	5,128	6,507	3,176
Accruals	9,627	7,431	7,976	6,925
NHS Charitable funds payables	4	2	0	0
Total current payables	23,423	20,576	21,585	17,154
Amounts falling due after one year:				
Other trade payables	0	132	0	0
Total non current payables	0	132	0	0
Total payables	23,423	20,708	21,585	17,154

20. Provisions for Liabilities and Charges

	Group			Trust		
	Legal Claims	Other	Total	Legal Claims	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2019	906	36	942	906	20	926
Arising during the year	20	1,582	1,602	20	1,530	1,550
Change in discount rate	139	0	139	139	0	139
Utilised during the year	(58)	0	(58)	(58)	0	(58)
Reversed unused	(18)	0	(18)	(18)	0	(18)
Unwinding of discount	2	0	2	2	0	2
At 31 March 2020	991	1,618	2,609	991	1,550	2,541
Expected timing of cashflows:						
Within 1 year	78	1,602	1,680	78	1,550	1,628
1 - 5 years	233	16	249	233	0	233
over 5 years	680	0	680	680	0	680
	991	1,618	2,609	991	1,550	2,541

Provisions arising in year includes HMRC commitments and clinical pension tax reimbursement.

£69,064,743 is included in the provisions of the NHS Resolution at 31 March 2020 in respect of clinical negligence liabilities of the Trust, (£73,724,640 for 2018/19).

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS
2019/2020

21. Legal Claims

The provision is based on information provided by the NHS Resolution and refers to non-clinical claims against the Trust.

22. Borrowings

	Group		Trust	
	31 Mar 2020 £'000	31 Mar 2019 £'000	31 Mar 2020 £'000	31 Mar 2019 £'000
Current				
Department of Health and Social Care	90,088	35,419	90,088	35,419
Other Loans	48	87	0	0
Intercompany finance lease	0	0	2,527	2,464
Obligations under finance leases	167	162	209	162
Obligations under PFI & service concessions	0	0	0	0
Total current borrowings	90,303	35,668	92,824	38,045
Non-current				
Department of Health and Social Care	0	44,694	0	44,694
Other Loans	1,704	1,629	0	0
Intercompany finance lease	0	0	38,785	41,311
Obligations under finance leases	987	1,157	964	1,320
Obligations under PFI & service concessions	0	0	0	0
Total non-current borrowings	2,691	47,480	39,749	87,325

Department of Health and Social Care loans have various interest rates ranging from 0.5% - 1.5%. These will be converted to Public Dividend Capital (PDC) in 2020/21.

The trust also has an intercompany finance lease with Simply Serve Ltd that started on 1 February 2018 with an interest rate of 3.45% totalling £46.1m.

22.1 Finance Leases

	Group		Trust	
	31 Mar 2020 £'000	31 Mar 2019 £'000	31 Mar 2020 £'000	31 Mar 2019 £'000
Gross Leases Liabilities	1,338	1,546	59,104	56,232
Not later than one year	204	206	4,114	2,500
Later than one year less than five years	537	611	13,474	9,790
Later than five years	597	728	41,516	43,942
Finance charges allocated to future periods	(180)	(226)	(16,638)	(17,646)
Net lease liabilities	1,158	1,319	42,466	38,586
Of which is payable				
Not later than one year	167	162	2,693	2,487
Later than one year less than five years	435	491	8,677	11,238
Later than five years	556	666	31,096	24,861
	1,158	1,319	42,466	38,586

22.2 On-SoFP PFI, LIFT or other service concession arrangements

Managed Equipment Solution for Diagnostic Imaging

On 1st April 2019 the Trust entered into a contract for the provision of a managed service contract within diagnostic imaging. The contract is for the following services:

- A Facilities Infrastructure Replacement Programme (FIRP), which includes the replacement, installation and
- decommissioning of all assets within the department along with an increase of modalities for ultrasound, MRI and CT scanning;
- The provision of a fully inclusive “Gold Standard” maintenance cover for the department, that includes all parts, durables and labour;
- The provision of a guaranteed uptime availability of the facility to perform diagnostic testing and reporting;
- A consumables management service paid for through a quarterly payment in advance based on an estimate of annual consumption. An assessment of actual Consumables provided is made each quarter and either a balancing invoice or credit note raised as appropriate.

