Hull University Teaching Hospitals NHS Trust

Annual Accounts for the year ended 31 March 2024

Statement of Comprehensive Income

	Note	2023/24 £000	2022/23 £000
Operating income from patient care activities	2	810,134	768,209
Other operating income	3	75,602	78,108
Operating expenses	6, 8	(887,075)	(840,367)
Operating surplus/(deficit) from continuing operations		**(1,339)**	**5,950**
Finance income	10	2,979	1,485
Finance expenses	11	(7,617)	(6,400)
PDC dividends payable		(8,619)	(8,225)
Net finance costs		**(13,257)**	**(13,140)**
Other gains / (losses)	12	(81)	(12)
Surplus / (deficit) for the year from continuing operations		**(14,677)**	**(7,202)**
Surplus / (deficit) for the year		**(14,677)**	**(7,202)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(3,387)	(1,025)
Revaluations	16	2,388	26,249
May be reclassified to income and expenditure when certain conditions are met:			
Fair value gains / (losses) on financial assets mandated at fair value through OCI	20	(7)	13
Total comprehensive income / (expense) for the period		**(15,683)**	**18,035**

Statement of Financial Position

	Note	31 March 2024 £000	31 March 2023 £000
Non-current assets			
Intangible assets	13	7,843	8,459
Property, plant and equipment	14	443,732	421,790
Right of use assets	18	13,195	13,344
Investment property	19	100	100
Other investments / financial assets	20	542	549
Receivables	23	2,461	2,959
Total non-current assets		**467,872**	**447,201**
Current assets			
Inventories	22	19,156	16,612
Receivables	23	33,069	38,271
Cash and cash equivalents	26	37,514	53,748
Total current assets		**89,739**	**108,631**
Current liabilities			
Trade and other payables	27	(121,115)	(131,250)
Borrowings	29	(6,552)	(4,946)
Provisions	30	(200)	(589)
Other liabilities	28	(9,052)	(6,263)
Total current liabilities		**(136,919)**	**(143,048)**
Total assets less current liabilities		**420,692**	**412,784**
Non-current liabilities			
Borrowings	29	(79,106)	(51,898)
Provisions	30	(2,280)	(2,576)
Total non-current liabilities		**(81,386)**	**(54,474)**
Total assets employed		**339,306**	**358,311**
Financed by			
Public dividend capital		379,661	350,700
Revaluation reserve		50,429	51,751
Financial assets reserve		542	549
Income and expenditure reserve		(91,326)	(44,688)
Total taxpayers' equity		**339,306**	**358,311**

The notes on pages 7 to 61 form part of these accounts.

Signed ....

Name Jonathan Lofthouse

Position Group Chief Executive

Date 26th June 2024

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

	Public dividend capital	Revaluation reserve	Financial assets reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2023 - brought forward	**350,700**	**51,751**	**549**	**(44,688)**	**358,311**
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023	-	-	-	(32,283)	**(32,283)**
Surplus/(deficit) for the year	-	-	-	(14,677)	**(14,677)**
Other transfers between reserves	-	(320)	-	320	**-**
Impairments	-	(3,387)	-	-	**(3,387)**
Revaluations	-	2,388	-	-	**2,388**
Transfer to retained earnings on disposal of assets	-	(3)	-	3	**-**
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	(7)	-	**(7)**
Public dividend capital received	28,961	-	-	-	**28,961**
Taxpayers' and others' equity at 31 March 2024	**379,661**	**50,429**	**542**	**(91,326)**	**339,306**

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023

	Public dividend capital	Revaluation reserve	Financial assets reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**330,863**	**26,537**	**536**	**(37,497)**	**320,439**
Surplus / (deficit) for the year	-	-	-	(7,202)	**(7,202)**
Impairments	-	(1,025)	-	-	**(1,025)**
Revaluations	-	26,249	-	-	**26,249**
Transfer to retained earnings on disposal of assets	-	(10)	-	10	**-**
Fair value gains / (losses) on financial assets mandated at fair value through OCI	-	-	13	-	**13**
Public dividend capital received	19,837	-	-	-	**19,837**
Taxpayers' and others' equity at 31 March 2023	**350,700**	**51,751**	**549**	**(44,688)**	**358,311**

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 (DHSC). A charge, reflecting the cost of capital utilised by the Trust, is payable to the DHSC 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.

Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the Trust.

Statement of Cash Flows

	Note	2023/24 £000	2022/23 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(1,339)	5,950
Non-cash income and expense:			
Depreciation and amortisation	6.1	24,216	22,155
Net impairments	7	14,755	6,399
Income recognised in respect of capital donations	3	(592)	(520)
(Increase) / decrease in receivables and other assets		6,263	(6,946)
Increase in inventories		(2,544)	(745)
Increase / (decrease) in payables and other liabilities		(12,574)	12,307
Decrease in provisions		(890)	(3,762)
Other movements in operating cash flows		-	(1)
Net cash flows from / (used in) operating activities		**27,295**	**34,836**
Cash flows from investing activities			
Interest received		2,979	1,485
Purchase of intangible assets		(1,534)	(932)
Purchase of PPE and investment property		(52,807)	(63,491)
Sales of PPE and investment property		215	39
Initial direct costs or up front payments in respect of new right of use assets		(116)	(76)
Receipt of cash donations to purchase assets		943	1,956
Net cash flows from / (used in) investing activities		**(50,320)**	**(61,019)**
Cash flows from financing activities			
Public dividend capital received		28,961	19,837
Movement on loans from DHSC		(1,260)	(1,260)
Capital element of finance lease rental payments		(1,901)	(2,129)
Capital element of PFI, LIFT and other service concession payments		(3,667)	(1,657)
Interest on loans		(298)	(347)
Interest paid on finance lease liabilities		(77)	(63)
Interest paid on PFI, LIFT and other service concession obligations		(5,405)	(5,986)
PDC dividend (paid) / refunded		(9,562)	(7,892)
Net cash flows from / (used in) financing activities		**6,791**	**503**
Increase / (decrease) in cash and cash equivalents		**(16,234)**	**(25,680)**
Cash and cash equivalents at 1 April - brought forward		**53,748**	**79,428**
Cash and cash equivalents at 31 March	26.1	**37,514**	**53,748**

Notes to the Accounts

Note 1 Accounting Policies and Other Information

Note 1.1 Basis of Preparation

The DHSC has directed that the financial statements of the Trust shall meet the accounting requirements of the DHSC Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2023/24 issued by the DHSC. 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

The Treasury’s Financial Reporting Manual (FReM) provides the following interpretation of the going concern requirements set out in IAS1 ‘that the anticipated continued provision of the service is the important determinant of the basis of preparation of the financial statements for public sector entities.

