2019/20 Accounts

Authors: Simon Linthwaite/Mark Brice **Sponsor: Lorraine Hooper** **Trust Board paper C1**

Purpose of report:

This paper is for:	Description	Select (X)
Decision	To formally receive a report and approve its recommendations OR a particular course of action	X
Discussion	To discuss, in depth, a report noting its implications without formally approving a recommendation or action	
Assurance	To assure the Board that systems and processes are in place, or to advise a gap along with treatment plan	
Noting	For noting without the need for discussion	

Previous consideration:

Meeting	Date	Please clarify the purpose of the paper to that meeting using the categories above
CMG Board (specify which CMG)		
Executive Board		
Trust Board Committee	25 March 2022	Audit Committee
Trust Board		

Executive Summary

1. Context

In November 2020, Grant Thornton (GT) reported the findings arising from their external audit work to date on UHL's financial statements for the year ended 31 March 2020. This report stated their intention to issue a disclaimer form of opinion on those financial statements due to material misstatements deemed pervasive to the financial statements. As a result of this the interim CFO was unable to recommend the accounts, supported by the Chair of the Audit Committee.

A programme of work was designed that focused specifically on restating the balance sheet as at 31st March 2020. The finance team was augmented with permanent and temporary resource from both NHSEI and Deloitte to support this. It was not anticipated that the programme of work would enable the auditors to move away from disclaiming their opinion on the 2019/20 financial statements but would provide a robust opening position for the 2020/21 balances.

This work was acknowledged as the start of a minimum three-year journey to move the Trust back to an unqualified audit report (from disclaimed opinion in 2019/20; to a qualified opinion for 2020/21 due to errors in prior year information; to an unqualified opinion for 2021/22.)

2. Questions

The following paper summarises the action taken by the Trust to improve the financial statements, the impact of that work, the overall conclusion of the restatement work and the improvements and progress that has been made with regards to accurate accounting at the Trust. It also looks forward to 2020/21 accounts completion.

The paper seeks to answer the following questions:

1. What was the financial impact of this restatement on the originally reported position?
2. What action has the Trust undertaken to improve the financial statements?
3. What was the overall conclusion of this restatement work?

2.1 Impact and Outcome of the 2019/20 accounts restatement work

The restatement work focused on a number of areas including fixed assets, sampling of payments made, cash received, payroll liabilities, leases, provisions and journals.

The restatement work culminated in a final reported position of £122.7m for the Trust (excluding the charity consolidation). Grant Thornton have reviewed this and provided their opinion and audit letter, which is included on this agenda.

2.2 Progress and improvements

Grant Thornton issued a number of statutory recommendations to the Trust in February 2021. Progress has been made against these recommendations and is overseen on a monthly basis by the audit committee.

This plan was developed to deliver finance transformation and strategic changes by addressing risks to the Trust's financial sustainability, and is used to monitor and manage progress on factors including governance, culture, capacity, capability and controls at a thematic level. At a more granular level, we have updated our detailed AFR recommendations tracker to reflect the latest 2019/20 AFR, and plan to supplement this further in the coming months to consolidate in any additional recommendations from the 2020/21 AFR, when available. Progress to date is included in table 1 below.

Table 1 – progress against statutory recommendations

	External Auditor Recommendation	UHL Response	Update as per 16 March 2022
1.	The Trust Board should seek to create a culture that is focused on accurate financial reporting. In particular, the Board should discourage the use of aggressive accounting policies and practices and should provide appropriate	The Trust Board is to undergo a programme of development, externally- facilitated, with particular emphasis on the financial aspects of the Board's responsibilities. Specifically, the programme will focus on: • Reviewing the responsibilities of unitary Board members, emphasising that all are	Vacant NED position – recruitment underway. Significant Board change has taken place in recent months. Board development programme underway focused on

	challenge of management	accountable in relation to the financial performance of the Trust • The provision of specific financial analysis training, tailored to individual Board member experience and need • A programme of support for Non-Executive Directors in how to effectively scrutinise and challenge within a unitary Board environment • The provision of training and guidance for Executives focusing on their corporate Director role for challenging financial performance and reporting	understanding our legacy, building an effective Board and developing as a system. Specific focus on finance included
2.	The Trust Board should finalise and publish its Annual Governance Statement at the earliest opportunity	The Annual Governance Statement will be finalised and published alongside the Annual Accounts 2019/20, once finalised	Finalised Annual Governance Statement on this agenda
3.	The finance and other management teams involved in finance should receive accounting, governance and ethics training to ensure that they are clear on the appropriate accounting practices and the governance standards required by the Trust Board	The Trust will provide organisational wide budget/financial training/governance programmes for all budget holders	Budget/Financial training/governance programme -live and in place – monitoring of completion by budget holders currently at 97.7% completed. As part of the Finance Dept. restructure programme ethics training is being provided to all finance and procurement staff with roll out underway. This training will be mandatory.
		This will also include specific training in relation to the upcoming restated SFIs/SOs/Scheme of Delegation	A review has been launched with the intention of bringing updates/proposed amendments to the Board in May 2022. These will be amended as governance develops further
		All Finance staff will undergo a capability review that will identify specific training needs and training programmes will be provided; this will be monitored on an ongoing basis through the staff appraisal process and to ensure their continual professional development	Training needs will be identified as part of the work contained within the Culture and Behaviour action plan and work being undertaken by the Finance & Procurement Staff

			Development (FPSD) Working Group. Revised draft Appraisal paperwork is being reviewed by a working group and planned to go live from 1st April 2022.
		All Trust staff will receive regular ethics and values training	This training will be mandatory. Work has started with the OD Team The roll out programme of training will be implemented this financial year.
4.	The Trust should complete its planned review of the structure and capacity of the Finance Team as soon as possible. As necessary, additional investment should be made in the capacity and capability of the team	Restructure of the Finance Department will be completed and in place for 1st January 2022	The MoC consultation process concluded on 31/08/21 and final structures and corresponding investment signed off by FRB (15/09/21) and shared with FIC (30/09/21. 23 of the 25 posts have now been offered to successful applicants and the remaining 2 roles are to be held until Summer 2022 (Reconfiguration roles) There are no further vacancies remaining as a direct result of the MoC Programme. Vacancies resulting from internal promotions, resignations and secondments continue to be recruited to as part of BAU. Specific OD and engagement work is ongoing across the whole directorate to develop team and new ways of working.
		In the period leading up to the implementation, further interim support will be put in place to support this transitional period	Further interim support has been brought in to support the core Finance Team. A funding request for this on-going support has now been submitted (mid-March) to NHSEI for consideration/approval and or as appropriate.

		The current capacity of the Finance Team is also to be reviewed and benchmarked against peer level/top performing Finance Departments within the NHS	External benchmarking has been undertaken with up to 12 peer Trusts. The outcome of the benchmarking exercise has been incorporated as part of the new finance structure and articulated in detail to FRB and FIC as part of the approval process. This action is now completed.
5.	The Trust Board should undertake a review of its financial procedures and controls to ensure that they are 'fit for purpose'	Review of the SFIs/SOs/Scheme of Delegation is currently underway. Once finalised and adopted by the Trust, a further education and training programme for all budget holders will be rolled out and for all new starters (budget holders) to support adherence to these controls. In addition, the specific internal controls that operate within the Finance Department will also be reviewed and enhanced and supported by a further training programme for Finance personnel	Deloitte have been commissioned by the Trust to help the Chief Executive and Executive Directors to streamline the organisational governance structure between the Executive Boards and Clinical Management (CMG) Board levels. Once this work has concluded, it will be necessary to review and revise SFIs/SOs/Scheme of Delegation. (See Statutory Recommendation 3). An interim review has been launched with the intention of bringing updates/proposed amendments to the Board in May 2022.
6.	The control of journals should be significantly enhanced. The Trust Board should ensure that the automated system recently introduced is effective and prevents the self-authorisation of journals	New journal controls have been implemented with effect from December 2020. These will be further reviewed and will be subject to internal audit review by March 2021 to review compliance and to consider further control enhancements as appropriate	Internal Audit has now undertaken the follow up review of the journal approval process. The outcome of which is medium risk, noting that the current process although effective, is resource intensive. The process will be reviewed in the new financial year after a further period of monitoring performance and embedding the culture of thorough journal review.
7.	The Trust Board should undertake a detailed review	The Trust is currently undertaking a systematic review of its accounts preparation	Review undertaken, final accounts timetable in place,

	of its accounts preparation processes and amend its procedures to allow accounts and supporting working papers of an appropriate quality to be prepared for audit	processes and procedures. Actions have been identified to review and re-design the working papers to ensure adequacy, clarity, linking to accounts and file accessibility	detailed briefings on year end processes undertaken with Finance staff. 2020/21 Accounts audit is underway. Planning for 2021/22 accounts production has begun internally. Engagement with KPMG (incoming external auditor) has started.
8.	The Trust Board should take urgent action to complete the revision and audit of its financial statements	The Trust has engaged with Deloitte on a scoping exercise to ultimately reconstruct the 2019/20 closing balance sheet that will allow the audit to conclude. This will then allow the Trust to build its financial statements on a recognised and robust foundation for 2020/21	Work to restate the closing balance sheet and therefore provide a more solid base from which to go forward into the 2020/21 accounts has been completed and is presented here
9.	The Trust Board should agree with its Commissioners, NHS England and Improvement to return the Trust to a long term sustainable financial position	The Trust is committed to eliminating the underlying financial deficit as soon as practically possible and has commenced a programme of work to identify cash and efficiency savings and to ensure the best possible value for money. If this produces a compelling case for increased funding, it will work constructively with Commissioners, NHS England and Improvement and the Department of Health to secure appropriate funding levels. In the meantime, it will not agree unrealistic financial targets but recognises it has an obligation to work together with partners in the local health economy to build a system that is both clinically and financially sustainable	Work is ongoing to restate the financial underlying challenges of the Trust within the new NHS financial framework. The Trust is working closely with the system to develop the operational and financial plan for 2022/23 as we exit from covid.

2.3 Final 2019/20 accounts

The Annual Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) and accounting policies and on a going concern basis. Their preparation has been guided by the 2019/20 DHSC Group Accounting Manual (GAM).

The Accounts are presented for both the ‘Trust’ and ‘Group’, including the consolidation of the Trust’s private Pharmacy Company subsidiary and the Trust charity. The Accounts have been prepared on a ‘going concern’ basis. The definition of going concern in the public sector focuses on the expected continued provision of services by the public sector rather than a specific organisational form.

The Board of Directors has carefully considered the principle of "going concern" and the Directors have concluded that whilst there are material uncertainties related to the financial sustainability of the Trust and group, the Directors, having made appropriate enquiries, still have reasonable expectations that the Trust and group will have adequate resources to continue in operational services. It is reasonable for the Directors of University Hospitals of Leicester NHS Trust to assume the continuation of provision of clinical services in the future by as sufficient evidence of going concern.

A copy of the final audited Accounts are enclosed.

2.4 2020/21 Accounts progress

GT commenced their work on the 2020/21 accounts on 04/01/2022. The 2020/21 accounts and supporting working papers were produced in-house by the Trust's Finance team and although their audit work is on-going, these are progressing positively. This is further evidence of the progress being made by Finance, as the Trust aims to receive a qualified audit opinion for 2020/21, forming the next crucial step in the journey to an unqualified audit report for 2021/22. The 2020/21 accounts are planned to be presented to both the Audit Committee in late April 2022.

3. Conclusion

The 2019/20 accounts are **presented** here to the Board of Directors for adoption. These form part of an overall set of papers including the Grant Thornton reports and the Audit Chair's recommendation.

4. Input Sought

The Trust Board's is asked to note the work undertaken and on the basis of the recommendation of the Audit Committee, adopt the 2019/20 Accounts and approve the letter of representation.

For Reference:

This report relates to the following UHL quality and supporting priorities:

1. Quality priorities

Safe, surgery and procedures	Not applicable
Improved Cancer pathways	Not applicable
Streamlined emergency care	Not applicable
Better care pathways	Not applicable
Ward accreditation	Not applicable

2. Supporting priorities:

People strategy implementation	Not applicable
Investment in sustainable Estate and reconfiguration	Not applicable
e-Hospital	Not applicable
Embedded research, training and education	Not applicable
Embed innovation in recovery and renewal	Not applicable

Sustainable finances Yes applicable

3. Equality Impact Assessment and Patient and Public Involvement considerations:

- What was the outcome of your Equality Impact Assessment (EIA)? N/A
- Briefly describe the Patient and Public Involvement (PPI) activities undertaken in relation to this report, or confirm that none were required N/A
- How did the outcome of the EIA influence your Patient and Public Involvement? N/A
- If an EIA was not carried out, what was the rationale for this decision? N/A

4. Risk and Assurance

Risk Reference:

Does this paper reference a risk event?	Select (X)	Risk Description:
Strategic: Does this link to a ***Principal Risk*** on the BAF?	X	The submission of the Annual Accounts to DHSC is a statutory responsibility. Should the Trust fail to sign off and submit Accounts to DHSC, this would compromise the achievement of this statutory objective.
Organisational: Does this link to an ***Operational/Corporate Risk*** on Datix Register		
New Risk identified in paper: What ***type*** and ***description***?		
None		

5. Scheduled date for the **next paper** on this topic: Trust Board 31/3/22
6. Executive Summaries should not exceed **5 sides** My paper does comply

University Hospitals of Leicester NHS Trust

Annual accounts for the year ended 31 March 2020

Consolidated Statement of Comprehensive Income and Expenditure

		Group		
		2019/20	2018/19	2018/19
			Restated	As previously stated
	Note	£000	£000	£000
Operating income from patient care activities	3	945,959	864,471	865,268
Other operating income	4	144,616	129,845	126,978
Operating expenses	7, 9	(1,196,612)	(1,052,630)	(1,031,913)
Operating deficit from continuing operations		**(106,037)**	**(58,314)**	**(39,667)**
Finance income	12	381	342	190
Finance expenses	13	(8,208)	(6,881)	(6,881)
PDC dividends payable		(4,300)	(5,916)	(5,931)
Net finance costs		**(12,127)**	**(12,455)**	**(12,622)**
Other (losses) / gains	14	(5,976)	6,058	5,858
Corporation tax expense		(10)	(20)	(20)
Deficit for the year from continuing operations		**(124,150)**	**(64,731)**	**(46,451)**
Deficit for the year		**(124,150)**	**(64,731)**	**(46,451)**
Other comprehensive income				
Will not be reclassified to income and expenditure:				
Impairments	8	(16,421)	(820)	(820)
Revaluations	16	97,967	45,150	44,822
Other reserve movements		3	1	-
Fair value (losses)/gains on financial assets mandated at fair value through OCI	17	(427)	58	-
Total comprehensive expense for the year		**(43,028)**	**(20,342)**	**(2,449)**
Deficit for the year attributable to:				
University Hospitals of Leicester NHS Trust		(124,150)	(64,731)	(46,451)
TOTAL		**(124,150)**	**(64,731)**	**(46,451)**
Total comprehensive expense for the year attributable to:				
University Hospitals of Leicester NHS Trust		(43,028)	(20,342)	(2,449)
TOTAL		**(43,028)**	**(20,342)**	**(2,449)**

Note

Adjusted financial performance (control total basis):

	2019/20	2018/19 Restated	2018/19 As previously stated
Deficit for the year (before consolidation of the Leicester Hospitals Charity)	(126,618)	(65,632)	(46,451)
Remove net impairments not scoring to the Departmental expenditure limit	3,480	1,509	1,509
Remove I&E impact of capital grants and donations	442	184	63
Prior period adjustments	(31,684)	-	-
Adjusted financial performance deficit	**(154,380)**	**(63,939)**	**(44,879)**

The Group is showing a combined deficit of £124,150k. This is made up of a deficit for the Trust amounting to £126,658k, and surpluses of £2,468k (Charity) and £40k (TGH Ltd) for the remainder of the group.