A set of performance parameters has been agreed with the managed service provider. Penalties will apply if performance failures are not corrected within the agreed remedial period.

The accountancy treatment is that the Trust’s future assets within the scope of the managed service will be purchased by the managed service provider.

New equipment bought by the service provider has been capitalised under IFRIC 12 where their useful lives are fully utilised during the 10 years of the managed equipment solution agreement. Where new asset lives extend beyond the 10 years of the agreement equipment has been accounted for as operating leases.

The total unitary payment made to the managed equipment solution provider during the 2019/20 financial year was £576,000 (2018/19 nil).

The values of payments due for 2020/21 for the managed facility service is £1,177,332.

22.3 Total future payments committed in respect of PFI, LIFT or other service concessions (includes but is not limited to total future unitary payments)

	Group	
	31 Mar 2020	31 Mar 2019
	£'000	£'000
Not later than one year	1,178	0
Later than one year less than five years	4,765	0
Later than five years	6,866	0
Total	12,809	0

These payments include but are not limited to the total future unitary payments.

23.4 Total future payments committed in respect of PFI, LIFT or other service concessions (service element)

	Group	
	31 Mar 2020	31 Mar 2019
	£'000	£'000
Not later than one year	410	0
Later than one year less than five years	1,886	0
Later than five years	2,524	0
Total	4,820	0

23. Capital Commitments

There is £283,711 of capital commitments at 31 March 2020 (31 March 2019 £265,161). All commitments relate to plant, property and equipment.

24. Contingent Assets and Liabilities

There were no contingent assets and no contingent liabilities for the year ended 31 March 2020 or for the year ended 31 March 2019.

25. Movements in Public Dividend Capital

	Group and Trust	
	2019/20	2018/19
	£'000	£'000
Public dividend capital at 1 April	42,342	42,089
New public dividend capital received	2,250	253
Public dividend capital at 31 March	44,592	42,342

26. Movement in Investment in Subsidiary Undertakings

	Trust	
	2019/20	2018/19
	£'000	£'000
Shares in subsidiary undertakings	15,126	15,149
Loans to subsidiary undertakings > 1 year	28,401	31,709
	43,527	46,858
Loans to subsidiary undertakings < 1 year	947	898
Total	44,474	47,756

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS
2019/2020

27. Related party transactions

The Trust is under the common control of the Board of Directors. During the year none of the Board members or members of the key management staff or parties related to them, has undertaken any material transactions with Yeovil District Hospital NHS Foundation Trust.

During the year ended 31 March 2020, Yeovil District Hospital NHS Foundation Trust has had a significant number of material transactions with other entities for which the Department of Health is regarded as the parent department as well as transactions through subsidiary companies and joint ventures. These entities are listed below:

2019/2020	Income £'000	Expenditure £'000	Receivables £'000	Payables £'000
Dorset County Hospital NHS FT	360	340	44	3
Dorset University Healthcare NHS FT	0	319	0	0
Royal Devon and Exeter NHS FT	780	303	10	0
Gloucestershire Hospitals NHS FT	0	909	0	78
Somerset Partnership NHS FT	2,513	542	123	0
Taunton and Somerset NHS FT	1,458	1,159	18	0
Health Education England	4,429	0	0	0
Dorset CCG	17,775	0	529	0
Somerset CCG	101,169	212	1,783	0
Wiltshire CCG	501	0	38	0
NHS England (excluding STF)	25,762	0	943	54
NHS England (STF)	19,479	0	5,730	0
NHS Resolution	0	4,195	0	0
Southwest Pathology Services (JV)	99	2,407	0	0
SPS Facilities (JV)	92	1,969	0	0
Integrated Pathology Services	206	58	0	0
Daycase UK (DCUK)	5,028	7,200	1	0
Simply Serve LTD	985	25,599	42,947	44,923
Symphony Healthcare Services	125	1,163	1	0
2018/2019	Income £'000	Expenditure £'000	Receivables £'000	Payables £'000
Dorset County Hospital NHS FT	193	360	33	76
Dorset University Healthcare NHS FT	0	425	7	104
Royal Devon and Exeter NHS FT	669	177	27	108
Gloucestershire Hospitals NHS FT	0	808	0	82
Somerset Partnership NHS FT	3,237	538	332	167
Taunton and Somerset NHS FT	1,303	1,321	430	134
Health Education England	4,120	0	0	0
Dorset CCG	16,131	0	892	211
Somerset CCG	88,032	214	1,954	1,984
Wiltshire CCG	440	0	73	0
NHS England (excluding STF)	25,313	77	1,548	746
NHS England (STF)	22,510	77	205	746
NHS Resolution	0	4,440	0	0
Southwest Pathology Services (JV)	99	1,971	5	0
SPS Facilities (JV)	92	1,799	5	9
Integrated Pathology Services	198	55	19	5
Daycase UK (DCUK)	4,166	6,814	1,183	1,034
Simply Serve LTD	1,442	24,142	44,707	46,775
Symphony Healthcare Services	542	919	0	23