Hull University Teaching Hospitals NHS Trust's annual report and accounts have been prepared on a going concern basis. Non-trading entities in the public sector are assumed to be going concerns where the continued provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents. The directors have a reasonable expectation that this will continue to be the case.

The accounting rules (IAS 1) require management to assess, as part of the account’s preparation process, the Trust's ability to continue as a going concern.

We are also required to disclose material uncertainties in respect of events or conditions that cast significant doubt upon the going concern ability of the Trust to continue as a going concern. There are no material uncertainties.

The financial performance of the Trust is included in the performance report.

Note 1.3 Interests in Other Entities

Interests in trading companies will be carried at market value, where that value can be measured. Where there is no market value available investments will be valued at cost in line with the requirements of IAS39. Where the Trust has a holding in an associated company it will account for that holding as required by IAS28.

Note 1.4 Revenue from Contracts with Customers

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

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

Revenue from NHS Contracts

The main source of income for the Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust’s NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS) which replaced the National Tariff Payment System on 1 April 2023. The NHSPS sets out rules to establish the amount payable to trusts for NHS-funded secondary healthcare.

Aligned payment and incentive contracts form the main payment mechanism under the NHSPS. In 2023/24 API contracts contain both a fixed and variable element. Under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances, diagnostic imaging and nuclear medicine, and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with ‘fixed’ in this context meaning not varying based on units of activity. Elements within this are accounted for as variable consideration under IFRS 15 as explained below.

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

Elective recovery funding provides additional funding to Integrated Care Boards to fund the commissioning of elective services within their systems. In 2023/24, Trusts are funded for elective activity based on actual activity performed under API contract arrangements as explained above. The level of activity delivered by the Trust contributes to system performance and therefore influences the availability of funding to the Trust’s commissioners. In 2022/23 elective recovery funding for providers was separately identified as variable, within the aligned payment and incentive contracts.

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

The Trust also receives additional income outside of the block payments to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

Revenue from Research Contracts

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

NHS Injury Cost Recovery Scheme

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

Note 1.5 Other Forms of Income

Grants and Donations

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

Apprenticeship Service Income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's 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 Expenditure on Employee Benefits

Short-term Employee Benefits

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

Pension Costs

NHS Pension Scheme

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

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment. The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

Clinicians who are members of the NHS Pension scheme may face a tax charge in respect of the growth of their NHS pension benefits above their pensions savings annual allowance threshold. The government has committed to allowing this charge to be paid by the NHS Pension Scheme. The NHS employer will make a contractually binding commitment to pay them a corresponding amount on retirement so that they are not disadvantaged by the charge. NHSE have provided a calculation of the required provision. These figures use the latest available information on actual uptake of the scheme. They are derived from combining information on applications to join the 2019/20 scheme under the policy, together with information in the scheme pays election form where present, and with averages assumed where these forms are absent or clearly an estimate (values less than £100). Future liabilities based on individual member data and scheme rules are then discounted to give totals for each Trust.

Note 1.7 Expenditure on Other Goods and Services

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

Note 1.8 Discontinued Operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are ‘machinery of government changes’ and treated as continuing operations.

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; or
• items form part of the initial equipping and setting-up cost of a new building, ward, or unit irrespective of their individual or collective cost.

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

Borrowing costs associated with the construction of new assets are not capitalised.

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

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

- Land and non-specialised buildings – market value for existing use
- Specialised buildings and land – 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.

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

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees. 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 the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

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

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

Donated and grant funded assets

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

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

This includes assets donated to the Trust by the DHSC or NHS England as part of the response to the coronavirus pandemic. As defined in the GAM, the Trust applies the principle of donated asset accounting to assets that the Trust controls and is obtaining economic benefits from at the year end.

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

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

Initial recognition

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

Subsequent measurement

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

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

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

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

Initial application of IFRS 16 liability measurement principles to PFI and LIFT liabilities

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

Comparatives for PFI, LIFT and other service concession arrangement liabilities have not been restated on an IFRS 16 basis, as required by the DHSC Group Accounting Manual. Under IAS 17 measurement principles which applied in 2022/23 and earlier, movements in the liability were limited to repayments of the liability and the annual finance cost arising from application of the implicit interest rate. The cumulative impact of indexation on payments for the asset was charged to finance costs as contingent rent as incurred.

Useful Lives of Property, Plant and Equipment

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

	Min life	**Max life**
	Years	**Years**
Buildings, excluding dwellings	37	74
Plant & machinery	1	25
Transport equipment	5	12
Information technology	1	12

Leased assets are depreciated over the shorter of the useful 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 where it meets the requirements set out in IAS 38.

Software

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

Measurement

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

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value 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.

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

Amortisation

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

Useful lives of intangible assets

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

	Min life Years	**Max life Years**
Development expenditure	1	12
Software licences	1	10

Note 1.11 Inventories

Inventories are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover. Where payment for inventory has been deferred, the additional cost of the inventory is recognised as an expense in the Statement of Comprehensive Income.

In 2023/24, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost, but valued to be £111k (22/23: £1,200k). In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.12 Investment Properties

Investments are property that is held solely to earn a return, is not used in the delivery of operational services and is not occupied by staff. Assets are only recognised as Investments where it is probable that future economic benefits will flow to the Trust as a result of the investment and the cost can be easily measured. They are initially measured at cost and uplifted to fair value as appropriate to "highest and best cost" in accordance with IAS40. In determining a fair value we take account of a professional valuation or use actual values, for example where a formal offer to purchase has been made.

Note 1.13 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 1.14 Financial Assets and Financial Liabilities

Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by 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 profit and loss. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

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

Financial assets are classified as subsequently measured at amortised cost or, fair value through profit or loss. The Trust has no financial assets at fair value through profit and loss, but does have an investment in the ordinary shares of Vertual Ltd which is measured at fair value through other comprehensive income (note 36.2 and 38).

Financial liabilities classified as subsequently measured at amortised cost. The Trust has no financial liabilities at fair value through profit and loss.

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.

Financial Assets Measured at Fair Value through other Comprehensive Income

A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the Trust elected to measure an equity instrument in this category on initial recognition.

Financial Assets and Financial Liabilities at Fair Value through Profit and Loss

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

Impairment of Financial Assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, 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).

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

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

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

Derecognition

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

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

Note 1.15 Leases

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

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

The Trust as a Lessee

Recognition and initial measurement

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

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

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

Where an implicit rate cannot be readily determined, the Trust’s incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 3.51% applied to new leases commencing in 2023 and 4.72% to new leases commencing in 2024.

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

Subsequent measurement

As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

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

The Trust as a Lessor

The Trust assesses each of its leases and classifies them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

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

Finance Leases

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

Operating Leases

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

Initial application of IFRS 16 in 2022/23

IFRS 16 Leases as adapted and interpreted for the public sector by HM Treasury was applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaced *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations.