We have consolidated the Leicester Hospitals Charity into these accounts for the first time and have restated the 2018/19 comparatives. Previously the Leicester Hospitals Charity (LHC) results were not consolidated due to their materiality to the overall group. We continue to consolidate the Trust's subsidiary, Trust Group Holdings Ltd (TGH Ltd). The Trust only columns in the statements and notes exclude LHC and TGH Ltd results.

Statement of Financial Position

	Note	Group 31 March 2020	Group 31 March 2019 Restated	Group 31 March 2019 As previously stated	Trust 31 March 2020	Trust 31 March 2019 Restated	Trust 31 March 2019 As previously stated
		£000	£000	£000	£000	£000	£000
Non-current assets							
Intangible assets	15	11,974	8,892	8,889	11,974	8,892	8,889
Property, plant and equipment	16	580,535	481,537	479,471	580,515	481,512	479,446
Investments in subsidiary		-	-	-	4,000	4,000	4,000
Other investments / financial assets	17	4,324	4,725	-	-	-	-
Receivables	20	4,392	1,682	6,573	4,392	1,682	6,573
Total non-current assets		**601,225**	**496,836**	**494,933**	**600,881**	**496,086**	**498,908**
Current assets							
Inventories	19	19,574	25,052	25,052	18,057	23,757	23,757
Receivables	20	47,465	60,164	67,696	46,374	56,442	67,368
Cash and cash equivalents	22	33,191	16,965	15,099	26,529	12,669	12,669
Total current assets		**100,230**	**102,181**	**107,847**	**90,960**	**92,868**	**103,794**
Current liabilities							
Trade and other payables	23	(103,529)	(125,824)	(110,311)	(103,628)	(123,410)	(110,132)
Borrowings	25	(370,953)	(53,520)	(53,133)	(370,953)	(53,520)	(53,133)
Provisions	27	(731)	(368)	(368)	(713)	(368)	(346)
Other liabilities	24	(8,360)	(9,381)	(7,566)	(8,360)	(9,369)	(7,554)
Total current liabilities		**(483,573)**	**(189,093)**	**(171,378)**	**(483,654)**	**(186,667)**	**(171,165)**
Total assets less current liabilities		**217,882**	**409,924**	**431,402**	**208,187**	**402,287**	**431,537**
Non-current liabilities							
Borrowings	25	(17,226)	(211,422)	(211,424)	(17,226)	(211,422)	(211,424)
Provisions	27	(21,016)	(3,983)	(1,584)	(21,016)	(3,961)	(1,584)
Total non-current liabilities		**(38,242)**	**(215,405)**	**(213,008)**	**(38,242)**	**(215,383)**	**(213,008)**
Total assets employed		**179,640**	**194,519**	**218,394**	**169,945**	**186,904**	**218,529**
Financed by							
Public dividend capital		369,325	341,176	341,176	369,325	341,176	341,176
Revaluation reserve		192,654	142,680	142,351	192,654	142,680	142,351
Income and expenditure reserve		(391,860)	(296,817)	(265,133)	(392,034)	(296,952)	(264,998)
Others' equity							
Charitable fund reserves	18	9,521	7,480	-	-	-	-
Total taxpayers' and others' equity		**179,640**	**194,519**	**218,394**	**169,945**	**186,904**	**218,529**

The notes on pages X to X form part of these accounts.

Name
Position
Date **0 January 1900**

Consolidated Statement of Changes in Equity for the year ended 31 March 2020 - Group

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward - restated	**341,176**	**142,680**	**(296,817)**	**7,480**	**194,519**
(Deficit)/surplus for the year	-	-	(126,618)	2,468	**(124,150)**
Impairments	-	(16,421)	-	-	**(16,421)**
Revaluations	-	97,967	-	-	**97,967**
Transfer to retained earnings	-	(28,335)	28,335	-	**-**
Prior period depreciation taken directly to reserves	-	(3,240)	3,240	-	**-**
Fair value losses on financial assets mandated at fair value through OCI	-	-	-	(427)	**(427)**
Public dividend capital received	28,149	-	-	-	**28,149**
Other reserve movements	-	3	-	-	**3**
Taxpayers' and others' equity at 31 March 2020	**369,325**	**192,654**	**(391,860)**	**9,521**	**179,640**

Consolidated Statement of Changes in Equity for the year ended 31 March 2019 - Group

(Restated)

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**331,956**	**98,349**	**(214,929)**	**-**	**215,376**
Prior period adjustment	-	-	(12,501)	**6,521**	**(5,980)**
Taxpayers' and others' equity at 1 April 2018 - restated	**331,956**	**98,349**	**(227,430)**	**6,521**	**209,396**
Impact of implementing IFRS 9 on 1 April 2018	**-**	**-**	**(3,755)**	**-**	**(3,755)**
(Deficit)/surplus for the year	-	-	**(65,632)**	**901**	**(64,731)**
Impairments	-	(820)	-	-	**(820)**
Revaluations	-	45,150	-	-	**45,150**
Fair value gains on financial assets mandated at fair value through OCI	-	-	-	58	**58**
Public dividend capital received	9,220	-	-	-	**9,220**
Other reserve movements	-	1	-	-	**1**
Taxpayers' and others' equity at 31 March 2019	**341,176**	**142,680**	**(296,817)**	**7,480**	**194,519**

Consolidated Statement of Changes in Equity for the year ended 31 March 2019 - Group

(As previously stated)

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2018 - brought forward	**331,956**	**98,349**	**(214,929)**	**-**	**215,376**
Impact of implementing IFRS 9 on 1 April 2018	**-**	**-**	**(3,753)**	**-**	**(3,753)**
Deficit for the year	-	-	**(46,451)**	**-**	**(46,451)**
Impairments	-	(820)	-	-	**(820)**
Revaluations	-	44,822	-	-	**44,822**
Public dividend capital received	9,220	-	-	-	**9,220**
Taxpayers' and others' equity at 31 March 2019	**341,176**	**142,351**	**(265,133)**	**-**	**218,394**

Statement of Changes in Equity for the year ended 31 March 2020 - Trust

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	**£000**	**£000**	**£000**
Taxpayers' and others' equity at 1 April 2019 - brought forward - restated	**341,176**	**142,680**	**(296,952)**	**186,904**
Deficit for the year	-	-	(126,658)	**(126,658)**
Impairments	-	(16,421)	-	**(16,421)**
Revaluations	-	97,967	-	**97,967**
Transfer to retained earnings	-	(28,335)	28,335	**-**
Prior period depreciation taken directly to reserves	-	(3,240)	3,240	**-**
Public dividend capital received	28,149	-	-	**28,149**
Other reserve movements	-	3	1	**4**
Taxpayers' and others' equity at 31 March 2020	**369,325**	**192,654**	**(392,034)**	**169,945**

Statement of Changes in Equity for the year ended 31 March 2019 - Trust

(Restated)	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	**£000**	**£000**	**£000**
Taxpayers' and others' equity at 1 April 2018 - brought forward	**331,956**	**98,349**	**(214,989)**	**215,316**
Prior period adjustment	-	-	(12,501)	**(12,501)**
Taxpayers' and others' equity at 1 April 2018 - restated	**331,956**	**98,349**	**(227,490)**	**202,815**
Impact of implementing IFRS 9 on 1 April 2018	-	-	**(3,755)**	**(3,755)**
Deficit for the year	-	-	**(65,707)**	**(65,707)**
Impairments	-	(820)	-	**(820)**
Revaluations	-	45,151	-	**45,151**
Public dividend capital received	9,220	-	-	**9,220**
Taxpayers' and others' equity at 31 March 2019	**341,176**	**142,680**	**(296,952)**	**186,904**

Statement of Changes in Equity for the year ended 31 March 2019 - Trust

(As previously stated)	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	**£000**	**£000**	**£000**
Taxpayers' and others' equity at 1 April 2018 - brought forward	**331,956**	**98,349**	**(214,989)**	**215,316**
Impact of implementing IFRS 9 on 1 April 2018	-	-	**(3,753)**	**(3,753)**
Surplus/(deficit) for the year	-	-	**(46,256)**	**(46,256)**
Impairments	-	(820)	-	**(820)**
Revaluations	-	44,822	-	**44,822**
Public dividend capital received	9,220	-	-	**9,220**
Taxpayers' and others' equity at 31 March 2019	**341,176**	**142,351**	**(264,998)**	**218,529**

Information on reserves

Public dividend capital

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

Revaluation reserve

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

Financial assets reserve

This reserve comprises changes in the fair value of financial assets measured at fair value through other comprehensive income. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure, unless the assets are equity instruments measured at fair value through other comprehensive income as a result of irrevocable election at recognition.

Other reserves

This balance relates to an interest the Trust has in a local accommodation project. This “Lease Reserve” will be released match the depreciation in the asset over its useful economic life.

Income and expenditure reserve

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

Charitable funds reserve

This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted; a breakdown is provided in note 18.

Non-controlling interest reserve

This reserve represents the amount of equity a consolidated subsidiary that is not attributable directly or indirectly to the Trust.

Statement of Cash Flows

		Group			Trust		
		2019/20	2018/19 Restated	2018/19 As previously stated	2019/20	2018/19 Restated	2018/19 As previously stated
	Note	£000	£000	£000	£000	£000	£000
Cash flows from operating activities							
Operating deficit		(106,037)	(58,314)	(39,667)	(108,416)	(59,137)	(39,742)
Non-cash income and expense:							
Depreciation and amortisation	7	34,991	22,479	19,579	34,989	22,477	19,574
Net impairments	8	3,480	1,509	1,509	3,480	1,509	1,509
Income recognised in respect of capital donations	4	(348)	(430)	(430)	(348)	(430)	(430)
Decrease/(increase) in receivables and other assets		10,936	(3,487)	(4,599)	8,235	(2,005)	(4,604)
Decrease/(increase) in inventories		5,478	(1,223)	(1,223)	5,700	(1,401)	(1,401)
Decrease/(Increase) in payables and other liabilities		(23,187)	23,156	6,212	(20,624)	20,607	5,352
Increase in provisions		17,373	2,436	37	17,377	2,414	15
Movements in charitable fund working capital		(58)	798	-	-	-	-
Tax paid		(20)	(10)	(10)	-	-	-
NHS Charitable Funds - other movements in operating cash flows		-	319	-	-	-	-
Other movements in operating cash flows		442	(926)	(1,608)	430	(363)	(1,249)
Net cash flows used in operating activities		**(56,950)**	**(13,693)**	**(20,200)**	**(59,177)**	**(16,329)**	**(20,976)**
Cash flows from investing activities							
Interest received		242	190	190	242	190	190
Purchase of intangible assets		(58)	-	-	(58)	-	-
Purchase of PPE and investment property		(47,511)	(28,720)	(24,079)	(47,511)	(28,720)	(24,074)
Sales of PPE and investment property		-	6,050	6,050	-	6,050	6,050
Net cash flows from charitable fund investing activities		139	-	-	-	-	-
Net cash flows used in investing activities		**(47,188)**	**(22,480)**	**(17,839)**	**(47,327)**	**(22,480)**	**(17,834)**
Cash flows from financing activities							
Public dividend capital received		28,149	9,220	9,220	28,149	9,220	9,220
Movement on loans from DHSC		103,916	47,335	47,335	103,916	47,335	47,335
Movement on other loans		2,125	-	-	2,125	-	-
Capital element of finance lease rental payments		(2,418)	(5,415)	(5,415)	(2,418)	(5,415)	(5,415)
Interest on loans		(6,607)	(5,748)	(5,748)	(6,607)	(5,748)	(5,748)
Other interest		(383)	(93)	(93)	(383)	(93)	(93)
Interest paid on finance lease liabilities		(511)	(763)	(763)	(511)	(763)	(763)
PDC dividend paid		(5,702)	(5,402)	(5,402)	(5,702)	(5,402)	(5,402)
Net cash flows from financing activities		**118,569**	**39,134**	**39,134**	**118,569**	**39,134**	**39,134**
Increase in cash and cash equivalents		**14,431**	**2,961**	**1,095**	**12,065**	**325**	**325**
Cash and cash equivalents at 1 April - brought forward		**5,861**	**2,900**	**2,900**	**1,565**	**1,240**	**1,240**
		20,292	**5,861**	**3,995**	**13,630**	**1,565**	**1,565**

Closing cash shown on the above cashflow statement is £20,292k. This compares to the figure of £33,191k on the Statement Of Financial Position (SOFP). The difference of £12,899k is classified as an overdraft due to the timing of cash payments at the year end, and is included within borrowings on the SOFP and can be seen in note 22.