In addition, the Trust has entered into transactions with other Government Departments and other central and local Government bodies. The Trust has also received revenue and capital payments from a number of charitable funds. Some of the Trustees of these charitable funds are also members of the Board of the NHS Foundation Trust. Full audited accounts are

prepared for the Funds held on Trust.

28. Group Structure

Simply Serve Limited – Company Number: 10847254

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

Simply Serve Ltd (SSL) was incorporated on 3 July 2017 and became operational on 1 February 2018. Simply Serve Ltd is 100% owned by Yeovil District Hospital NHS Foundation Trust.

SSL has been set up to support the Trust's strategic objectives, improve efficiency and develop more cost effective ways of working. SSL provides a full range of professional estates and facilities services along with IT, procurement and financial services to Yeovil District Hospital NHS Foundation Trust and other clients. Around 350 staff transferred under TUPE regulations to Simply Serve Ltd on 1 February 2018.

The key objectives of establishing SSL are as follows:

- Maintain and improve quality of services
- Free up Trust management to focus on healthcare
- Develop a more efficient and cost effective service
- Retain staff within the YDH group providing opportunities and security
- Enhance the ability to recruit and retain key staff groups
- Enhance focus and flexibility on developing additional income generation opportunities

SSL operates as an arm's length organisation with its own board of directors and governance structure. Services are provided under contractual arrangements with detailed service specifications and key performance indicators.

Symphony Healthcare Services Ltd – Company Number: 06633460

Registered office – Wynford House, Yeovil, Somerset, BA22 8HR

During 2016/17 Yeovil District Hospital NHS Foundation Trust acquired Pathways Healthcare and Social Care Alliance Ltd, the company was renamed to Symphony Healthcare Services Ltd.

As at 31st March 2020 Symphony Healthcare Services operates primary care services at locations within Somerset; Ilchester GP practice, Yeovil Health Centre, Buttercross Health Centre, Highbridge Medical Centre, Crewkerne Health Centre, Oaklands Surgery, Hamdon Medical Centre, Wincanton Health Centre, Crewkerne West One Surgery, The Meadows Surgery, Martock Surgery, South Petherton Surgery and Bruton Surgery.

Yeovil District Hospital NHS Foundation Trust owns 100% of the equity and no goodwill arose in respect of the acquisitions. As per the NHS Act 2006 section 259 no goodwill can arise as part of the sale of primary care businesses.

	£000's
Consideration paid	88
Net Assets Aquired	(88)
Goodwill	<u>0</u>

Daycase UK LLP – Company Number: OC2412071

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

During 2016/17 Yeovil District Hospital NHS Foundation Trust established Daycase UK LLP for the purpose of delivering more efficient day case surgery. The company is a partnership with Ambulatory Surgery International Ltd.

The company was incorporated on 1st June 2016, Yeovil District Hospital NHS Foundation Trust then owned 70% of the company.

The initial business model depended upon growing the level of day case surgery activity. However, due to the financial constraints currently experienced by the wider NHS, and the Somerset system, it has not been possible to increase level of activity to the volumes required to deliver an effective partnership.