The standard was applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 were only applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments were not revisited.

The Trust as Lessee

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Trust’s incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the Statement of Financial Position immediately prior to initial application. Hindsight was used in determining the lease term where lease arrangements contained options for extension or earlier termination.

No adjustments were made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets had a value below £5,000. No adjustments were made in respect of leases previously classified as finance leases.

The Trust as Lessor

Leases of owned assets where the Trust was lessor were unaffected by initial application of IFRS 16.

Note 1.16 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2024:

		Nominal rate	**Prior year rate**
Short-term	Up to 5 years	4.26%	3.27%
Medium-term	After 5 years up to 10 years	4.03%	3.20%
Long-term	After 10 years up to 40 years	4.72%	3.51%
Very long-term	Exceeding 40 years	4.40%	3.00%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2024:

	Inflation rate	**Prior year rate**
Year 1	3.60%	7.40%
Year 2	1.80%	0.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's post-employment benefits discount rate of 2.45% in real terms (prior year: 1.70%).

Clinical Negligence Costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at Note 30.2 but is not recognised in the Trust's accounts.

Non-Clinical Risk Pooling

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

Note 1.17 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 31 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 31, 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 1.18 Public Dividend Capital

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

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

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

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

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

Note 1.19 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 1.20 Third Party Assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM. The Trust benefits from Charitable donations that are held separately to the Trust's own finances.

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.

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

Note 1.22 Charitable Funds

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the Trust has established that as the Trust is the corporate trustee of the linked NHS Charity - Hull and East Yorkshire Hospitals NHS Trust General Purposes Charity, it effectively has the power to exercise control so as to obtain economic benefits. However, the transactions are immaterial in the context of the group and transactions have not been consolidated. Details of the transactions with the charity are included in the related parties' notes.

Note 1.23 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure that is deferred is limited to the value of future benefits expected and is amortised through the Statement of Comprehensive Income on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

Note 1.24 Early Adoption of Standards, Amendments and Interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2023/24.

Note 1.25 Standards, Amendments and Interpretations in Issue but not yet Effective or Adopted

IFRS 14 Regulatory Deferral Accounts – Not UK endorsed. Applies to first time adopters of IFRS after 1 January 2016. Therefore, not applicable to DHSC group bodies.

IFRS 17 Insurance Contracts - Application required for accounting periods beginning on or after 1 January 2023. The Standard will be adopted by the 25/26 FReM: with limited options for early adoption.
The impact of the two IFRS's on the Trust is not expected to be material.

Note 1.26 Critical Judgements in Applying Accounting Policies and Sources of Estimation Uncertainty

In the application of the Trust’s accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised, but only if the revision affects the current period, future periods, or both.

Critical Judgements

The following are the judgements that management has made in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Value of Leases under IFRS 16

The Trust has recognises the right of use assets at cost and the lease liability at present value of future lease payments discounted at the interest rate implicit in the lease or the Trust’s incremental borrowing rate.
Judgement is made regarding the period of the lease if this is not specially stated in the agreement.

Sources of Estimation Uncertainty

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

Valuation of Land and Buildings

Department of Health and Social Care guidance specifies that the Trust’s land and buildings should be valued on the basis of depreciated replacement cost, applying the Modern Equivalent Asset (MEA) concept. The MEA is defined as “the cost of a modern replacement asset that has the same productive capacity as the property being valued.” Therefore the MEA is not a valuation of the existing land and buildings that the Trust holds, but a theoretical valuation for accounting purposes of what the Trust could need to spend in order to replace the service potential that those assets have.

The Modern Equivalent Asset valuations used by the Trust have been provided to the Trust by an independent valuer, Cushman & Wakefield, who are a property services firm. The valuers are registered with the Royal Institute of Chartered Surveyors (RICS), the regulatory body for the valuation services industry. A desktop valuation of land and buildings as at 31 March 2024 has been undertaken, the previous full valuation being undertaken as at 31 March 2020. These valuations reflect the current economic conditions and the location factor in and around Hull. The valuation for PFI buildings excludes VAT on the basis that the replacement of these assets would be carried out under a special purchase vehicle where VAT would be recoverable.

A change in the valuation of 1% would create an impact of £3.4m to the Statement of Financial Position, the valuation is provided by an external valuer to minimise any risk.

More detail of the desktop valuation and the carrying amounts of the Trust's Land and Buildings is included in note 14.

There are no key assumptions concerning the future, or other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Note 1.27 Events after the Reporting Period

Events after the end of the reporting period include all events up to the date when the financial statements are authorised for issue. Any such events will be disclosed in a note to the accounts.

Note 2 Operating Income from Patient Care Activities

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

Note 2.1 Income from Patient Care Activities (by nature)	**2023/24**	**2022/23**
	£000	**£000**
Acute services		
Income from commissioners under API contracts - variable element*	191,203	-
Income from commissioners under API contracts - fixed element*	501,558	636,847
High cost drugs income from commissioners	89,413	74,966
Other NHS clinical income	4,006	879
Community services		
Income from other sources (e.g. local authorities)	400	313
All services		
Private patient income	496	511
Elective recovery fund	-	19,589
National pay award central funding***	409	15,086
Additional pension contribution central funding**	18,791	17,306
Other clinical income	3,858	2,712
Total income from activities	**810,134**	**768,209**

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2023/25 NHS Payment Scheme documentation.

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

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

***Additonal funding was made available by NHS England in 2023/24 and 2022/23 for implementing the backdated element of pay awards where government offers were made at the end of the financial year. 2023/24: In March 2024, the government announced a revised pay offer for consultants, reforming consultant pay scales with an effective date of 1 March 2024. Trade Unions representing consultant doctors accepted the offer in April 2024. 2022/23: In March 2023, the government made a pay offer for staff on agenda for change terms and conditions which was later confirmed in May 2023. The additional pay for 2022/23 was based on individuals in employment at 31 March 2023.