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 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.

Accounting convention

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

Note 1.2 Going concern

These accounts have been prepared on a going concern basis as assessed by the Trust Board. Non-trading entities in the public sector are assumed to be going concerns where there is a continued provision of a service in the future. The FReM (financial reporting manual) guidance states that the financial statements are prepared on a going concern basis unless there are plans for (or no realistic alternative other than the dissolution of the Trust) the transfer of its services to another entity within the public sector. The Audit Committee, with delegated authority from the Trust Board considered the Trust's going concern position at its meeting on 20 August 2021, the key areas considered were:

- The Group (excluding the charity's surplus of £2,468k) reported a deficit of £126,618k for 2019/20. The funding arrangement for providers in 2020/21 changed as the Trust received 'block' and additional 'top up' funding from commissioners and NHSI, to ensure it was not adversely impacted by reduced planned activity income levels and to service the costs of increases in activity associated with Covid-19 patients, during the Pandemic. This drove the Trust towards a balanced financial position in 2020/21, albeit on a non-recurrent basis. It will take longer to achieve financial balance on a recurrent and sustainable basis.

- The Trust's balance sheet was also strengthened from 1 April 2020, given that the liabilities associated with interim revenue support loans were extinguished. These loans were repaid and funded from Public Dividend Capital (PDC) issued by DHSC. This removed £349.6m in loan principal from the Trust's balance sheet. All loans were frozen at 31 March 2020 and interest payments ceased from that date. Amounts due for loan principal and accrued interest were calculated and reconciled to provider's audited financial statements for the year ended 31 March 2020. PDC in the equivalent amount was issued to the Trust to repay the loans on 30 September 2020.

- The Board of Directors has carefully considered the principle of "going concern" and the Directors have concluded that there are material uncertainties related to the financial sustainability of the Trust and Group that may cast significant doubt on the ability to continue as a going concern. Whilst these material uncertainties exist, the Directors have reasonable expectations that the Trust and Group will have adequate resources to continue in operational services. As directed by the DHSC Group Accounting Manual 2019/20 the Directors have prepared the financial statements on a going concern basis as they consider that the services currently provided by the Trust will continue to be provided in the future. On this basis, the Trust has adopted the going concern basis for preparing the financial statements and has not included the adjustments that would result if it were unable to continue as a going concern.

Note 1.3 Critical judgements in applying accounting policies

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

We consider going concern to be a critical judgement and this is discussed in section 1.2.

Valuation of the Trust's estate

The Trust engaged its valuers, Gerald Eve LLP, to revalue its estate as at the 31st March 2020. This revaluation applied a Modern Equivalent Asset (MEA) valuation methodology, which took into account the Trust's long term reconfiguration strategy. The Trust provided the valuers with its latest Estates strategy to inform the MEA valuation. This report used a baseline gross internal area of 324,484m2, which reduced to 307,303m2 after applying the assumptions of the Estates Strategy, representing a reduction of 5.3%. This involved the Trust undertaking a re-measurement exercise of the Trust's Estate using building drawings and an Internet Property Register.

The Trust's Reconfiguration Programme has been in development since 2013, when a clinical options appraisal process commenced to determine the proposed future clinical configuration of the three UHL acute sites. This led to the development of the clinical reconfiguration strategy of moving to two acute sites at the LRI and Glenfield. Clinically led Models of Care with underpinning activity assumptions were developed on which a set of schedules of accommodation (SoA) were based. The SoA's translated the Models of Care into the number of rooms required by size creating indicative departmental sizes for the new buildings. Health Building Notes (HBNs) were used as a basis for the new accommodation. HBNs give best practice guidance on the design and planning of new healthcare buildings and on the extension of existing facilities. This is guidance and is not mandatory. They provide information to support the briefing and design processes for individual projects for example Theatres, Wards, and Delivery suites, as discreet departments or as part of new build projects. However, these standard sizes can be made bigger or smaller as individual Trusts decide, as long as they meet clinical functional requirements. This process is called derogation. It is widely recognised that HBN space is larger than required to ensure clinical functionality and derogations against the HBNs are common place. In making these derogation judgements, the Trust sought expert health planning advice and took advice on functionality based on their experience of undertaking health planning on schemes across the UK and internationally. Based on this advice, the Trust' derogated from HBN guidance, which equated to a reduction of 5,990m2 in arriving at an additional new build areas of 55,545m2 (61,535m2 pre derogation). This is set out in the table below.

Current Use of Area	Area (m2)	Derogation (%)	Derogated Area (m2)
Summary			
LRI Maternity	22,315	5%	21,200
LRI Childrens	2,863	0%	2,863
LRI Additional Beds	5,936	20%	4,749
GH Expansion	30,420	12%	26,733
	61,535		**55,545**

This new build area was offset by anticipated disposal of property of 72,726m2 and explains in overall terms how the Trust moves from its current baseline footprint of 324,424m2 to 307,303m2 under the MEA valuation. The derogation of the proposed new build represented less than 10% of the overall new build proposed within the valuation and less than 2% of the overall MEA footprint. The Trust does not consider this would result in a material estimation uncertainty or have a material impact on the valuation and the Accounting statments, accepting derogation as an established estimation technique. For example a 1% reduction to the derogation rates used would only have represented an error of 600m2.

Depreciation

We depreciate our assets over their useful economic lives. For buildings and dwellings the useful economic lives are set by the Trust's external expert valuers. For equipment we make an assessment of the useful economic lives in a number of ways including reference to the manufacturers recommendations, advice of the Medical Physics team or by a review of external sources including NHS capital guidance.

Glenfield 'Paddock' Land Sale

The 2018/19 land sale agreement contained a ‘put option’ which allowed the housing developer (Davidsons) to sell the land back to the Trust should certain milestones not be met. Davidsons has chosen to exercise this ‘buy back’ provision and served notice to this effect. However, the Trust was not notified of this intention until June 2021. The legal deeds to re-purchase the land were signed by the Trust on 15th July 2021. The Trust Board, at the time of the sale in March 2019, considered it ‘highly probable’ (IFRS 15) that the Trust would not have to re-purchase the land. The decision took place after the reporting period and therefore represents a non-adjusting post balance sheet event. The return of the asset and liability is accounted for at £nil value in the 2019/20 financial statements. The sale transaction would therefore remain recognised at 31/3/2020 without any recognition of the potential liability to repurchase.

EQuip and MES Leases

The leases relating to supply of IT and the managed medical equipment services have been treated as Finance leases. In the case of the IT contract, this represents a change in accounting treatment compared with previous years, when it was treated as an operating lease, but has now been correctly reclassified as a Finance lease, in accordance with IFRS 16.

Walnut Street Lease

The Trust owns the freehold of eight residential blocks at Walnut Street (Leicester) containing a total of 212 flats, and leases these to an external housing association (‘the operator’) under a 99-year operating lease. This lease commenced on 16th February 2000 at a peppercorn rent. The value of assets transferred to the operator totalled £2,739k. The arrangement meets the definition of a “Service Concession” and therefore falls within the scope of IFRIC 12. The Trust recognises the land and buildings as fixed assets and charges depreciation to income and expenditure over the life of the asset. The land and buildings are subject to revaluation by our external valuers, who also assess the residual useful life of the asset. Our buildings were assessed as having a remaining useful life of 45 years as at 31st March 2010, the point at which IFRS requirements came into effect. This leaves a remaining useful life of 35 years as at 31st March 2020.

The Trust recognises deferred income in relation to the lease premium and releases this to income and expenditure over the life of the asset.

Critical Judgements – Walnut Street

There are two key issues that could materially affect the proposed accounting treatment, which we are disclosing as critical judgements.

1. The lease agreement includes an option to break the 99-year lease after 30 years. Should this break clause be actioned, a liability would arise in the form of compensation equal to the full open market value of the property being payable to the operator. The Trust has no plans to break the agreement after 30 years, it has been assumed that the lease agreement will run for the full 99 years. The property would then revert back to the Trust at no additional cost. As such, compensation payments have not been factored into the accounting treatment.
2. The second issue is that of the pricing agreement. Every 5 years the Trust has the option to move residential units out of the pricing agreement. Should the decision to do this be made, those units would no longer be part of the service concession, i.e. they would fall outside of the scope of IFRIC 12, and the accounting treatment would need to be changed accordingly. This option has not been exercised during the previous years of the lease, and again, there is no evidence to suggest that there is a current intention to exercise it at any time in the future. Another key assumption in the accounting treatment, therefore, is that all units will remain within the contracted pricing agreement for the whole 99-year term of the lease.

Should either of these intentions change in the future, the accounting treatment will be reviewed and amended accordingly.

Note 1.4 Sources of estimation uncertainty

The following elements have been identified as potential sources of estimation uncertainty. However, they have been assessed as not presenting a significant financial risk or having a material impact on the reported financial position, given the financial controls and processes the Trust has in place to ensure the accounting estimates present a true and fair view of the Financial position. These are set out below:

Income

Income recognition

The Trust has applied IFRS16, the core principle that the Trust should recognise revenue in exchange for the goods or services it provides when it transfers control to the customer. The Trust has undertaken a review of its income contracts using the recommended five step process in relation to its contracts to: 1. Identify the contract with a customer; 2. Identify the performance obligation; 3. Determine the transaction price; 4. Allocate the transaction price; 5. Recognise revenue. Most of the Trust’s patient care income is covered by NHS standard contract terms, such that income for activity delivered in 2019/20 is recognised in year. This includes recognising income for spells of patient treatment which are only partially completed at the year-end and deferring the element of maternity pathway episode not yet complete. The contract tariff is used as the transaction price applied to the elapsed proportion of length of stay to derive the value to be accrued or deferred, respectively. A key control is the agreement of balances with NHS counterparties, which ensures 'equal and opposite balances' are reflected in both organisations accounts. These balances are therefore not considered a significant risk.

Allowance for credit losses
We apply IFRS9 to our receivable balances at the year end. This requires us to establish an allowance for credit losses based upon our assessment of the likely recoverability of the outstanding debt in future. Provision for Non NHS bad debts is made on an expected loss basis, using appropriate historical analysis undertaken in calculating these, to minimise the estimation uncertainty, which is in line with NHS Group Accounting Manual Guidance. refer accounting note 1.6.1 below. ICR bad debt provision is accounted for in line with national guidance (21.79% of total ICR debtors).

Deferred income
In accrual accounting, money received for goods or services which has not yet been earned. In accordance with revenue recognition principle, it is recorded as a liability until delivery is made, at which time it is released into revenue. The Trust legitimately provides for deferred income where there is evidence that there is an ongoing condition or liability with regard to this funding, for example on 'live' but not completed research and development projects. As a principle, the Trust follows national guidance in deferring R&I income in order to build sustainable research and innovation capacity building capacity. Whilst we release income in the period to which it relates, at the time of the deferral there may be some uncertainty over the timing of future expenditure, particularly in research and development where projects may span several accounting periods, However, these are not material sums.

Expenditure
Accrued Expenditure
The Trust applies in full the matching and the accruals accounting concepts in producing the Accounts. In practice, matching is a combination of accruals accounting and the revenue recognition principle. The matching concept recognises revenues and their related expenses in the same accounting period. In accordance with the matching principle, the Trust recognises (accrues) expenditure in the accounting period when they been incurred and committed in delivering the activities of the Trust. The majority of our accrued expenditure relates to invoices received which have not yet been posted to our revenue position. Other estimated expenditure accruals are made where we have incurred expenditure during an accounting period but are yet to receive an invoice. There is a degree of uncertainty in relation to these accruals until the invoice is received, however, goods and services purchased using a purchase order will be accounted for through an automatic GRNI (good received but invoice) note when the goods are receipted and non purchase order invoices are accrued through reference to an unprocessed invoices report, which ensures that costs are accrued appropriately. Other significant accruals do rely on an estimation methodology, which use empirical organisational data to inform them, minimising the estimation uncertainty, most notably the annual leave accrual, which is calculated using an established methodology of staff leave data captured on the Trust electronic e-roster system and individual staff leave records.

Prepayments
We account for prepayments where an invoice has been posed to our revenue position or paid, but we have yet to receive an element of the goods or services covered by the invoice (for example annual maintenance contracts). An estimate is made of the element of goods or services that have been received at the 31st March and the remaining value accounting for in the following accounting period. There is no estimation uncertainty associated with prepayments, as they are all verifiable to invoice documentation.

The value of our land and buildings is professionally valued on an annual basis based on a Modern Equivalent Asset valuation which uses an estimate of the future likely configuration of our estate.

Depreciation and impairments
Whilst we aim to give informed useful economic lives to our assets there is a degree of uncertainty in relation to the level of usage of the assets and the level of wear and tear which may reduce the life of the asset below the initial life allocated. However , the Trust undertakes an annual impairment review of property, plant and equipment . In between formal valuations by qualified surveyors, management make judgements about the condition of assets and review their estimated lives. This reduces the Trust's exposure to estimation uncertainty.

Inventories
The restrictions on movement in the United Kingdom in March 2020 arising from the COVID-19 pandemic meant that the Trust was unable to perform all of its planned year end inventory counts. This meant that a degree of estimation was required to ascertain the value of some closing inventories. Many of the stock takes were physically undertaken as usual at the end of 2019/20 but there were a few areas where estimates had to be used. The Trust removed the two material stock areas from the balance sheet in 2019/20, associated with ward and department material management stock holdings and ward drug stocks, given the uncertainty associated with estimation methodology.

Note 1.5 Consolidation

NHS Charitable Funds
The Trust is the corporate trustee to Leicester Hospitals Charity. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the 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 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 trust's accounting policies and
• eliminate intragroup 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 will be drawn from the financial statements of the subsidiary for the year.

Where subsidiaries' accounting policies are not aligned with those of the Trust then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

Trust Group Holdings Ltd

The Trust currently consolidates one subsidiary - Trust Group Holdings Limited (the Company) - henceforth called TGH Ltd. The Company is registered in the UK, company number 10388315, with a share capital comprising one share of £1 owned by the Trust. The company commenced trading on the 1 April 2017 as an Outpatient Dispensary services for the Trust. The service is provided across the three UHL sites, operating in normal business hours. A significant proportion of the company's revenue is inter group trading with the Trust which is eliminated upon the consolidation of these group financial statements.