On this basis and following ASI's intention to focus on other opportunities, both parties mutually agreed to terminate the partnership with Yeovil District Hospital purchasing ASI's shares in the entity. As such, on 1 March 2020, all staff and activities transferred back to Yeovil District Hospital.

ASI formally retired from the partnership in May 2020. Daycase UK will remain dormant until a point in where the entity can be formally dissolved.

Yeovil Estates Partnership LLP – Company Number: OC396172

Registered office – 5 The Triangle, Worcester, Worcestershire, WR5, 2QX

During 2014/15 Yeovil District Hospital NHS Foundation Trust procured a Strategic Estates Partner and as a result established the Joint Venture Yeovil Estates Partnership LLP to undertake strategic estates activity on behalf of the Trust.

Yeovil Estates Partnership LLP was established on 29th October 2014. Yeovil District Hospital NHS Foundation Trust owns 50% of the equity of Yeovil Estates Partnership LLP and holds 50% of the voting rights.

No goodwill arose in respect of the subsidiary as the reporting Trust established the company and received an interest in the company equal to the fair value of assets on its formation.

Wellchester Innovation Limited – Company Number: 10405218

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

Wellchester Innovation Ltd was incorporated on 1st October 2016. Since the date of incorporation the only accounting transaction has been the payment for shares taken by subscribers to the memorandum of association. The company has incurred no other accounting transactions in the accounting period.

As such being dormant since incorporation it is entitled for audit exemption and qualifies for dormant company accounts.

Yeovil Property Operating Company Ltd – Company Number: 09958551

Registered office – Yeovil District Hospital, Yeovil, Somerset, BA21 4AT

Yeovil District Hospital NHS Foundation Trust established a subsidiary company, Yeovil Property Operating Company Ltd to facilitate the provision of GP practice premises. The company was incorporated on 19th January 2016, Yeovil District Hospital NHS Foundation Trust owns 100% of Yeovil Property Operating Company.

Southwest Pathology Services LLP – Company Number: OC370482

Registered office – 1 Kingdom Street, London, W2 6BD

The associate is Southwest Pathology Services LLP incorporated in the United Kingdom with its principal place of business being Somerset.

Southwest Pathology Service LLP provided pathology testing for the Trust and other clients up until 28 February 2015. From 1 March 2015 it provides the analytical elements of pathology testing for the Trust and other clients and is expected to continue to do so for the long term.

Yeovil District Hospital NHS Foundation Trust owns 15.3% of the equity of Southwest Pathology Services LLP and holds 20% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

SPS Facilities LLP – Company Number: OC397788

Registered office – 1 Kingdom Street, London, W2 6BD

The associate is SPS Facilities LLP incorporated in the United Kingdom with its principle place of business being Somerset.

SPS Facilities LLP was established 1 March 2015 and provides the facilities elements of pathology testing for the Trust and other clients and is expected to continue to do so for the long term.

Yeovil District Hospital NHS Foundation Trust owns 15.3% of the equity of SPS Facilities LLP and holds 20% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

SW Path Services LLP – Company Number: OC383198

Registered office – 1 Kingdom Street, London, W2 6BD

The associate is SW Path Services LLP incorporated in the United Kingdom with its principle place of business being Somerset.

Yeovil District Hospital NHS Foundation Trust owns 15.3% of the equity of SW Path Services LLP and holds 20% of the voting rights on matters not requiring unanimous consent of members as identified within the contractual arrangements.

29. Financial Instruments

A financial instrument is a contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity. IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The financial assets and liabilities of the group are generated by day to day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies.

30. Financial Risk Management

The Trust's financial risk management operations are carried out by the Trust's Treasury Function, within the parameters formally defined within the Treasury Management Guidance, agreed by the Trust Audit Committee. Trust treasury activity is routinely reported and is subject to review by internal and external auditors.

The Trust's financial instruments comprise of cash and liquid resources and various items such as trade debtors and creditors that arise directly from its operations. The Trust does not undertake speculative treasury transactions.