Note 2.2 Income from Patient Care Activities (by source)

	2023/24	**2022/23**
Income from patient care activities received from:	**£000**	**£000**
NHS England	290,232	289,683
Clinical commissioning groups	-	112,664
Integrated care boards	513,358	361,448
Department of Health and Social Care	38	13
Other NHS providers	1,737	840
NHS other	15	39
Local authorities	400	313
Non-NHS: private patients	496	511
Non-NHS: overseas patients (chargeable to patient)	359	129
Injury cost recovery scheme	2,849	2,073
Non NHS: other	650	496
Total income from activities	**810,134**	**768,209**
Of which:		
Related to continuing operations	810,134	768,209

Note 2.3 Overseas Visitors (relating to patients charged directly by the provider)

	2023/24	2022/23
	£000	£000
Income recognised this year	359	129
Cash payments received in-year	307	142
Amounts added to provision for impairment of receivables	216	166
Amounts written off in-year	240	-

Note 3 Other Operating Income

	2023/24			2022/23		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	6,734	-	**6,734**	6,276	-	**6,276**
Education and training	39,707	1,318	**41,025**	42,249	1,115	**43,364**
Non-patient care services to other bodies	10,662	-	**10,662**	12,345	-	**12,345**
Reimbursement and top up funding	-	-	**-**	2,938	-	**2,938**
Income in respect of employee benefits accounted on a gross basis	8,901	-	**8,901**	6,421	-	**6,421**
Receipt of capital grants and donations and peppercorn leases	-	592	**592**	-	520	**520**
Charitable and other contributions to expenditure	-	222	**222**	-	1,200	**1,200**
Revenue from operating leases	-	39	**39**	-	39	**39**
Other income*	7,427	-	**7,427**	5,006	-	**5,006**
Total other operating income	**73,431**	**2,171**	**75,602**	**75,235**	**2,874**	**78,108**
Of which:						
Related to continuing operations			75,602			78,108

*Other income includes car parking income £1.7m (22/23: £1m), catering income £2.3m (22/23:£1.8m) and staff accommodation income £0.8m (22/23: £0.6m).

Note 4 Fees and Charges

The following disclosure is of income from charges to service users where the full cost of providing that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

	2023/24	2022/23
	£000	£000
Income	3,980	2,829
Full cost	(3,751)	(3,157)
Surplus / (deficit)	**229**	**(328)**

Further breakdown below;

	2023/24	2022/23
Staff & Visitor catering		
Income	2,277	1,806
Full cost	(2,702)	(2,200)
Surplus / (deficit)	**(425)**	**(394)**
Car parking		
Income	1,703	1,022
Full cost	(1,049)	(957)
Surplus / (deficit)	**654**	**65**

Note 5 Operating Leases - Hull University Teaching Hospitals NHS Trust as Lessor

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

The income earned relating to this operating lease is from a rental agreement with Humber Teaching NHS Foundation Trust for the land at Mill View on the Castle Hill Hospital site.

Note 5.1 Operating Lease Income

	2023/24	2022/23
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	39	-
Variable lease receipts / contingent rents	-	39
Total in-year operating lease income	**39**	**39**

Note 5.2 Future Lease Receipts

	31 March 2024	31 March 2023
	£000	£000
Future minimum lease receipts due in:		
- not later than one year	39	39
- later than one year and not later than two years	39	39
- later than two years and not later than three years	39	39
- later than three years and not later than four years	39	39
- later than four years and not later than five years	39	39
- later than five years	2,574	2,613
Total	**2,769**	**2,808**

Note 6.1 Operating Expenses

	2023/24	2022/23
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	12,931	12,828
Purchase of healthcare from non-NHS and non-DHSC bodies	19,824	26,315
Staff and executive directors costs	493,345	462,260
Remuneration of non-executive directors	152	212
Supplies and services - clinical (excluding drugs costs)	80,960	77,969
Supplies and services - general	18,312	17,578
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	124,274	114,133
Inventories written down	0	4
Consultancy costs	620	31
Establishment	7,309	8,411
Premises	35,491	35,858
Transport (including patient travel)	2,437	2,031
Depreciation on property, plant and equipment	22,066	19,819
Amortisation on intangible assets	2,150	2,336
Net impairments	14,755	6,399
Movement in credit loss allowance: contract receivables / contract assets	497	881
Change in provisions discount rate(s)	(496)	(212)
Fees payable to the external auditor		
audit services- statutory audit*	103	102
other auditor remuneration (external auditor only)*	4	4
Internal audit costs	73	107
Clinical negligence	22,797	20,464
Legal fees	291	1,020
Insurance	499	234
Research and development	6,540	5,854
Education and training	16,887	19,820
Expenditure on short term leases	-	8
Redundancy	240	-
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	2,511	2,356
Car parking & security	1,675	2,356
Hospitality	79	61
Losses, ex gratia & special payments	57	15
Other services, eg external payroll	-	855
Other	691	258
Total	**887,075**	**840,367**
Of which:		
Related to continuing operations	887,075	840,367

* Includes VAT

All expenditure includes VAT where not recoverable

Note 6.2 Other Auditor Remuneration

	2023/24	2022/23
	£000	£000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust*	4	4
Total	**4**	**4**

* Figure includes VAT

Note 6.3 Limitation on Auditor's Liability

There is no limitation on auditor's liability for external audit work carried out for the financial years 2023/24 or 2022/23.

Note 7 Impairment of Assets

	2023/24	2022/23
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Unforeseen obsolescence	1,208	-
Changes in market price	13,547	6,399
Total net impairments charged to operating surplus / deficit	**14,755**	**6,399**
Impairments charged to the revaluation reserve	3,387	1,025
Total net impairments	**18,142**	**7,424**

The net impairment of £13,547k above which is charged to the operating surplus/deficit relates to the valuation of some new capital additions and refurbishment programmes during 2023/24 at a lower cost than the cost to build as they would not have a revaluation reserve. This is for buildings only and is mainly on the Hull Royal Infirmary (HRI) site. The largest single impairment relates to the refurbishment schemes within the tower block at HRI, particularly the theatres at £6,310k. The unforeseen obsolescence relates to the Training & Development suite at CHH and this is due to the fact that Reinforced Autoclaved Concrete RAAC was identified in this building during the year and it has been vacated and is being demolished.

Note 8 Employee Benefits

	2023/24 Total £000	2022/23 Total £000
Salaries and wages	395,464	372,656
Social security costs	41,190	36,879
Apprenticeship levy	1,961	1,763
Employer's contributions to NHS pensions *	61,571	56,637
Pension cost - other	203	183
Temporary staff (including agency)	11,780	11,408
Total gross staff costs	**512,169**	**479,524**
Recoveries in respect of seconded staff	-	-
Total staff costs	**512,169**	**479,524**
Of which		
Costs capitalised as part of assets	1,485	1,170

* The employer's contribution to NHS pensions figure includes the additional 6.3% which amounts to £18.791m (22/23: £17.306m), for which there is a corresponding entry on income.

Note 8.1 Retirements Due to Ill-health

During 2023/24 there were 11 early retirements from the Trust agreed on the grounds of ill-health (5 in the year ended 31 March 2023). The estimated additional pension liabilities of these ill-health retirements is £585k (£357k in 2022/23).

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

Note 9 Pension Costs

Past and present employees are covered by the provisions of the 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 the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. 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.

The expected employer contributions to NHS pensions for 2024/25 are estimated to be £64,301k.

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 2024, is based on valuation data as at 31 March 2023, updated to 31 March 2024 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full Actuarial (funding) Valuation

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

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

c) Nest

From 1 April 2013, Hull University Teaching Hospitals NHS Trust offered an alternative pension scheme to all employees who are not eligible to be members of the NHS pension scheme at the Trust. This includes employees who are members of the NHS pension scheme through another role outside of the Trust and those that are not eligible to join the NHS pension scheme.