Note 1.6 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 has been completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

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

The Trust receives income from its subsidiary, TGH Ltd, in relation to the provision of administrative services provided by the Trust to the subsidiary. This income is adjusted out of the group position upon consolidation of the group accounts position.

The Trust recognises the income for spells of patient treatment which are only partially completed at the year-end and deferring the element of maternity pathway episodes not yet complete. In the case of the maternity pathway, payment is currently made at the start of the pathway. Where this pathway spans the year-end there is, in effect, a prepayment for the commissioner and deferred income for the provider. The Trust calculates the accounting estimate and prepaid element of the maternity pathway will be included as a contract liability (deferred income from UHL's perspective).

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 is 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.

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.

The Trust will establish a provision for credit notes where there are any disputes to its receivables from other NHS organisations within the year end agreement of balances exercise.

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.

Private Patients and Overseas Visitors

The Trust also recognises the delivery of private patients and overseas visitor activity in the accounting period it relates to, even where the activity has not been invoiced, based on activity captured on the Trust's Private patient and overseas visitor database.

Revenue grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

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, the corresponding notional expense is also recognised at the point of recognition for the benefit.

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.

Note 1.6.1 Approach to unrecoverable debt
The Trust recognises a loss allowance at an amount equal to lifetime expected credit losses (ECLs) under IFRS9's simplified approach – as mandated by HM Treasury. This applies to non-NHS Trade receivables; other long-term trade receivables; contract assets; and lease receivables.

We apply a simple 'provision matrix' to calculate the loss allowance and this approach is permitted under IFRS 9. Our closing general provision was based on the following assumptions.

0 to 90 days old - 0% allowance
91 to 180 days old - 25% allowance
181 to 365 days old - 75% allowance
Over 365 days old - 100% allowance

We also adjust specific categories of debt (such as education, local authorities and overseas visitors) based on the likely level of irrecoverability as determined by the accounts receivable manager and team, taking into account historic levels of write offs and advice from solicitors and debt collection agencies. We increase the loss allowance for riskier debt categories such as overseas visitors.

Note 1.7 Expenditure on employee benefits

Short-term employee benefits
Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period

Pension costs
NHS Pension Scheme
Past and present employees are covered by the provisions of the 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. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. The schemes are accounted for as though they are defined contribution schemes.

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.

A revaluation of public sector pensions schemes resulted in a 6.3% increase in the employer contribution rate for the NHS Pensions Scheme. A transitional approach has been adopted whereby equivalent central payments have been made by NHS England and the Department of Health and Social Care ('DHSC') on the Trust's behalf. This has been reflected as matching income and expenditure in the accounts of the Trust.

The Trust has entered into a binding obligation to reimburse qualifying clinicians for the tax charge arising on their qualifying benefits under the NHS Pension Scheme. The Trust has created a provision for these payments broadly equal to this tax charge. NHS England and the Government have made a corresponding commitment to fund the payments to clinicians as and when they arise.

Note 1.8 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.
The Trust has a policy of not accruing for expenditure below £5k apart from automatic system generated accruals.

Note 1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

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

Subsequent expenditure

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

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

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

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Depreciation

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

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

Revaluation gains and losses

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

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

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

Impairments

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

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve.

Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

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

Revaluations of property, plant and equipment

This valuation was then re-performed in March 2021 in order to correct certain aspects of the original exercise.

The Trust's freehold and leasehold property values were updated by an external valuer, Gerald Eve LLP, a regulated firm of chartered surveyors. The valuation was prepared in accordance with the requirements of the RICS Professional Standards, the International Valuation Standards and IFRS.

The valuation has been prepared in accordance with the Government Financial Reporting Manual (FReM) to comply with IFRS, specifically with regard to IAS 16 'Property, Plant and Equipment' and IAS 40 'Investment Properties'.

The valuer's opinion of Fair Value was primarily derived using the Depreciated Replacement Cost approach to value the service potential, on a Modern Equivalent Asset (MEA) basis. The MEA valuation was based on the Trust's estates strategy, which outlines a five year major reconfiguration for the Trust's estate, and which effectively defines the Modern Equivalent Asset for the valuation.

The Trust's estates strategy is consistent with its clinical strategy and both strategies are intrinsically linked as we must reconfigure our estate in order to deliver our clinical strategy. We provided our estates strategy to our valuers, Gerald Eve LLP, to enable them to provide a more accurate MEA valuation based on our actual plans and future Trust configuration.

As a result of this valuation the Trust has incurred an impairment charge of £4.2m, which is included within Other Operating Costs in the SOCI. This figure is removed from the Adjusted Financial Performance figure in accordance with Department of Health (DH) Accounting guidance.

Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at current value for existing use as they are held for service potential. 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.

Useful Economic lives of property, plant and equipment

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

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	8	87
Dwellings	7	50
Plant & machinery	7	20
Transport equipment	8	15
Information technology	3	12
Furniture & fittings	8	31

Finance-leased assets (including land) are depreciated over the shorter of the useful economic life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.10 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

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

Expenditure on research is not capitalised.

Expenditure on development is capitalised 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.

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.

Amortisation

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

Useful economic life of intangible assets

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives applied to intangible assets is shown in the table below:

	Min life Years	Max life Years
Intangible assets - purchased		
Information technology and software Licences	3	13

Donations of property, plant and equipment

The majority of donated assets have been purchased on behalf of the Trust by the Leicester Hospitals Charity.

Note 1.11 Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. Physical stock counts are performed as close to the 31st March as possible, and the exact timing takes into account the potential disruption to clinical areas. For example theatre stock is counted at weekends close to the 31st March when the theatres are not in operation.

A small number of areas use external experts to count inventory, for example within our catheter laboratories. In all such cases we ensure that a member of UHL staff is also present during the stock count.

The cost of any obsolete stock is charge to operating expenditure and also reported within losses and special payments.

The Trust's Healthcare at Home services are provided by its subsidiary TGH Ltd and the stock in relation to this service is held by TGH Ltd until delivered to patients at home.

The restrictions on movement in the United Kingdom in March 2020 arising from the COVID-19 pandemic meant that the Trust was unable to perform all of its planned year end inventory counts. This meant that a degree of estimation was required to ascertain the value of some closing inventories. Many of the stock takes were physically undertaken as usual at the end of 2019/20 but there were a few areas where estimates had to be used. The Trust removed the two material stock areas from the balance sheet in 2019/20, associated with ward and department material management stock holdings and ward drug stocks, given the uncertainty associated with estimation methodology.

Note 1.11.1 Inventories held by the Trust Subsidiary - TGH Ltd

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale:– purchase cost on a first-in, first-out basis

Note 1.12 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.13 Financial instruments and financial liabilities

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

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

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

Financial assets and financial liabilities at amortised cost

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

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

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Impairment of financial assets

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

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

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

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

Under the GAM we have applied the simplified approach and recognise lifetime expected credit losses at initial recognition, thereby not considering stage 1 impairments. We have no contract assets or receivables which contain a significant financing component. To calculate the lifetime expected credit losses we have used a provision matrix model assessing the risk of irrecoverability based upon the age and risk level of the debt.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position. Losses are charged directly to operating expenditure where an expected credit loss provision has not been previously recognised.

Derecognition

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

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

The Group also holds charitable funds investments which we hold at Fair Value and recognise the income under Fair Value Through Other Comprehensive Income (FVOCI) as indicated in note 29.2.

The Group doesn't hold any other types of Financial assets and liabilities.

Note 1.14 Leases

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

The Trust as lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the 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 asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for 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

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

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

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.

The Trust as lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.15 Provisions

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

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.5% in real terms.

Clinical negligence costs

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

Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any "excesses" payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.16 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 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

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

Note 1.17 Public dividend capital

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

Note 1.18 Value added tax

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

Note 1.19 Corporation tax

The Trust has no corporation tax liability itself however the Trust's subsidiary is liable to pay corporation tax and this is recognised in the group accounts.

Note 1.20 Third party assets

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

Note 1.21 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 the trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

Note 1.22 Gifts

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

Note 1.23 Transfers of functions from other NHS bodies

For functions that have been transferred to the trust from another body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition.

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

For functions that the trust has transferred to another body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. Any net loss / gain corresponding to the net assets/ liabilities transferred is recognised within expenses or income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve.

There were no such transfers of functions in 2019/20.

Note 1.24 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

Note 1.25 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. 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 remeasurement 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.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, 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 related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, 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.

The trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

Note 1.26 Prior period adjustment

Under IAS 8 all material errors identified in a previous year's financial statements must be corrected through a prior period adjustment except to the extent that, it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

The Trust made several prior period adjustments due to a mixture of changes in accounting policies, consolidation of charitable funds for the first time and also correction of errors. Please refer to note 37 for details of these adjustments. Where appropriate, prior year comparatives have been restated to reflect these adjustments.

Note 2 Operating Segments

The Trust operates in one segment, which is the provision of healthcare.

Note 3 Operating income from patient care activities (Group & Trust)

Note 3.1 Income from patient care activities (by nature)	**2019/20**	**2018/19**	**2018/19**
	£000	**£000**	**£000**
		Restated	**As previously stated**
Elective income	141,138	142,074	142,074
Non elective income	282,873	248,494	248,494
First outpatient income	46,474	47,996	47,996
Follow up outpatient income	49,684	45,624	45,624
A & E income	39,544	33,532	33,532
High cost drugs income from commissioners (excluding pass-through costs)	101,768	99,095	99,095
Other NHS clinical income	251,786	232,566	232,566
Private patient income	2,798	2,821	2,821
Agenda for Change pay award central funding	-	10,625	10,625
Additional pension contribution central funding	26,919	-	-
Other clinical income	2,975	1,644	2,441
Total income from activities	**945,959**	**864,471**	**865,268**

Note 3.2 Income from patient care activities (by source)

	2019/20	**2018/19**	**2018/19**
		Restated	**As previously stated**
Income from patient care activities received from:	**£000**	**£000**	**£000**
NHS England	350,224	305,886	305,886
Clinical commissioning groups	539,952	542,245	542,245
Department of Health and Social Care	18,494	10,625	10,625
Other NHS providers	516	1	798
NHS other	31,000	320	320
Non-NHS: private patients	2,798	2,821	2,821
Non-NHS: overseas patients (chargeable to patient)	1,159	977	977
Injury cost recovery scheme	1,816	1,551	1,551
Non NHS: other	-	45	45
Total income from activities	**945,959**	**864,471**	**865,268**
Of which:			
Related to continuing operations	945,959	864,471	865,268

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

	2019/20	2018/19
	£000	£000
Income recognised this year	1,159	977
Cash payments received in-year	281	378
Amounts written off in-year	408	2,833

Note 4.1 Other operating income (Group & Trust)

	2019/20			2018/19 Restated			2018/19 As previously stated		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Research and development	30,485	-	**30,485**	35,804	-	**35,804**	35,804	-	**35,804**
Education and training	46,921	-	**46,921**	42,419	-	**42,419**	42,419	-	**42,419**
Non-patient care services to other bodies	3,911	-	**3,911**	5,377	-	**5,377**	5,377	-	**5,377**
Provider sustainability fund (PSF)	-	-	**-**	10,048	-	**10,048**	9,908	-	**9,908**
Financial recovery fund (FRF)	-	-	**-**	-	-	-	-	-	-
Marginal rate emergency tariff funding (MRET)	6,866	-	**6,866**	-	-	-	-	-	-
Income in respect of employee benefits accounted on a gross basis	9,671	-	**9,671**	10,175	-	**10,175**	10,175	-	**10,175**
Receipt of capital grants and donations	-	348	**348**	-	430	**430**	-	430	**430**
Rental revenue from operating leases	-	576	**576**	-	491	**491**	-	491	**491**
Charitable fund incoming resources	-	4,540	**4,540**	-	2,937	**2,937**	-	-	**-**
Other income	41,298	-	**41,298**	22,164	-	**22,164**	22,374	-	**22,374**
Total other operating income	**139,152**	**5,464**	**144,616**	**125,987**	**3,858**	**129,845**	**126,057**	**921**	**126,978**
Of which:									
Related to continuing operations			**144,616**			**129,845**			**126,978**

Note 4.2 Additional information on contract revenue (IFRS 15) recognised in the period

(Group & Trust)	**2019/20**	**2018/19**
	£000	**£000**
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	-	340

Note 4.3 Transaction price allocated to remaining performance obligations

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

Note 5 Income generation activities (Group & Trust)

The Trust undertakes income generation activities with an aim of achieving profit, which is then used in patient care. The following provides details of income generation activities whose full cost exceeded £1m or was otherwise material.

	2019/20	2018/19	2018/19
		Restated	**As previously stated**
	£000s	£000s	£000s
Income - car parking	5,138	5,025	5,025
Income - catering	3,618	3,411	3,411
Income - accommodation	1,321	1,370	-

We provide retail catering services to patients and the public, and collect car parking income from our car parks. We record the associated full costs of these activities as they are absorbed into the overheads of the Trust.