30.1 Liquidity Risk

The NHS Foundation Trust's net operating costs are incurred under contracts with commissioners, which are financed from resources voted annually by Parliament. Yeovil District Hospital NHS Foundation Trust submitted an annual plan to its regulator NHS Improvement (NHSI) for 2019/20 which planned for a breakeven financial position. The Trust received non recurrent cash support from the Department of Health during the year in order for it to be able to meet its cash commitments.

30.2 Interest Rate Risk

100% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. The Trust is not, therefore, exposed to significant interest rate risk.

30.3 Foreign Currency Risk

The Trust has negligible foreign currency income or expenditure.

30.4 Credit Risk

The majority of the Trust's income comes from Government bodies or other NHS organisations under contractual arrangements meaning that the Trust is not exposed to high levels of credit risk.

Other income is subject to credit control procedures which are regularly reviewed by management. Outstanding debtors are referred to a credit collection agency once the Trust has exhausted all other methods of collection.

30.5 Price Risk

The Trust invests its surplus cash in Government Banking Services Accounts (GBS) therefore it is not subject to market price risk.

YEOVIL DISTRICT HOSPITAL NHS FOUNDATION TRUST – ANNUAL FINANCIAL STATEMENTS
2019/2020

30.6 Financial Assets

Group	Carrying Amount 31 Mar 2020	Fair Value 31 Mar 2020	Carrying Amount 31 Mar 2019	Fair Value 31 Mar 2019
	£'000	£'000	£'000	£'000
Trade and other receivables	16,833	13,627	10,240	10,240
Cash at bank	14,214	14,218	5,025	5,025
	<u>31,047</u>	<u>27,845</u>	<u>15,265</u>	<u>15,265</u>

Trust	Carrying Amount 31 Mar 2020	Fair Value 31 Mar 2020	Carrying Amount 31 Mar 2019	Fair Value 31 Mar 2019
	£'000	£'000	£'000	£'000
Trade and other receivables	15,141	16,495	11,025	11,025
Cash at bank	7,172	7,172	243	243
	<u>22,313</u>	<u>23,667</u>	<u>11,268</u>	<u>11,268</u>

30.7 Financial Liabilities

Group	Carrying Amount 31 Mar 2020	Fair Value 31 Mar 2020	Carrying Amount 31 Mar 2019	Fair Value 31 Mar 2019
	£'000	£'000	£'000	£'000
Borrowings	91,840	91,840	81,829	81,829
Finance Lease	1,154	1,154	1,319	1,319
Other creditors	17,275	17,275	15,875	15,875
Provisions	2,609	2,609	942	942
	<u>112,878</u>	<u>112,878</u>	<u>99,965</u>	<u>99,965</u>

Trust	Carrying Amount 31 Mar 2020	Fair Value 31 Mar 2020	Carrying Amount 31 Mar 2019	Fair Value 31 Mar 2019
	£'000	£'000	£'000	£'000
Borrowings	90,088	90,088	80,113	80,113
Finance Lease	42,466	42,466	38,586	38,586
Other creditors	17,275	17,275	15,875	15,875
Provisions	2,609	2,609	942	942
	<u>152,438</u>	<u>152,438</u>	<u>135,516</u>	<u>135,516</u>

Fair value is not significantly different from book value since, in the calculation of book value, the expected cashflows have been discounted by the Treasury discount rates.

30.8 Cashflow Risk

Cash is invested in accordance with approved procedures. Cashflows are monitored and weekly forecasts are produced to ensure commitments are met. Quarterly cashflow forecasts are also submitted to the Department of Health to support interim loan applications. Payables are also monitored and managed to ensure all commitments are met.

31. Events after the reporting period

Wellchester Innovation Limited – Company Number: 10405218

Notice was given to Companies House to dissolve Wellchester Innovation Limited on the 17 March 2020. This company will cease trading and existence on 18 May 2020.

Symphony Healthcare Services Ltd – Company Number: 06633460

Symphony Healthcare Services Ltd acquired Exmoor Medical practice on 1st April 2020, no goodwill arose on acquisition, and this company will be included within the consolidated financial performance at 31st March 2021.

Department of Health and Social Care (DHSC) Loans

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment.

Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £90,088,000 as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.