Every three years all eligible employees are auto-enrolled in either the NHS or alternative pension scheme. The auto-enrolment exercise was last carried out in June 2022 and following this process, all employees who meet the criteria for the alternative pension scheme are enrolled each month on a continuous basis, unless they specifically opt out.

The alternative pension scheme is a defined contribution scheme operated by the National Employment Savings Trust (NEST). Employee and employer contribution rates are a combined minimum of 8% (with a minimum 3% being contributed by the Trust.

NEST employers contributions for the year to 31st March 2024 were £203,336.

Note 10 Finance Income

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

	2023/24	2022/23
	£000	£000
Interest on bank accounts	2,979	1,485
Total finance income	**2,979**	**1,485**

Note 11.1 Finance Expenditure

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

	2023/24	2022/23
	£000	£000
Interest expense:		
Interest on loans from the Department of Health and Social Care	296	345
Interest on lease obligations	77	63
Finance costs on PFI, LIFT and other service concession arrangements:		
Main finance costs	5,405	3,160
Contingent finance costs*	-	2,826
Remeasurement of the liability resulting from change in index or rate*	1,633	-
Total interest expense	**7,411**	**6,394**
Unwinding of discount on provisions	206	6
Total finance costs	**7,617**	**6,400**

* From 1 April 2023, IFRS 16 liability measurement principles are applied to PFI, LIFT and other service concession liabilities. Increases to imputed lease payments arising from inflationary uplifts are now included in the liability, and contingent rent no longer arises. More information is provided in Note 35.1.

Note 12 Other Gains / (Losses)

	2023/24	2022/23
	£000	£000
Gains on disposal of assets	69	38
Losses on disposal of assets	(150)	(50)
Total gains / (losses) on disposal of assets	**(81)**	**(12)**
Total other gains / (losses)	**(81)**	**(12)**

Note 13.1 Intangible Assets - 2023/24

	Software licences	Development expenditure	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2023 - brought forward	**1,031**	**17,788**	**18,819**
Additions	232	1,302	**1,534**
Reclassifications	84	(84)	**-**
Valuation / gross cost at 31 March 2024	**1,347**	**19,006**	**20,353**
Amortisation at 1 April 2023 - brought forward	**893**	**9,467**	**10,360**
Provided during the year	83	2,067	**2,150**
Reclassifications	15	(15)	**-**
Amortisation at 31 March 2024	**991**	**11,519**	**12,510**
Net book value at 31 March 2024	**356**	**7,487**	**7,843**
Net book value at 1 April 2023	**138**	**8,321**	**8,459**

Note 13.2 Intangible Assets - 2022/23

	Software licences	Development expenditure	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2022 - as previously stated	**978**	**15,966**	**16,944**
Additions	53	879	**932**
Reclassifications	-	1,073	**1,073**
Disposals / derecognition	-	(130)	**(130)**
Valuation / gross cost at 31 March 2023	**1,031**	**17,788**	**18,819**
Amortisation at 1 April 2022 - as previously stated	**762**	**7,392**	**8,154**
Provided during the year	131	2,205	**2,336**
Disposals / derecognition	-	(130)	**(130)**
Amortisation at 31 March 2023	**893**	**9,467**	**10,360**
Net book value at 31 March 2023	**138**	**8,321**	**8,459**
Net book value at 1 April 2022	**216**	**8,574**	**8,790**

Intangible assets comprise of software licences and internally generated developments, all are treated as purchased assets. They are shown on the Statement of Financial Position at depreciated historic cost, as a proxy for fair value. The lives of intangible assets are disclosed in note 1 to these accounts. The depreciation is based on the life of the asset, and is applied on a straight line basis.

Note 14.1 Property, Plant and Equipment - 2023/24

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Total
	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2023 - brought forward	**10,295**	**300,770**	**37,915**	**102,948**	**294**	**29,866**	**482,088**
Additions	-	10,631	27,390	17,369	-	2,674	**58,064**
Impairments	(10)	(23,910)	-	-	-	-	**(23,920)**
Reversals of impairments	-	413	-	-	-	-	**413**
Revaluations	-	578	-	-	-	-	**578**
Reclassifications	-	36,961	(36,961)	175	-	-	**175**
Disposals / derecognition	-	(16)	-	(3,590)	(6)	(1,940)	**(5,552)**
Valuation/gross cost at 31 March 2024	**10,285**	**325,427**	**28,344**	**116,902**	**288**	**30,600**	**511,846**
Accumulated depreciation at 1 April 2023 - brought forward	**-**	**1,377**	**-**	**42,031**	**260**	**16,630**	**60,298**
Provided during the year	-	8,980	-	7,815	6	2,931	**19,732**
Impairments	-	(4,428)	-	-	-	-	**(4,428)**
Reversals of impairments	-	(937)	-	-	-	-	**(937)**
Revaluations	-	(1,397)	-	-	-	-	**(1,397)**
Reclassifications	-	-	-	112	-	-	**112**
Disposals / derecognition	-	-	-	(3,320)	(6)	(1,940)	**(5,266)**
Accumulated depreciation at 31 March 2024	**-**	**3,595**	**-**	**46,638**	**260**	**17,621**	**68,114**
Net book value at 31 March 2024	**10,285**	**321,832**	**28,344**	**70,264**	**28**	**12,979**	**443,732**
Net book value at 1 April 2023	**10,295**	**299,393**	**37,915**	**60,917**	**34**	**13,236**	**421,790**

Note 14.2 Property, Plant and Equipment - 2022/23

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Total
	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2022 - as previously stated	**10,762**	**267,582**	**34,002**	**96,111**	**304**	**28,269**	**437,030**
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	(1,813)	-	-	-	-	**(1,813)**
Additions	-	6,563	26,623	8,757	-	2,236	**44,179**
Impairments	(467)	(14,304)	-	-	-	-	**(14,771)**
Reversals of impairments	-	3,620	-	-	-	-	**3,620**
Revaluations	-	16,419	-	-	-	-	**16,419**
Reclassifications	-	22,703	(22,710)	(470)	-	(596)	**(1,073)**
Disposals / derecognition	-	-	-	(1,450)	(10)	(43)	**(1,503)**
Valuation / gross cost at 31 March 2023	**10,295**	**300,770**	**37,915**	**102,948**	**294**	**29,866**	**482,088**
Accumulated depreciation at 1 April 2022 - as previously stated	**-**	**1,371**	**-**	**36,240**	**264**	**13,912**	**51,787**
Provided during the year	-	7,757	-	7,191	6	2,761	**17,715**
Impairments	-	(1,989)	-	-	-	-	**(1,989)**
Reversals of impairments	-	(1,738)	-	-	-	-	**(1,738)**
Revaluations	-	(4,024)	-	-	-	-	**(4,024)**
Disposals / derecognition	-	-	-	(1,400)	(10)	(43)	**(1,453)**
Accumulated depreciation at 31 March 2023	**-**	**1,377**	**-**	**42,031**	**260**	**16,630**	**60,298**
Net book value at 31 March 2023	**10,295**	**299,393**	**37,915**	**60,917**	**34**	**13,236**	**421,790**
Net book value at 1 April 2022	**10,762**	**266,211**	**34,002**	**59,871**	**40**	**14,357**	**385,243**