Note 6 Fees and charges (Group & Trust)

	2019/20	**2018/19**
	£000	**£000**
Income	11,524	15,194
Full cost	(11,524)	(15,194)
Result	**-**	**-**

Note 7.1 Operating expenses (Group & Trust)

	2019/20	2018/19 Restated	2018/19 As previously stated
	£000	£000	£000
Purchase of healthcare from NHS and DHSC bodies	1,067	1,197	1,845
Purchase of healthcare from non-NHS and non-DHSC bodies	5,604	8,670	8,665
Staff and executive Directors' costs*	698,891	629,449	628,825
Remuneration of non-executive directors	105	88	88
Supplies and services - clinical (excluding drugs costs)	124,593	117,635	112,631
Supplies and services - general	15,334	13,774	13,774
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	107,139	102,124	102,124
Inventories written down	2,400	-	-
Consultancy costs	2,503	671	671
Establishment	5,906	5,768	5,514
Premises	54,976	43,469	38,133
Transport (including patient travel)	7,050	5,281	5,281
Depreciation on property, plant and equipment	32,307	19,857	16,957
Amortisation on intangible assets	2,684	2,622	2,622
Net impairments	3,480	1,509	1,509
Movement in credit loss allowance: contract receivables / contract assets	2,256	2,826	2,826
Movement in credit loss allowance: all other receivables and investments	-	(928)	(928)
Increase/(decrease) in other provisions	11,397	-	-
Audit services- statutory audit**	220	99	99
Other auditor remuneration (external auditor only)	-	7	7
Internal audit costs	209	239	183
Clinical negligence	30,664	31,927	31,927
Legal fees	390	249	249
Insurance	61	126	125
Research and development - staff costs*	15,650	15,431	15,431
Research and development	20,474	20,332	20,332
Education and training	1,437	1,039	1,039
Rentals under operating leases	6,827	4,963	4,963
Redundancy *	134	104	104
Car parking & security	2,323	1,359	1,358
Hospitality	5	13	13
Losses, ex gratia & special payments	1,266	3,433	3,433
Other services, eg external payroll	1,149	1,152	1,152
Other NHS charitable fund resources expended	2,211	2,188	-
Other	35,900	15,957	10,961
Total	**1,196,612**	**1,052,630**	**1,031,913**
Of which:			
Related to continuing operations	1,196,612	1,052,630	1,031,913

*Staff and executive director's costs, Research and Development - staff costs, and Redundancy total £714,675k (2018/19 restated: £644,984k) which agrees to Note 9 Employee benefits.

**Further audit fees of £664k were incurred in the course of concluding the audit of the 2019/20 accounts. These will be disclosed as an additional fee for prior year audit in 2020/21.

Note 7.2 Other auditor remuneration (Group & Trust)

	2019/20	2018/19
	£000	£000
Other auditor remuneration paid to the external auditor:		
2. Audit-related assurance services	-	7
Total	**-**	**7**

Note 7.3 Limitation on auditor's liability (Group & Trust)

There is a £1m limitation on auditor's liability for external audit work carried out for the financial years 2019/20 and 2018/19.

Note 8 Impairment of assets (Group & Trust)

	2019/20	2018/19
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Changes in market price	2,384	1,509
Other	1,096	-
Total net impairments charged to operating surplus / deficit	**3,480**	**1,509**
Impairments charged to the revaluation reserve	16,421	820
Total net impairments	**19,901**	**2,329**

Note 9 Employee benefits (Group & Trust)

	2019/20	2018/19	2018/19
		Restated	As previously stated
	Total	Total	Total
	£000	£000	£000
Salaries and wages	554,107	517,780	517,156
Social security costs	50,562	48,307	48,307
Apprenticeship levy	2,629	2,500	2,500
Employer's contributions to NHS pensions	61,499	58,117	58,117
Pension cost - employer contributions paid by NHSE on Trust's behalf (6.3%)	26,919	69	69
Termination benefits	134	104	104
Temporary staff (including agency)	20,801	18,870	18,870
Total gross staff costs	**716,651**	**645,747**	**645,123**
Recoveries in respect of seconded staff	-	-	-
Total staff costs	**716,651**	**645,747**	**645,123**
Of which			
Costs capitalised as part of assets	(1,976)	(763)	(763)
Net staff costs	**714,675**	**644,984**	**644,360**

Note 9.1 Retirements due to ill-health (Group & Trust)

During 2019/20 there were 5 early retirements from the Trust agreed on the grounds of ill-health (9 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £291k (£632k in 2018/19).

The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

Note 10 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as at 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 report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6%, and the Scheme Regulations were amended accordingly.

c) Other pension schemes

The Trust offers an additional defined contribution workplace pension scheme - the National Employment Savings Scheme (NEST). This is not material.

Note 11 Operating leases (Trust only)

Note 11.1 University Hospitals of Leicester NHS Trust as a lessor

This note discloses income generated in operating lease agreements where University Hospitals of Leicester NHS Trust is the lessor.

	2019/20	2018/19
	£000	£000
Operating lease revenue		
Minimum lease receipts	576	491
Total	**576**	**491**

	31 March 2020	31 March 2019
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	439	436
- later than one year and not later than five years;	1,222	40
- later than five years.	-	56
Total	**1,661**	**532**

Note 11.2 University Hospitals of Leicester NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where University Hospitals of Leicester NHS Trust is the lessee.

Of the total minimum lease payments for 2019/20, £5,208k (2018/19 - £3,639k) relates to external contracts for the provision of haemodialysis services as defined under IAS 17 Leases. The Trust is provided with haemodialysis services from private sector suppliers from sites in Northamptonshire and Lincolnshire.

	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments	6,827	4,963
Total	**6,827**	**4,963**

	2020	2019
	£000	£000
Future minimum lease payments due:		
- not later than one year;	6,188	3,904
- later than one year and not later than five years;	15,205	4,163
- later than five years.	1,355	-
Total	**22,748**	**8,067**

Note 12 Finance income (Group & Trust)

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

	2019/20	2018/19	2018/19
		Restated	As previously stated
	£000	£000	£000
Interest on bank accounts	242	190	190
NHS charitable fund investment income	139	152	-
Total finance income	**381**	**342**	**190**

Note 13.1 Finance expenditure (Group & Trust)

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

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	6,891	6,023
Finance leases	1,114	763
Interest on late payment of commercial debt	180	93
Total interest expense	**8,185**	**6,879**
Unwinding of discount on provisions	23	2
Total finance costs	**8,208**	**6,881**

Note 13.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015 (Group & Trust)

	2019/20	2018/19
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	180	93

Note 14 Other gains / (losses) (Group & Trust)

	2019/20	2018/19	2018/19
		Restated	As previously stated
	£000	£000	£000
Gains on disposal of assets	-	6,058	5,858
Losses on disposal of assets	(5,976)	-	-
Total (losses)/gains on disposal of assets	**(5,976)**	**6,058**	**5,858**

Note 15.1 Intangible assets - 2019/20

Group & Trust	Software licences	Internally generated information technology	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2019 - brought forward	**29,594**	**9**	**29,603**
Opening balances adjustment	(160)	-	(160)
Adjusted valuation / gross cost at 1 April 2019 - brought forward	**29,434**	**9**	**29,443**
Additions	58	-	**58**
Reclassifications	5,717	(9)	**5,708**
Disposals / derecognition	(8,590)	-	**(8,590)**
Valuation / gross cost at 31 March 2020	**26,619**	**-**	**26,619**
Amortisation at 1 April 2019 - brought forward	**20,711**	**-**	**20,711**
Opening balances adjustment	(160)	-	(160)
Adjusted amortisation at 1 April 2019 - brought forward	**20,551**	**-**	**20,551**
Provided during the year	2,684	-	**2,684**
Disposals / derecognition	(8,590)	-	**(8,590)**
Amortisation at 31 March 2020	**14,645**	**-**	**14,645**
Net book value at 31 March 2020	**11,974**	**-**	**11,974**
Net book value at 31 March 2019	**8,883**	**9**	**8,892**

Note 15.2 Intangible assets - 2018/19

Group & Trust - Restated	Software licences	Internally generated information technology	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2018	**29,574**	**-**	**29,574**
Reclassifications	20	9	**29**
Valuation / gross cost at 31 March 2019	**29,594**	**9**	**29,603**
Amortisation at 1 April 2018	**18,094**	**-**	**18,094**
Provided during the year	2,622	-	**2,622**
Reclassifications	(5)	-	**(5)**
Amortisation at 31 March 2019	**20,711**	**-**	**20,711**
Net book value at 31 March 2019	**8,883**	**9**	**8,892**
Net book value at 31 March 2018	**11,480**	**-**	**11,480**

Group & Trust - as previously stated	Software licences	Internally generated information technology	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2018	**29,574**	**-**	**29,574**
Reclassifications	29	-	**29**
Valuation / gross cost at 31 March 2019	**29,603**	**-**	**29,603**
Amortisation at 1 April 2018	**18,094**	**-**	**18,094**
Provided during the year	2,622	-	**2,622**
Reclassifications	(2)	-	**(2)**
Amortisation at 31 March 2019	**20,714**	**-**	**20,714**
Net book value at 31 March 2019	**8,889**	**-**	**8,889**
Net book value at 31 March 2018	**11,480**	**-**	**11,480**

Note 16.1 Property, plant and equipment - 2019/20

Group & Trust

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 - brought forward as previously stated	**49,108**	**334,828**	**10,845**	**18,842**	**168,336**	**197**	**67,738**	**2,439**	**652,333**
Opening balances adjustment	-	3,176	-	(1)	6,058	(1)	-	(2)	9,230
Adjusted valuation/gross cost at 1 April 2019 - brought forward	**49,108**	**338,004**	**10,845**	**18,841**	**174,394**	**196**	**67,738**	**2,437**	**661,563**
Additions	-	24,255	166	14,880	7,760	115	9,732	193	**57,101**
Impairments through income and expenditure	(10,030)	(13,020)	3	(658)	-	-	(438)	-	**(24,143)**
Impairments through the revaluation reserve	(128)	(15,483)	(810)	-	-	-	-	-	**(16,421)**
Reversals of impairments	4,080	16,572	11	-	-	-	-	-	**20,663**
Revaluations	8,736	75,762	505	-	-	-	-	-	**85,003**
Reclassifications	-	3,617	20	(18,138)	1,947	-	6,846	-	**(5,708)**
Disposals / derecognition	-	-	-	(1,926)	(40,973)	-	(40,856)	-	**(83,755)**
Valuation/gross cost at 31 March 2020	**51,766**	**429,707**	**10,740**	**12,999**	**143,128**	**311**	**43,022**	**2,630**	**694,303**
Accumulated depreciation at 1 April 2019 - brought forward as previously stated	**-**	**-**	**-**	**-**	**116,937**	**123**	**51,939**	**1,797**	**170,796**
Opening balances adjustment	-	-	-	-	2,773	(2)	(3)	(1)	2,767
Adjusted accumulated depreciation at 1 April 2019 - brought forward	**-**	**-**	**-**	**-**	**119,710**	**121**	**51,936**	**1,796**	**173,563**
Provided during the year	-	12,395	569	-	13,645	6	5,594	98	**32,307**
Revaluations	-	(12,395)	(569)	-	-	-	-	-	**(12,964)**
Disposals / derecognition	-	-	-	-	(38,282)	-	(40,856)	-	**(79,138)**
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**-**	**95,073**	**127**	**16,674**	**1,894**	**113,768**
Net book value at 31 March 2020	**51,766**	**429,707**	**10,740**	**12,999**	**48,055**	**184**	**26,348**	**736**	**580,535**
Net book value at 31 March 2019	**49,108**	**334,828**	**10,845**	**18,842**	**51,399**	**74**	**15,799**	**642**	**481,537**

£20k of PPE assets are held by the Trust's subsidiary TGH Ltd.

The Trust has engaged the services of professional valuers Gerald Eve LLP to establish the fair value of land and buildings for the organisation. In their opinion "The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation under frequent review.

"For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation."

Note 16.2 Property, plant and equipment - 2018/19

Group & Trust - restated

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2018	**48,878**	**296,244**	**8,383**	**11,807**	**166,638**	**212**	**61,545**	**2,460**	**596,167**
Period Adjustments	440	-	1,475	-	-	-	-	-	**1,915**
Valuation as at 1 April 2018 - restated	**49,318**	**296,244**	**9,858**	**11,807**	**166,638**	**212**	**61,545**	**2,460**	**598,082**
Additions	-	7,771	-	7,569	6,699	23	7,312	8	**29,382**
Impairments	-	(2,326)	(3)	-	-	-	-	-	**(2,329)**
Revaluations	(10)	33,074	993	-	-	-	-	-	**34,057**
Reclassifications	69	65	(3)	(534)	(1,401)	(23)	(990)	(3)	**(2,820)**
Disposals / derecognition	(269)	-	-	-	(3,600)	(15)	(129)	(26)	**(4,039)**
Valuation/gross cost at 31 March 2019	**49,108**	**334,828**	**10,845**	**18,842**	**168,336**	**197**	**67,738**	**2,439**	**652,333**
Accumulated depreciation at 1 April 2018	**-**	**-**	**-**	**-**	**117,113**	**123**	**49,593**	**1,728**	**168,557**
Provided during the year	-	10,686	407	-	6,191	15	2,463	95	**19,857**
Revaluations	-	(10,686)	(407)	-	-	-	-	-	**(11,093)**
Reclassifications	-	-	-	-	(2,797)	-	11	-	**(2,786)**
Disposals / derecognition	-	-	-	-	(3,570)	(15)	(128)	(26)	**(3,739)**
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**116,937**	**123**	**51,939**	**1,797**	**170,796**
Net book value at 31 March 2019	**49,108**	**334,828**	**10,845**	**18,842**	**51,399**	**74**	**15,799**	**642**	**481,537**
Net book value at 31 March 2018	**48,878**	**296,244**	**8,383**	**11,807**	**49,525**	**89**	**11,952**	**732**	**427,610**

Group & Trust - as previously stated	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2018 - brought forward	**48,878**	**296,244**	**8,383**	**11,807**	**166,638**	**212**	**61,545**	**2,460**	**596,167**
Additions	-	7,773	-	7,569	6,699	23	4,584	8	**26,656**
Impairments	-	(2,326)	(3)	-	-	-	-	-	**(2,329)**
Revaluations	(10)	33,074	665	-	-	-	-	-	**33,729**
Reclassifications	-	60	-	(159)	70	-	-	-	**(29)**
Disposals / derecognition	(269)	-	-	-	(3,600)	(15)	(129)	(26)	**(4,039)**
Valuation/gross cost at 31 March 2019	**48,599**	**334,825**	**9,045**	**19,217**	**169,807**	**220**	**66,000**	**2,442**	**650,155**
Accumulated depreciation at 1 April 2018 - brought forward	**-**	**-**	**-**	**-**	**117,113**	**123**	**49,593**	**1,728**	**168,557**
Provided during the year	-	10,686	407	-	3,345	7	2,463	49	**16,957**
Revaluations	-	(10,686)	(407)	-	-	-	-	-	**(11,093)**
Reclassifications	-	-	-	-	(6)	-	8	-	**2**
Disposals / derecognition	-	-	-	-	(3,570)	(15)	(128)	(26)	**(3,739)**
Accumulated depreciation at 31 March 2019	**-**	**-**	**-**	**-**	**116,882**	**115**	**51,936**	**1,751**	**170,684**
Net book value at 31 March 2019	**48,599**	**334,825**	**9,045**	**19,217**	**52,925**	**105**	**14,064**	**691**	**479,471**
Net book value at 31 March 2018	**48,878**	**296,244**	**8,383**	**11,807**	**49,525**	**89**	**11,952**	**732**	**427,610**