Note 14.3 Property, Plant and Equipment Financing - 31 March 2024

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Total
	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	10,285	239,100	28,344	61,181	28	12,792	**351,730**
On-SoFP PFI contracts and other service concession arrangements	-	67,490	-	-	-	-	**67,490**
Owned - donated/granted	-	15,242	-	9,083	-	187	**24,512**
Total net book value at 31 March 2024	**10,285**	**321,832**	**28,344**	**70,264**	**28**	**12,979**	**443,732**

Note 14.4 Property, Plant and Equipment Financing - 31 March 2023

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Total
	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	10,295	216,673	37,915	50,900	34	13,071	**328,888**
On-SoFP PFI contracts and other service concession arrangements	-	68,065	-	-	-	-	**68,065**
Owned - donated/granted	-	14,655	-	10,017	-	165	**24,837**
Total net book value at 31 March 2023	**10,295**	**299,393**	**37,915**	**60,917**	**34**	**13,236**	**421,790**

Note 14.5 Property Plant and Equipment Assets Subject to an Operating Lease (Trust as a lessor) - 31 March 2024

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Total
	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	52	-	-	-	-	-	**52**
Not subject to an operating lease	10,233	321,832	28,344	70,264	28	12,979	**443,680**
Total net book value at 31 March 2024	**10,285**	**321,832**	**28,344**	**70,264**	**28**	**12,979**	**443,732**

Note 14.6 Property Plant and Equipment Assets Subject to an Operating Lease (Trust as a lessor) - 31 March 2023

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Total
	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	52	-	-	-	-	-	**52**
Not subject to an operating lease	10,243	299,393	37,915	60,917	34	13,236	**421,738**
Total net book value at 31 March 2023	**10,295**	**299,393**	**37,915**	**60,917**	**34**	**13,236**	**421,790**

Note 15 Donations of Property, Plant and Equipment

The Trust received donations and grants for property and equipment to a value of £592k (2022/23 - £520k). The grants were £400k and charitable donations of £192k. There were no restrictions in respect of any of the donations.

Note 16 Revaluations of Property, Plant and Equipment

Land and buildings were valued as at 31 March 2024 to ensure they were carried on the Statement of Financial Position at current value. The valuation was undertaken by independent RICS qualified valuers Cushman and Wakefield and the valuation was undertaken in line with RICS standards.

The valuation of our buildings has been assessed by a desktop exercise in 2023/24 as there was a full valuation in 2019/20. The next full valuation is in 2024/25. This desk top valuation takes into account any updates on their current condition and agreed obsolescence, and assumes that the buildings will be maintained to their current condition over their remaining lives. The valuation has been undertaken on a modern equivalent asset basis for specialised assets (hospital) and reflects the current service potential of the assets to the Trust. The Trust has two non-specialised buildings which are valued based on market value in existing use.

There was an overall net increase in property, including assets under construction, plant and equipment of £21.9m (22/23: £36.5m) which was after a £18.1m (22/23: £7.4m) net impairment of assets of which £3.4m (22/23: £1.0m) is charged to the revaluation reserve and £14.7m (22/23: £6.4m) is charged to the SOCI.

Overall PPE revaluation gains for the year amounted to £2m (22/23: £20.4m)

Within the above, after accounting for additions, in year depreciation and the impact of the valuation, the movement in the net book value of the land and buildings from opening 1st April 2023 to closing March 2024 was an increase of £22.4m (22/23: £32.7m).

Note 17 Leases - Hull University Teaching Hospitals NHS Trust as a Lessee

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

The Trust's leases are for property, equipment and vehicles and vary in terms from 1 to 48 years.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022

Note 18 includes the details of the values.

Note 18.1 Right of Use Assets - 2023/24

	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2023 - brought forward	**10,662**	**4,236**	**413**	**15,311**	**1,189**
Additions	257	1,022	37	**1,316**	-
Remeasurements of the lease liability	-	608	-	**608**	-
Reclassifications	-	(175)	-	**(175)**	(165)
Disposals / derecognition	(266)	(242)	(38)	**(546)**	-
Valuation/gross cost at 31 March 2024	**10,653**	**5,449**	**412**	**16,514**	**1,024**
Accumulated depreciation at 1 April 2023 - brought forward	**555**	**1,300**	**112**	**1,967**	**241**
Provided during the year	1,114	1,099	121	**2,334**	132
Revaluations	(413)	-	-	**(413)**	-
Reclassifications	-	(112)	-	**(112)**	(110)
Disposals / derecognition	(249)	(170)	(38)	**(457)**	-
Accumulated depreciation at 31 March 2024	**1,007**	**2,117**	**195**	**3,319**	**263**
Net book value at 31 March 2024	**9,646**	**3,332**	**217**	**13,195**	**761**
Net book value at 1 April 2023	**10,107**	**2,936**	**301**	**13,344**	**948**

Net book value of right of use assets leased from other NHS providers	761
Net book value of right of use assets leased from other DHSC group bodies	-

Note 18.2 Right of use assets - 2022/23

	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**-**
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	1,813	-	-	**1,813**	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	2,930	4,092	327	**7,349**	1,189
Additions	234	79	99	**412**	-
Remeasurements of the lease liability	-	69	-	**69**	-
Revaluations	5,685	-	-	**5,685**	-
Disposals / derecognition	-	(4)	(13)	**(17)**	-
Valuation/gross cost at 31 March 2023	**10,662**	**4,236**	**413**	**15,311**	**1,189**
Accumulated depreciation at 1 April 2022 - brought forward	-	-	-	**-**	-
Provided during the year	676	1,304	124	**2,104**	241
Revaluations	(121)	-	-	**(121)**	-
Disposals / derecognition	-	(4)	(12)	**(16)**	-
Accumulated depreciation at 31 March 2023	**555**	**1,300**	**112**	**1,967**	**241**
Net book value at 31 March 2023	**10,107**	**2,936**	**301**	**13,344**	**948**
Net book value at 1 April 2022	**-**	**-**	**-**	**-**	**-**

Net book value of right of use assets leased from other NHS providers	893
Net book value of right of use assets leased from other DHSC group bodies	55

Note 18.3 Revaluations of Right of Use Assets

The Trust has received a valuation for two buildings which it leases as they are on the Trust's sites. These relate to the Mortuary which is a council property and doctor's residences from Sanctuary Housing. The valuation gain on these right of use assets is £0.4m. The valuation was undertaken by independent RICS qualified valuers Cushman and Wakefield and the valuation was undertaken in line with RICS standards.

Note 18.4 Reconciliation of the Carrying Value of Lease Liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 29.1.

	2023/24	2022/23
	£000	£000
Carrying value at 31 March	**7,253**	**1,855**
IFRS 16 implementation - adjustments for existing operating leases		7,122
Lease additions	1,200	336
Lease liability remeasurements	608	69
Interest charge arising in year	77	63
Early terminations	(80)	-
Lease payments (cash outflows)	(1,978)	(2,192)
Carrying value at 31 March	**7,080**	**7,253**

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

These payments are disclosed in Note 6.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 18.5 Maturity Analysis of Future Lease Payments

	Total	Of which leased from DHSC group bodies:	**Total**	Of which leased from DHSC group bodies:
	31 March 2024	**31 March 2024**	**31 March 2023**	**31 March 2023**
	£000	**£000**	**£000**	**£000**
Undiscounted future lease payments payable in:				
- not later than one year;	1,637	136	1,685	136
- later than one year and not later than five years;	3,212	412	3,294	536
- later than five years.	2,558	267	2,500	279
Total gross future lease payments	**7,407**	**815**	**7,479**	**951**
Finance charges allocated to future periods	(327)	(47)	(226)	(55)
Net lease liabilities at 31 March 2024	**7,080**	**768**	**7,253**	**896**
Of which:				
Leased from other NHS providers		768		896
Leased from other DHSC group bodies		-		-

Note 19 Investment Property

	2023/24	2022/23
	£000	£000
Carrying value at 1 April - brought forward	100	100
Carrying value at 31 March	100	100

Investment assets comprise the remaining land adjacent to the Castle Hill Hospital site. The first part of the land was sold in 2018/19, with further sales in 2019/20 and 2020/21 for £2.95m and £2.94m respectively.

Note 20 Other investments / Financial Assets (non-current)

	2023/24	2022/23
	£000	£000
Carrying value at 1 April - brought forward	**549**	**536**
Movement in fair value through OCI	(7)	13
Carrying value at 31 March	**542**	**549**

The Trust has an investment in ordinary shares in Vertual Ltd, a company registered in the United Kingdom. The Trust holds 15% of the company's shares, valued at £542,436 (2022/23: £549,127) which has been included in the accounts. The company's main activity is the sale of hardware and software used to train Radiotherapists. Mr D Haire - Project Director sits on the board on behalf of the Trust.

Note 21 Disclosure of Interests in Other Entities

The Trust also has an interest in Medipex Ltd, a company registered in the United Kingdom. The company's main activity is to assist the NHS in exploiting intellectual and industrial property rights. It is a company limited by guarantee and the Trust's liability under that guarantee is £100.

Note 22 Inventories

	31 March 2024	**31 March 2023**
	£000	**£000**
Drugs	6,962	6,161
Consumables	12,194	10,451
Total inventories	**19,156**	**16,612**

Inventories recognised in expenses for the year were £197,955k (2022/23: £186,689k). Write-down of inventories recognised as expenses for the year were £0k (2022/23: £4k).

All inventories were valued in accordance with the Trusts accounting policy (note 1.11), none were held at fair value less costs to sale.

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2023/24 the Trust received £111k of items purchased by DHSC (2022/23: £1,200k).

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

Note 23.1 Receivables

	31 March 2024	31 March 2023
	£000	£000
Current		
Contract receivables*	25,591	34,147
Capital receivables	69	420
Allowance for impaired contract receivables / assets	(3,139)	(3,155)
Prepayments (non-PFI)	4,184	2,851
PDC dividend receivable	913	-
VAT receivable	2,532	1,092
Other receivables**	2,919	2,916
Total current receivables	**33,069**	**38,271**
Non-current		
Contract receivables	2,214	2,557
Allowance for impaired contract receivables / assets	(760)	(859)
Other receivables***	1,007	1,261
Total non-current receivables	**2,461**	**2,959**
Of which receivable from NHS and DHSC group bodies:		
Current	13,362	23,256
Non-current	-	1,261

* Contract receivables for 2023/24 includes £0.4m relating to pay award funding (22/23: £15.1m).

** Other receivables includes £14k (22/23: £16k) relating to Clinicians pension tax provision reimbursement funding from NHS England.

*** Non-current other receivables relates to Clinicians pension tax provision reimbursement funding from NHS England.

Note 23.2 Allowances for Credit Losses

	2023/24	2022/23
	Contract receivables and contract assets	**Contract receivables and contract assets**
	£000	**£000**
Allowances as at 1 April - brought forward	**4,014**	**3,406**
New allowances arising	497	881
Utilisation of allowances (write offs)	(611)	(272)
Allowances as at 31 March	**3,900**	**4,014**

Note 24 Finance Leases (Hull University Teaching Hospitals NHS Trust as a lessor)

This note discloses future lease payments receivable from lease arrangements classified as finance leases where the Hull University Teaching Hospitals NHS Trust is the lessor.

There are no finance leases where the Trust is the lessor.

Note 25 Non-Current Assets Held for Sale and Assets in Disposal Groups

At the Statement of Financial Position date, the Trust did not have any assets held for sale.

Note 26.1 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.

	2023/24	2022/23
	£000	£000
At 1 April	**53,748**	**79,428**
Net change in year	(16,234)	(25,680)
At 31 March	**37,514**	**53,748**
Broken down into:		
Cash at commercial banks and in hand	7	7
Cash with the Government Banking Service	37,507	53,742
Total cash and cash equivalents as in SoFP	**37,514**	**53,748**
Total cash and cash equivalents as in SoCF	**37,514**	**53,748**

Note 26.2 Third Party Assets Held by the Trust

Hull University Teaching Hospitals NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

The Trust operates a staff lottery, the cash balance owed to which is £59,131 (2022/23 - £73,428). This is included in the Trust's financial statements.