Note 16.3 Property, plant and equipment financing - 2019/20

Group & Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020									
Owned - purchased	51,766	416,230	10,740	12,788	27,302	158	26,279	649	**545,912**
Finance leased	-	3,179	-	-	19,487	-	-	-	**22,666**
Owned - government granted	-	1,040	-	-	-	-	-	-	**1,040**
Owned - donated	-	9,258	-	211	1,266	26	69	87	**10,917**
NBV total at 31 March 2020	**51,766**	**429,707**	**10,740**	**12,999**	**48,055**	**184**	**26,348**	**736**	**580,535**

Note 16.4 Property, plant and equipment financing - 2018/19

Group & Trust - restated	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019									
Owned - purchased	49,108	327,953	10,845	18,842	30,325	60	15,716	555	**453,404**
Finance leased	-	-	-	-	19,637		-	-	**19,637**
Owned - government granted	-	668	-	-	-	-	-	-	**668**
Owned - donated	-	6,207	-	-	1,437	14	83	87	**7,828**
NBV total at 31 March 2019	**49,108**	**334,828**	**10,845**	**18,842**	**51,399**	**74**	**15,799**	**642**	**481,537**

Note 16.5 Property, plant and equipment financing - 2018/19

Group & Trust - as previously stated	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019									
Owned - purchased	48,599	327,950	9,045	19,217	31,851	91	13,981	604	**451,338**
Finance leased	-	-	-	-	19,637	-	-	-	**19,637**
Owned - government granted	-	668	-	-	-	-	-	-	**668**
Owned - donated	-	6,207	-	-	1,437	14	83	87	**7,828**
NBV total at 31 March 2019	**48,599**	**334,825**	**9,045**	**19,217**	**52,925**	**105**	**14,064**	**691**	**479,471**

Note 17 Other investments / financial assets (non-current)

	Group	
	2019/20	**2018/19**
		Restated
	£000	**£000**
Carrying value at 1 April 2019 - brought forward	**4,725**	**4,684**
Carrying value at 1 April 2019 - restated	**4,725**	**4,684**
Acquisitions in year	4,885	780
Fair value (losses)/gains on financial assets mandated at fair value through OCI	(427)	58
Disposals	(4,859)	(797)
Carrying value at 31 March 2020	**4,324**	**4,725**

The above represents assets held by the Charity

Note 18 Analysis of charitable fund reserves

The funds of the Leicester Hospitals Charity have been consolidated within these accounts.

	31 March 2020	31 March 2019
		Restated
	£000	£000
Unrestricted funds:		
Unrestricted income funds	4,811	3,570
Restricted funds:		
Other restricted income funds	4,710	3,910
	9,521	**7,480**

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the Corporate Trustee in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

Note 19 Inventories

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Drugs	5,788	6,686	4,270	5,391
Consumables	13,639	18,155	13,640	18,155
Energy	147	211	147	211
Total inventories	**19,574**	**25,052**	**18,057**	**23,757**

Note 20 Receivables

	Group			Trust		
	31 March 2020	**31 March 2019 Restated**	**31 March 2019 As previously stated**	**31 March 2020**	**31 March 2019 Restated**	**31 March 2019 As previously stated**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Current						
Contract receivables	40,469	56,381	60,980	40,524	54,175	60,980
Allowance for impaired contract receivables / assets	(3,350)	(2,170)	(2,170)	(3,350)	(2,170)	(2,170)
Prepayments (non-PFI)	6,201	2,188	6,309	6,181	2,188	6,309
PDC dividend receivable	877	-	-	877	-	-
VAT receivable	1,715	1,781	1,781	1,312	1,453	1,453
Clinician pension tax provision reimbursement from NHSE	73	-	-	73	-	-
Other receivables	222	796	796	757	796	796
NHS charitable funds receivables	1,258	1,188	-	-	-	-
Total current receivables	**47,465**	**60,164**	**67,696**	**46,374**	**56,442**	**67,368**
Non-current						
Contract receivables	2,533	2,599	2,458	2,533	2,599	2,458
Allowance for impaired contract receivables / assets	(537)	(917)	(917)	(537)	(917)	(917)
Clinician pension tax provision reimbursement from NHSE	2,396	-	-	2,396	-	-
Prepayments (non-PFI)	-	-	5,032	-	-	5,032
Total non-current receivables	**4,392**	**1,682**	**6,573**	**4,392**	**1,682**	**6,573**
Total receivables	**51,857**	**61,846**	**74,269**	**50,766**	**58,124**	**73,941**
Of which receivable from NHS and DHSC group bodies:						
Current	29,769	46,954	46,954	29,769	46,954	46,954
Non-current	2,396	2,186	2,186	2,396	2,186	2,186

Note 21.1 Allowances for credit losses - 2019/20

	Group & Trust	
	Contract receivables and contract assets	**All other receivables**
	£000	**£000**
Allowances as at 1 Apr 2019 - brought forward	**4,015**	**(928)**
New allowances arising	3,767	-
Changes in existing allowances	(928)	928
Reversals of allowances	(1,510)	-
Utilisation of allowances (write offs)	(1,457)	-
Allowances as at 31 Mar 2020	**3,887**	**-**

Note 21.2 Allowances for credit losses - 2018/19

	Group & Trust	
	Contract receivables and contract assets	**All other receivables**
	£000	**£000**
Allowances as at 1 Apr 2018	**928**	**-**
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	3,753	-
New allowances arising	1,544	-
Changes in existing allowances	1,282	(928)
Utilisation of allowances (write offs)	(3,492)	-
Allowances as at 31 Mar 2019	**4,015**	**(928)**

Note 22 Cash and cash equivalents movements

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

	Group			Trust		
	2019/20	2018/19 Restated	2018/19 As previously stated	2019/20	2018/19 Restated	2018/19 As previously stated
	£000	£000	£000	£000	£000	£000
At 1 April	**16,965**	**9,086**	**8,919**	**12,669**	**7,259**	**7,259**
Net change in year	16,226	7,879	6,180	13,860	5,410	5,410
At 31 March	**33,191**	**16,965**	**15,099**	**26,529**	**12,669**	**12,669**
Broken down into:						
Cash at commercial banks and in hand	4,321	4,340	2,474	44	44	44
Cash with the Government Banking Service	28,870	12,625	12,625	26,485	12,625	12,625
Total cash and cash equivalents as in SoFP	**33,191**	**16,965**	**15,099**	**26,529**	**12,669**	**12,669**
Bank overdrafts (GBS and commercial banks)	(12,899)	(11,104)	(11,104)	(12,899)	(11,104)	(11,104)
Total cash and cash equivalents as in SoCF	**20,292**	**5,861**	**3,995**	**13,630**	**1,565**	**1,565**

Note 22.1 Third party assets held by the trust

University Hospitals of Leicester NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts. Balances on deposit were £0 for 2019/20 (£0 for 2018/19)

Note 23.1 Trade and other payables

	Group			Trust		
	31 March 2020	31 March 2019 Restated	31 March 2019 As previously stated	31 March 2020	31 March 2019 Restated	31 March 2019 As previously stated
	£000	£000	£000	£000	£000	£000
Current						
Trade payables	18,205	60,450	56,217	16,934	58,353	56,038
Capital payables	3,792	3,423	3,423	3,792	3,423	3,423
Accruals	57,515	39,505	28,627	58,802	39,487	28,609
Social security costs	7,571	7,298	7,298	7,556	7,298	7,298
Other taxes payable	6,173	6,121	6,121	6,161	6,121	6,121
PDC dividend payable	-	536	536	-	536	536
Other payables *	10,244	8,192	8,089	10,383	8,192	8,107
NHS charitable funds: trade and other payables	29	299	-	-	-	-
Total current trade and other payables	**103,529**	**125,824**	**110,311**	**103,628**	**123,410**	**110,132**

* The figure of £8,107k for other payables relating to Trust only balances in the 'as previously stated' column has been corrected by £18k from £8,089k to £8,107k because of an error in the 2018/19 accounts.

Of which payables from NHS and DHSC group bodies:						
Current	19,977	11,361	11,361	19,977	11,361	11,361
Non-current	-	-	-	-	-	-

Note 23.2 Early retirements in NHS payables above

The payables note above includes amounts in relation to early retirements as set out below:

Group and Trust	31 March 2020	31 March 2020	31 March 2019	31 March 2019
	£000	Number	£000	Number
- to buy out the liability for early retirements over 5 years	291	-	186	-
- number of cases involved	-	5	-	65

Note 24 Other liabilities

	Group			Trust		
	31 March 2020	31 March 2019	31 March 2019	31 March 2020	31 March 2019	31 March 2019
		Restated	As previously stated		Restated	As previously stated
	£000	£000	£000	£000	£000	£000
Current						
Deferred income: contract liabilities	8,360	9,381	7,566	8,360	9,369	7,554
Total other current liabilities	**8,360**	**9,381**	**7,566**	**8,360**	**9,369**	**7,554**

Note 25 Borrowings

	Group			Trust		
	31 March 2020	31 March 2019	31 March 2019	31 March 2020	31 March 2019	
		Restated	As previously stated		Restated	As previously stated
	£000	£000	£000	£000	£000	£000
Current						
Bank overdrafts	12,899	11,104	11,104	12,899	11,104	11,104
Loans from the Department of Health and Social Care	350,725	37,122	37,122	350,725	37,122	37,122
Other loans	2,125	-	-	2,125	-	-
Obligations under finance leases	5,204	5,294	4,907	5,204	5,294	4,907
Total current borrowings	**370,953**	**53,520**	**53,133**	**370,953**	**53,520**	**53,133**
Non-current						
Loans from the Department of Health and Social Care	-	209,410	209,410	-	209,410	209,410
Obligations under finance leases	17,226	2,012	2,014	17,226	2,012	2,014
Total non-current borrowings	**17,226**	**211,422**	**211,424**	**17,226**	**211,422**	**211,424**

Across NHS Provider organisations nationally. liabilities associated with interim revenue support loans will be extinguished. These loans will be repaid and funded from Public Dividend Capital (PDC) issued by DHSC. during 2020/21. This removes £349.6m in loan principal from the Trust's balance sheet. All loans will be frozen at 31 March 2020 and interest payments will cease from that date. Amounts due for loan principal and accrued interest will be calculated and reconciled to provider’s audited financial statements for the year ended 31 March 2020. PDC in the equivalent amount will be issued to the Trust to repay the loans on 30 September 2020.

Note 25.1 Reconciliation of liabilities arising from financing activities

Group & Trust - 2019/20	Loans from DHSC	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2019 - restated	**246,532**	**-**	**7,306**	**253,838**
Cash movements:				
Financing cash flows - payments and receipts of principal	103,916	2,125	(2,418)	**103,623**
Financing cash flows - payments of interest	(6,607)	-	(511)	**(7,118)**
Non-cash movements:				
Additions	-	-	1,029	**1,029**
Application of effective interest rate	6,884	-	918	**7,802**
Other changes	-	-	16,106	**16,106**
Carrying value at 31 March 2020	**350,725**	**2,125**	**22,430**	**375,280**

Group & Trust - 2018/19 - Restated	Loans from DHSC	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2018	**198,335**	**-**	**10,912**	**209,247**
Cash movements:				
Financing cash flows - payments and receipts of principal	47,335	-	(5,415)	**41,920**
Financing cash flows - payments of interest	(5,748)	-	(763)	**(6,511)**
Non-cash movements:				
Impact of implementing IFRS 9 on 1 April 2018	587	-	-	**587**
Additions	-	-	3,031	**3,031**
Application of effective interest rate	6,023	-	763	**6,786**
Other changes	-	-	(1,222)	**(1,222)**
Carrying value at 31 March 2019	**246,532**	**-**	**7,306**	**253,838**

Group & Trust - 2018/19 - As previously stated	Loans from DHSC	Other loans	Finance leases	Total
	£000	£000	£000	£000
Carrying value at 1 April 2018	**198,335**	**-**	**10,912**	**209,247**
Cash movements:				
Financing cash flows - payments and receipts of principal	47,335	-	(5,415)	**41,920**
Financing cash flows - payments of interest	(5,748)	-	(763)	**(6,511)**
Non-cash movements:				
Impact of implementing IFRS 9 on 1 April 2018	587	-	-	**587**
Additions	-	-	3,031	**3,031**
Application of effective interest rate	6,023	-	763	**6,786**
Other changes	-	-	(1,607)	**(1,607)**
Carrying value at 31 March 2019	**246,532**	**-**	**6,921**	**253,453**

Note 26 Finance leases - Trust only

The Trust has three finance lease arrangements - for Managed Equipment Services, IM&T equipment and renal dialysis equipment.

Managed Equipment Service (MES) finance lease

The Trust is the lessee in relation to a managed equipment service as defined by IAS 17 Leases. The Trust leases major items of equipment used to treat patients.
Commencement date: 2007/08
End date: 2025/2026

IM&T "eQuip" programme

The Trust is the lessee for this IM&T programme as defined by IAS 17 Leases. The lease relates to the replacement of outdated IT equipment and the provision of new IT equipment for staff.
Commencement date: 2018/19
End date: 2024/25

Renal Dialysis equipment leases

The Trust has recognised finance leases in respect of renal dialysis equipment and premises at six locations. This is a change in classification of an existing arrangement.
Commencement dates: 2015/16 to 2019/20
End Dates: 2022/23 to 2044/45

Payment for the fair value of the services received

The annual unitary payment is applied to meet the annual finance cost and to repay the lease liabilities over the contract term.

Interest costs charged to revenue

An annual finance cost is calculated by applying the implicit interest rate in the leases to the opening lease liabilities for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

Property plant and equipment assets recognised on the balance sheet

The finance lease assets are recognised as property, plant and equipment. The asset values, life and depreciation for the scheme are provided to the Trust by the Lessors.
Depreciation on the property, plant and equipment is charged to revenue.

Liability

Lease liabilities are recognised at the same time as the assets are recognised. The liabilities are measured initially at the same amount as the fair value of the assets and are subsequently measured as finance lease liabilities in accordance with IAS 17 Leases.

Asset replacement

Any assets, or asset components provided by the lessor during the contract are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the lessor and are measured initially at their fair value.

Assets contributed by the Trust to the operator for use in the scheme (MES only).

Assets contributed for use in the scheme are recognised as items of property, plant and equipment in the Trust's Statement of Financial Position.

Note 26.1 University Hospitals of Leicester NHS Trust as a lessee

Obligations under finance leases where the Trust is the lessee.

	Trust only		
	31 March 2020	31 March 2019 Restated	31 March 2019 As previously stated
	£000	£000	£000
Gross lease liabilities	**25,428**	**7,693**	**7,308**
of which liabilities are due:			
- not later than one year;	5,438	5,292	4,907
- later than one year and not later than five years;	13,045	976	976
- later than five years.	6,945	1,425	1,425
Finance charges allocated to future periods	(2,998)	(387)	(387)
Net lease liabilities	**22,430**	**7,306**	**6,921**
of which payable:			
- not later than one year;	5,204	5,294	4,907
- later than one year and not later than five years;	11,674	976	895
- later than five years.	5,552	1,036	1,119
Total of future minimum sublease payments to be received at the reporting date	-	-	-
Contingent rent recognised as expense in the period	-	-	-
	22,430	**7,306**	**6,921**

Note 27.1 Provisions for liabilities and charges analysis

Group	Pensions: early departure costs	Pensions: injury benefits	Redundancy	Clinician tax reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2019- restated	**2,538**	**1,007**	**27**	**-**	**779**	**4,351**
Arising during the year	13	-	-	2,469	15,673	**18,155**
Utilised during the year	(275)	(73)	(27)	-	(195)	**(570)**
Reversed unused	(196)	(16)	-	-	-	**(212)**
Unwinding of discount	16	7	-	-	-	**23**
At 31 March 2020	**2,096**	**925**	**-**	**2,469**	**16,257**	**21,747**
Expected timing of cash flows:						
- not later than one year;	275	73	-	73	310	**731**
- later than one year and not later than five years;	1,100	292	-	143	15,947	**17,482**
- later than five years.	721	560	-	2,253	-	**3,534**
Total	**2,096**	**925**	**-**	**2,469**	**16,257**	**21,747**

The Trust has made provision for Section 106 costs of £2.2m, which would be incurred by the housing developer, Davidson's Homes, in relation to the Glenfield land development. As agreed between the parties, the Trust was contractually obligated to fund the developer's costs in relation to covering the costs of meeting section 106 requirements, as part of the land sale agreement. Section 106 agreements are drafted when it is considered that a development will have significant impacts on the local area that cannot be moderated by means of conditions attached to a planning decision. For example, a new residential development can place extra pressure on the social, physical and economic infrastructure which already exists in a certain area.

The land sale agreement also contained a 'put option' which allowed Davidson's to sell the land back to the Trust should certain milestones not be met. Davidson's has chosen to exercise this 'buy back' provision and served notice to this effect. However, the Trust was not notified of this intention until June 2021. The legal deeds to re-purchase the land were signed by the Trust on 15th July 2021. The Trust Board, at the time of the sale in March 2019, considered it 'highly probable' (IFRS 15) that the Trust would not have to re-purchase the land. The decision took place after the reporting period and therefore represents a non-adjusting post balance sheet event. The return of the asset and liability is accounted for at £nil value in the 2019/20 financial statements. The sale transaction would therefore remain recognised at 31/3/2020 without any recognition of the potential liability to repurchase

Provisions for liabilities and charges analysis (Group) - Prior year

2018/19 - Group - Restated	Pensions: early departure costs	Pensions: injury benefits	Redundancy	Clinician tax reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2018	**981**	**510**	**77**	**-**	**345**	**1,913**
Arising during the year	1,786	690	27		618	**3,121**
Utilised during the year	(214)	(57)	(77)	-	(69)	**(417)**
Reversed unused	(17)	(136)	-	-	(115)	**(268)**
Unwinding of discount	2	-	-	-	-	**2**
At 31 March 2019	**2,538**	**1,007**	**27**	**-**	**779**	**4,351**
Expected timing of cash flows:						
- not later than one year;	214	57	27	-	70	**368**
- later than one year and not later than five years;	2,324	906	-	-	280	**3,510**
- later than five years.	-	44	-	-	429	**473**
Total	**2,538**	**1,007**	**27**	**-**	**779**	**4,351**

2018/19 - Group - As previously stated	Pensions: early departure costs	Pensions: injury benefits	Redundancy	Clinician tax reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2018	**981**	**510**	**77**	**-**	**345**	**1,913**
Arising during the year	65	12	27		618	**722**
Utilised during the year	(214)	(57)	(77)	-	(69)	**(417)**
Reversed unused	(17)	(136)	-	-	(115)	**(268)**
Unwinding of discount	2	-	-	-	-	**2**
At 31 March 2019	**817**	**329**	**27**	**-**	**779**	**1,952**
Expected timing of cash flows:						
- not later than one year;	214	57	27	-	70	**368**
- later than one year and not later than five years;	603	228	-	-	280	**1,111**
- later than five years.	-	44	-	-	429	**473**
Total	**817**	**329**	**27**	**-**	**779**	**1,952**

Note 27.2 Provisions for liabilities and charges analysis (Trust)

Trust	Pensions: early departure costs	Pensions: injury benefits	Redundancy	Clinician tax reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2019 - restated	**2,538**	**1,007**	**27**	**-**	**757**	**4,329**
Arising during the year	13	-	-	2,469	15,673	**18,155**
Utilised during the year	(275)	(73)	(27)	-	(191)	**(566)**
Reversed unused	(196)	(16)	-	-	-	**(212)**
Unwinding of discount	16	7	-	-	-	**23**
At 31 March 2020	**2,096**	**925**	**-**	**2,469**	**16,239**	**21,729**
Expected timing of cash flows:						
- not later than one year;	275	73	-	73	292	**713**
- later than one year and not later than five years;	1,100	292	-	143	15,947	**17,482**
- later than five years.	721	560	-	2,253	-	**3,534**
Total	**2,096**	**925**	**-**	**2,469**	**16,239**	**21,729**

The 2018/19 provisions have been adjusted by £2,399k to increase the value of provisions relating to early retirement costs, following a recalculation of those costs.

Provisions for liabilities and charges analysis (Trust) - Prior year

2018/19 - Trust - Restated	Pensions: early departure costs	Pensions: injury benefits	Redundancy	Clinician tax reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2018	**981**	**510**	**77**	**-**	**323**	**1,891**
Arising during the year	1,786	690	27		618	**3,121**
Utilised during the year	(214)	(57)	(77)	-	(69)	**(417)**
Reversed unused	(17)	(136)	-	-	(115)	**(268)**
Unwinding of discount	2	-	-	-	-	**2**
At 31 March 2019	**2,538**	**1,007**	**27**	**-**	**757**	**4,329**
Expected timing of cash flows:						
- not later than one year;	214	57	27	-	70	**368**
- later than one year and not later than five years;	2,324	906	-	-	258	**3,488**
- later than five years.	-	44	-	-	429	**473**
Total	**2,538**	**1,007**	**27**	**-**	**757**	**4,329**

2018/19 - Trust - As previously stated	Pensions: early departure costs	Pensions: injury benefits	Redundancy	Clinician tax reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2018	**981**	**510**	**77**	**-**	**345**	**1,913**
Arising during the year	65	12	27		596	**700**
Utilised during the year	(214)	(57)	(77)	-	(69)	**(417)**
Reversed unused	(17)	(136)	-	-	(115)	**(268)**
Unwinding of discount	2	-	-	-	-	**2**
At 31 March 2019	**817**	**329**	**27**	**-**	**757**	**1,930**
Expected timing of cash flows:						
- not later than one year;	214	57	27	-	48	**346**
- later than one year and not later than five years;	603	228	-	-	280	**1,111**
- later than five years.	-	44	-	-	429	**473**
Total	**817**	**329**	**27**	**-**	**757**	**1,930**

Note 27.3 Clinical negligence liabilities (Trust only)

At 31 March 2020, £411,149k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of the Trust (31 March 2019: £394.856k).

Note 28 Contingent assets and liabilities (Group & Trust)

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Value of contingent liabilities				
Other	-	(9,726)	-	(9,726)
Gross value of contingent liabilities	**-**	**(9,726)**	**-**	**(9,726)**
Net value of contingent liabilities	**-**	**(9,726)**	**-**	**(9,726)**
Net value of contingent assets	**-**	**-**	**-**	**-**

Contingent Liability

Land disposal
In 2018/19, the Trust disposed of surplus land to Davidsons Homes for the development of local housing units. The contract for the sale of the land was completed within the year with the associated transfer of legal title. The contract includes a put option to the effect that the sale and proceeds received is contingent upon Davidsons Homes obtaining appropriate access and planning permission within a reasonable timeframe. On the event of these conditions not being met, the buyer has the right to exercise the put option for the Trust to repurchase the land at the original selling price plus indexation. The Directors of the Trust have reviewed the put option and based upon information available has concluded that it is 'highly probable' that the revenue (consideration) associated with the sale would not be reversed (repaid).

Davidson's has chosen to exercise this 'buy back' provision and served notice to this effect. However, the Trust was not notified of this intention until June 2021. The legal deeds to re-purchase the land were signed by the Trust on 15th July 2021. The Trust Board, at the time of the sale in March 2019, considered it 'highly probable' (IFRS 15) that the Trust would not have to re-purchase the land. The decision took place after the reporting period and therefore represents a non-adjusting post balance sheet event (refer note 38.0). The return of the asset and liability is accounted for at £nil value in the 2019/20 financial statements. The sale transaction would therefore remain recognised at 31/3/2020 without any recognition of the potential liability to repurchase.

Other contingent liabilities
Other contingent liabilities have reduced by £9.7m from the prior year. Previously we had included this contingent liability to reflect potential VAT repayable to the HMRC that we previously reclaimed on a significant outsourced IM&T contract. We have received further information from the HMRC in 2019/20 which has increased the possibility that we will need to repay VAT in this matter, and the value of the potential repayment has also been clarified. We have therefore included a provision in our accounts this year as shown in note 27.2.

Note 28.1 Contractual capital commitments

	Group		Trust	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	£000	£000	£000	£000
Property, plant and equipment	12,724	19,203	12,724	19,203
Total	**12,724**	**19,203**	**12,724**	**19,203**

Note 29 Financial instruments

Note 29.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with commissioners and the way those commissioners are financed, the NHS trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

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

Currency risk

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

Interest rate risk

The Trust borrows from government for capital expenditure, subject to affordability as confirmed by the strategic health authority. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust may also borrow from government for revenue financing subject to approval by NHS Improvement. Interest rates are confirmed by the Department of Health (the lender) at the point borrowing is undertaken. The Trust therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Trust’s income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at the 31st March 2020 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust’s operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust relies on loans from the Department of Health and Social Care to fund its deficit and also for an element of capital expenditure. The Trust's closing loan balances for 2019/20 totalled £350,725k.

Interest rates for the above loans range from 1.5% to 3.5%. The Trusts cash, loans and working capital positions are monitored by its Finance and Investment Committee.

The Trust's total loan balance of £350,725k will be replaced in full with PDC funding during 2019/20 and therefore they are all shown as repayable within one year in these accounts.

Land sale

As described within Note 28 Contingent Liabilities, the Trust disposed of surplus land to Davidsons Homes for the development of local housing units. The contract for the sale of the land was completed within the year with the associated transfer of legal title. The contract includes a put option to the effect that the sale and proceeds received is contingent upon Davidsons Homes obtaining appropriate access and planning permission within a reasonable timeframe. On the event of these conditions not being met, the buyer has the right to exercise the put option for the Trust to repurchase the land at the original selling price plus indexation. The Directors of the Trust have reviewed the put option and based upon information available has concluded that it is ‘highly probable’ that the revenue (consideration) associated with the sale would not be reversed (repaid). The Trust has not recognised any liability in respect of this put option as it believes the financial liability associated with this is £nil.

Note 29.2 Carrying values of financial assets (Group)

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non-financial assets	41,584	-	**41,584**
Cash and cash equivalents	28,915	-	**28,915**
Consolidated NHS Charitable fund financial assets	5,534	4,324	**9,858**
Total at 31 March 2020	**76,033**	**4,324**	**80,357**

Carrying values of financial assets as at 31 March 2019 Restated	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non-financial assets	55,893	-	**55,893**
Cash and cash equivalents	15,099	-	**15,099**
Consolidated NHS Charitable fund financial assets	3,054	4,725	**7,779**
Total at 31 March 2019	**74,046**	**4,725**	**78,771**

Carrying values of financial assets as at 31 March 2019 As previously stated	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non-financial assets	61,147	-	**61,147**
Cash and cash equivalents	15,099	-	**15,099**
Total at 31 March 2019	**76,246**	**-**	**76,246**

Note 29.3 Carrying values of financial assets (Trust)

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non-financial assets	41,639	-	**41,639**
Other investments / financial assets	4,000	-	**4,000**
Cash and cash equivalents	26,529	-	**26,529**
Total at 31 March 2020	**72,168**	**-**	**72,168**

Carrying values of financial assets as at 31 March 2019 Restated	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non-financial assets	53,687	-	**53,687**
Other investments / financial assets	4,000	-	**4,000**
Cash and cash equivalents	12,669	-	**12,669**
Total at 31 March 2019	**70,356**	**-**	**70,356**

Carrying values of financial assets as at 31 March 2019 As previously stated	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Trade and other receivables excluding non-financial assets	60,959	-	**60,959**
Other investments / financial assets	4,000	-	**4,000**
Cash and cash equivalents	12,669	-	**12,669**
Total at 31 March 2019	**77,628**	**-**	**77,628**

Note 29.4 Carrying values of financial liabilities (Group)

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	350,725	-	**350,725**
Obligations under finance leases	22,430	-	**22,430**
Other borrowings	15,024	-	**15,024**
Trade and other payables excluding non-financial liabilities	89,756	-	**89,756**
Consolidated NHS Charitable fund financial liabilities	29	-	**29**
Total at 31 March 2020	**477,964**	**-**	**477,964**

Carrying values of financial liabilities as at 31 March 2019 Restated	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	246,532	-	**246,532**
Obligations under finance leases	7,306	-	**7,306**
Other borrowings	11,104	-	**11,104**
Trade and other payables excluding non-financial liabilities	111,570	-	**111,570**
Consolidated NHS Charitable fund financial liabilities	299	-	**299**
Total at 31 March 2019	**376,811**	**-**	**376,811**

Carrying values of financial liabilities as at 31 March 2019 As previously stated	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	246,532	-	**246,532**
Obligations under finance leases	6,921	-	**6,921**
Other borrowings	11,104	-	**11,104**
Trade and other payables excluding non-financial liabilities	96,356	-	**96,356**
Total at 31 March 2019	**360,913**	**-**	**360,913**

Note 29.5 Carrying values of financial liabilities (Trust)

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	350,725	-	**350,725**
Obligations under finance leases	22,430	-	**22,430**
Other borrowings	15,024	-	**15,024**
Trade and other payables excluding non-financial liabilities	89,911	-	**89,911**
Total at 31 March 2020	**478,090**	**-**	**478,090**

Carrying values of financial liabilities as at 31 March 2019 Restated	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	246,532	-	**246,532**
Obligations under finance leases	7,306	-	**7,306**
Other borrowings	11,104	-	**11,104**
Trade and other payables excluding non-financial liabilities	109,455	-	**109,455**
Total at 31 March 2019	**374,397**	**-**	**374,397**

Carrying values of financial liabilities as at 31 March 2019 As previously stated	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	246,532	-	**246,532**
Obligations under finance leases	6,921	-	**6,921**
Other borrowings	11,104	-	**11,104**
Trade and other payables excluding non-financial liabilities	96,177	-	**96,177**
Total at 31 March 2019	**360,734**	**-**	**360,734**

Note 29.6 Maturity of financial liabilities

	Group		Trust	
	31 March 2020	31 March 2019 Restated	31 March 2020	31 March 2019 Restated
	£000	£000	£000	£000
In one year or less	460,738	165,386	460,864	163,076
In more than one year but not more than two years	3,093	119,280	3,093	119,280
In more than two years but not more than five years	8,581	56,420	8,581	56,420
In more than five years	5,552	35,725	5,552	35,725
Total	**477,964**	**376,811**	**478,090**	**374,501**

Note 30 Losses and special payments

	2019/20		2018/19	
Group and Trust	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	1	41	-	-
Bad debts and claims abandoned	2,116	1,094	1,962	3,262
Stores losses and damage to property	55	34	-	-
Total losses	**2,172**	**1,169**	**1,962**	**3,262**
Special payments				
Compensation under court order or legally binding arbitration award	1	1	4	4
Ex-gratia payments	109	96	133	167
Total special payments	**110**	**97**	**137**	**171**
Total losses and special payments	**2,282**	**1,266**	**2,099**	**3,433**

Note 31.1 Related parties (Group)

During the year none of the Department of Health and Social Care Ministers, Trust Board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with the University Hospitals of Leicester NHS Trust. The Leicester Hospitals Charity is a related party of all members of the Trust Board, as the Trust Board is the Charity's corporate trustee.

Mr K Singh, Trust Chairman, has a family member who is a Partner with Lakeside Healthcare. During the reporting year, the Trust made payments to Lakeside Healthcare amounting to £172k.

Professor Philip Baker, Non Executive Director, is the Dean of Medicine, Pro-Vice-Chancellor and Head of the College of Life Sciences, University of Leicester. Transactions with the University of Leicester are shown below.

Mr Ballu Patel, Non-Executive Director, is Chair of Leicester Hospitals Charity. Transactions with the Leicester Hospitals Charity are shown below.

Vicky Bailey, Non-Executive Director, is a council member of the University of Nottingham. During the reporting year the Trust made payments of £140k to the University and received payments of £44k from the University. £10k was owed to the Trust from the University at the year end and £27k was owed from the Trust to the University.

The Trust has outstanding loans totalling £350,725k at the 31 March 2020, issued by the Department of Health.

MATERIAL DEPARTMENT OF HEALTH AND SOCIAL CARE ENTITIES

The Department of Health and Social Care (DHSC) is regarded as a related party. During the year the University Hospitals of Leicester NHS Trust has had a significant number of material transactions with the DHSC and with other entities for which the DHSC is regarded as the parent Department. These entities are listed below:

NHS Leicester City CCG

NHS West Leicestershire CCG

NHS East Leicestershire and Rutland CCG

Nottingham University Hospitals NHS Trust

Leicestershire Partnership NHS Trust

North West Anglia NHS Foundation Trust

NHS England - Central Midlands Local Office

NHS England - East Midlands Specialised Commissioning Hub

Health Education England

NHS Pension Scheme

NHS Resolution

In addition, the Trust has had a number of material transactions with other government departments and other central and local government

HM Revenue and Customs - VAT

HM Revenue and Customs - Other Taxes and Duties

Leicester City Council

Leicestershire County Council

University of Leicester:

During the reporting year, the Trust made payments to the University of Leicester amounting to £6,329k (2018/19 - £6,297k). The majority of these payments relate to the provision of services to the Trust by medical staff employed by the University of Leicester, and research payments. As at 31st March 2020 a sum of £3,678k (2018/19 - £897k) is included in payables in respect of the University of Leicester. The University paid us £5,861k (2018/19 - £5,290k) in the year, relating primarily to research work, and £1,939k (2018/19 - £1,370k) was included within receivables at 31st March 2019.

Leicester Hospitals Charity

The Trust is the Corporate Trustee for Leicester Hospitals Charity which is an independent charity registered with the Charity Commission. In 2019/20 the Trust received total asset donations of £348k (£430k in 2018/19). Full details will be included in the Charity's accounts as submitted to the Charity Commission.

Note 31.2 Related parties (Trust)

TGH Ltd

The financial statements of the parent (Trust) are presented together with the consolidated financial statements. Any transactions or balances between the group entities have been eliminated on consolidation. TGH Ltd does not have any transactions with the NHS or other Government entities except those with the parent Trust and HMRC (payroll and social security taxes). The Trust's receivables includes £0k owed by the subsidiary and the Trust's payables include £2,959k owed to the subsidiary.

Note 32 Better Payment Practice code

Non-NHS Payables	2019/20 Number	2019/20 £000	2018/19 Number	2018/19 £000
Total non-NHS trade invoices paid in the year	194,926	743,680	169,613	597,569
Total non-NHS trade invoices paid within target	91,970	500,891	65,974	395,630
Percentage of non-NHS trade invoices paid within target	47.2%	67.4%	38.9%	66.2%

NHS Payables				
Total NHS trade invoices paid in the year	5,747	129,654	5,639	129,951
Total NHS trade invoices paid within target	1,701	87,189	964	76,159
Percentage of NHS trade invoices paid within target	29.6%	67.2%	17.1%	58.6%

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

Note 33 External financing

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

	2019/20 £000	2018/19 £000
External financing limit (EFL)	127,568	50,944
Cash flow financing	117,341	50,045
External financing requirement	**117,341**	**50,045**
Under spend against EFL	**10,227**	**899**

Note 34 Capital Resource Limit

	2019/20 £000	2018/19 £000
Gross capital expenditure	57,159	26,656
Less: Disposals	(4,617)	(300)
Less: Donated and granted capital additions	(348)	(430)
Charge against Capital Resource Limit	**52,194**	**25,926**
Capital Resource Limit	55,550	25,926
Under / (over) spend against CRL	**3,356**	**-**

Note 35 Breakeven duty financial performance

	2019/20 £000
Adjusted financial performance deficit (control total basis)	(154,380)
Breakeven duty financial performance deficit	**(154,380)**

Note 36 Breakeven duty rolling assessment

	1997/98 to 2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		51	1,013	88	91	(39,655)
Breakeven duty cumulative position	3,910	3,961	4,974	5,062	5,153	(34,502)
Operating income		697,692	696,257	719,154	758,665	770,393
Cumulative breakeven position as a percentage of operating income		0.6%	0.7%	0.7%	0.7%	(4.5%)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(40,648)	(34,051)	(27,152)	(34,455)	(44,879)	(154,380)
Breakeven duty cumulative position	(75,150)	(109,201)	(136,353)	(170,808)	(215,687)	(370,067)
Operating income	834,376	866,036	924,269	960,790	992,246	1,086,035
Cumulative breakeven position as a percentage of operating income	(9.0%)	(12.6%)	(14.8%)	(17.8%)	(21.7%)	(34.1%)

The figure for operating income for 2018/19 has been restated from £992,386k to £992,246k

The breakeven duty in-year financial performance is not disclosed on the same basis as the figures reported in the SOCI for the deficit for the year (£124,064k). In accordance with DHSC guidance we have disclosed the above financial performance as:

	2019/20	2018/19
Financial performance for the year	**£000**	**£000**
Deficit for the year (before consolidation of the Leicester Hospitals Charity)	(126,618)	(46,451)
Impairments (excluding IFRIC 12 impairments)	3,480	1,509
Adjustments in respect of donated and government granted asset reserve elimination	442	63
Prior period adjustment	(31,684)	-
Adjusted retained deficit	**(154,380)**	**(44,879)**

Note 37.1 Prior period adjustment

Financial statement line item		As previously stated in 2018/19 audited year end 31 Mar 2019 2018/19 £000	As stated in 2019/20 Accounts 31 Mar 2019 2018/19 £000	Total PPA 31 Mar 2019 2018/19 £000	
Non-current assets					
Intangible assets	31 Mar 2019	8,889	8,892	**3**	Reclassification of intangible assets
Property, plant and equipment	31 Mar 2019	479,471	481,537	**2,066**	Change in accounting for an IM&T contract; adjustment to asset lives; changes in accounting for finance lease
Other investments / financial assets	31 Mar 2019	-	4,725	**4,725**	Inclusion of charity investments not previously consolidated for reasons of materiality
Other investments / financial assets	1 Apr 2018	-	4,684	**4,684**	Inclusion of charity investments not previously consolidated for reasons of materiality
Receivables	31 Mar 2019	6,573	1,682	**(4,891)**	Adjustment to prepayment values
Current assets					
Receivables	31 Mar 2019	67,696	60,164	**(7,532)**	Adjustment for receivables and inclusion of charity receivables not previously consolidated for reasons of materiality
Cash and cash equivalents	31 Mar 2019	15,099	16,965	**1,866**	Inclusion of charity cash not previously consolidated for reasons of materiality
Cash and cash equivalents	1 Apr 2018	8,919	9,086	**167**	Inclusion of charity cash not previously consolidated for reasons of materiality
Current liabilities					
Trade and other payables	31 Mar 2019	(110,311)	(125,824)	**(15,513)**	Change to accounting policy for accruals, inclusion of charity payables not previously consolidated for reasons of materiality
Borrowings	31 Mar 2019	(53,133)	(53,520)	**(387)**	Adjustment to finance lease creditor
Other liabilities	31 Mar 2019	(7,566)	(9,381)	**(1,815)**	Change to accounting policy for deferred income
Non-current liabilities					
Provisions	31 Mar 2019	(1,584)	(3,983)	**(2,399)**	Recalculation of provisions
Borrowings	32 Mar 2019	(211,424)	(211,422)	**2**	Correction of borrowings
Taxpayers' equity					
Revaluation reserve	31 Mar 2019	142,351	142,680	**329**	Related to PPA on lease asset
Income and expenditure reserve	31 Mar 2019	(265,133)	(296,817)	**(31,684)**	Overall PPA impact on reserve for 2018/19
Income and expenditure reserve	1 Apr 2018	(214,929)	(227,430)	**(12,501)**	Overall PPA impact on reserve for 2017/18
Charitable fund reserves	31 Mar 2019	-	7,480	**7,480**	Inclusion of charity reserves not previously consolidated for reasons of materiality
Charitable fund reserves	1 Apr 2018	-	6,521	**6,521**	Inclusion of charity reserves not previously consolidated for reasons of materiality
Statement of comprehensive income:					
Operating income	2018/19	992,246	994,316	**2,070**	Total impact of PPA on operating income
Operating expenditure	2018/19	(1,031,913)	(1,052,630)	**(20,717)**	Total impact of PPA on deficit
Surplus/(deficit) for the year	2018/19	(46,451)	(64,731)	**(18,280)**	Total impact of PPA on operating expenditure

Note 37.2 Impact of Prior Period Adjustment on revenue position

Financial statement line item	Total cumulative revenue PPA Accounts 31 Mar 2019 2018/19 £000
Total cumulative prior period adjustment affecting the I&E reserve	**(31,684)**
Income	(7,527)
Depreciation or amortisation on other assets	(4,402)
Provisions arising (regardless of line of expenditure charge was recognised in)	(2,399)
All other expenditure	(17,356)
Total movement	**(31,684)**

Note 38.0 Non Adjusting Post Balance Sheet Events

Extinguishing of Revenue Support Loans
As indicated in Note 1.2, the liabilities associated with interim revenue support loans were extinguished with effect from 1 April 2020. These loans were repaid and funded from Public Dividend Capital (PDC) issued by DHSC. This removes £349.6m in loan principal from the Trust's balance sheet.

Glenfield Land Repurchase
There is no indication that the 'put option' would be exercised until the counterparty announced their decision to do so in June 2021. Therefore it is our consideration that the highly probable test was met that the land would not be repurchased the date of sale. The exercising of the put option should therefore be treated as a non-adjusting post balance sheet event as the actual repurchase transaction has taken place after the reporting period and should therefore be recognised in the Trust’s 2021/22 financial