	31 March 2024	31 March 2023
	£000	£000
Bank balances	59	73
Total third party assets	**59**	**73**

Note 27.1 Trade and Other Payables

	31 March 2024 £000	31 March 2023 £000
Current		
Trade payables	7,226	2,435
Capital payables	18,677	13,420
Accruals	73,411	108,032
Social security costs	5,598	50
Other taxes payable	6,083	-
PDC dividend payable	-	30
Pension contributions payable	6,164	5,513
Other payables	3,955	1,770
Total current trade and other payables	**121,115**	**131,250**

Of which payables from NHS and DHSC group bodies:

Current	9,988	7,062

Note 28 Other Liabilities

	31 March 2024	31 March 2023
	£000	£000
Current		
Deferred income: contract liabilities	9,052	6,263
Total other current liabilities	**9,052**	**6,263**

Note 29.1 Borrowings

	31 March 2024	31 March 2023
	£000	£000
Current		
Loans from DHSC	1,272	1,274
Lease liabilities	1,571	1,638
Obligations under PFI, LIFT or other service concession contracts	3,709	2,034
Total current borrowings	**6,552**	**4,946**
Non-current		
Loans from DHSC	5,647	6,907
Lease liabilities	5,509	5,615
Obligations under PFI, LIFT or other service concession contracts	67,950	39,376
Total non-current borrowings	**79,106**	**51,898**

Note 29.2 Reconciliation of Liabilities Arising from Financing Activities

	Loans from DHSC	Lease Liabilities	PFI and LIFT schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2023	**8,181**	**7,253**	**41,410**	**56,844**
Cash movements:				
Financing cash flows - payments and receipts of principal	(1,260)	(1,901)	(3,667)	**(6,828)**
Financing cash flows - payments of interest	(298)	(77)	(5,405)	**(5,780)**
Non-cash movements:				
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023	-	-	32,283	**32,283**
Additions	-	1,200	-	**1,200**
Lease liability remeasurements	-	608	-	**608**
Remeasurement of PFI / other service concession liability resulting from change in index or rate	-	-	1,633	**1,633**
Application of effective interest rate	296	77	5,405	**5,778**
Early terminations	-	(80)	-	**(80)**
Carrying value at 31 March 2024	**6,919**	**7,080**	**71,659**	**85,658**

	Loans from DHSC	Lease Liabilities	PFI and LIFT schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2022	**9,443**	**1,855**	**43,068**	**54,366**
Cash movements:				
Financing cash flows - payments and receipts of principal	(1,260)	(2,129)	(1,657)	**(5,046)**
Financing cash flows - payments of interest	(347)	(63)	(3,161)	**(3,571)**
Non-cash movements:				
Impact of implementing IFRS 16 on 1 April 2022	-	7,122	-	**7,122**
Additions	-	336	-	**336**
Lease liability remeasurements	-	69	-	**69**
Application of effective interest rate	345	63	3,160	**3,568**
Carrying value at 31 March 2023	**8,181**	**7,253**	**41,410**	**56,844**

Note 30.1 Provisions for Liabilities and Charges Analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2023	**417**	**896**	**191**	**1,661**	**3,165**
Transfers by absorption	-	-	-	-	**-**
Change in the discount rate	(72)	(412)	(13)	(220)	**(715)**
Arising during the year	91	317	122	-	**530**
Utilised during the year	(68)	(66)	(99)	(12)	**(246)**
Reclassified to liabilities held in disposal groups	-	-	-	-	**-**
Reversed unused	-	-	(52)	(474)	**(526)**
Unwinding of discount	31	169	6	66	**272**
At 31 March 2024	**399**	**904**	**156**	**1,022**	**2,481**
Expected timing of cash flows:					
- not later than one year;	69	66	52	14	**200**
- later than one year and not later than five years;	251	262	104	33	**651**
- later than five years.	78	576	0	975	**1,629**
Total	**399**	**904**	**156**	**1,022**	**2,481**

The provisions for early departure costs and injury benefits represents amounts payable to the NHS Business Services Authority, pensions division, to meet the costs of early retirement and industrial injury benefits. These provisions are based on estimates using the ONS figures for life expectancy and therefore there is a degree of uncertainty about the value of payments in the future.

The provision for legal claims relates to claims for injury to staff or members of the public, where the likelihood of a settlement is probable. All claims are handled by NHS Resolution on behalf of the Trust and they advise on likelihood and value of settlement. The timing and value of settlements are subject to both local negotiation and the judgement of NHS Resolution. The Trust's liability in respect of each claim is limited to the level of excess determined by NHS Resolution.

Included within Legal Claims are permanent injury benefits and Employer's Liability claims; these are linked with contingent liabilities relating to Employer's Liability as disclosed in the note below:

Within the 'Other' category, we have included a provision for clinicians pension tax provision of £1,022k.

Clinician Pension Tax Reimbursement

Clinicians who are members of the NHS Pension scheme may face a tax charge in respect of the growth of their NHS pension benefits above their pensions savings annual allowance threshold. The government has committed to allowing this charge to be paid by the NHS Pension Scheme. The NHS employer will make a contractually binding commitment to pay them a corresponding amount on retirement so that they are not disadvantaged by the charge. NHS England provided a statement of provision liabilities arising from the 2019/20 clinicians' pensions compensation scheme based on the latest available information on actual uptake of the scheme. They are derived from combining information on applications to join the 2019/20 scheme under the policy, together with information in the scheme pays election form where present, and with averages assumed where these forms are absent or clearly an estimate (values less than £100).

The Clinician pension tax provision is £1,022k (2022/23 - £1,277k).

Note 30.2 Clinical Negligence Liabilities

At 31 March 2024, £249,140k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Hull University Teaching Hospitals NHS Trust (31 March 2023: £323,212k).

Note 31 Contingent Assets and Liabilities

	31 March 2024	31 March 2023
	£000	£000
Value of contingent liabilities		
NHS Resolution legal claims	(18)	(35)
Employment tribunal and other employee related litigation	(135)	(129)
Gross value of contingent liabilities	**(153)**	**(163)**
Net value of contingent liabilities	**(153)**	**(163)**
Net value of contingent assets	**-**	**-**

All contingent liabilities relate to legal claims made against the Trust (Employer and Public liability claims) and 3 employment tribunals. They are accounted for as contingent liabilities to the extent that they are not included in any formal provision.

Note 32 Contractual Capital Commitments

	31 March 2024	31 March 2023
	£000	£000
Property, plant and equipment	6,333	6,083
Total	**6,333**	**6,083**

Note 33 Defined Benefit Pension Schemes

The Trust has no defined benefit pension schemes.

Note 34.1 On-SoFP PFI, LIFT or Other Service Concession Arrangements
The Trust has three on SOFP PFI schemes none of which have total commitments in excess of £500m

Under IFRIC 12, the following PFI schemes are treated as an asset of the Trust, and the substance of the contract is that the Trust has a finance lease. Payments under the contracts comprise two elements - imputed finance lease charges and service charges. For all of these schemes the Trust gains ownership of the buildings once the contract ends.

1. Urology and Outpatients - Castle Hill Hospital Site

The PFI partner provides the Trust with hospital accommodation for Urology and Outpatient Services at the Castle Hill site. The contract began in February 2001 and is due to end in February 2032.

2. Accommodation for Maternity Services - Hull Royal Infirmary Site

The PFI partner provides the Trust with hospital accommodation for Maternity Services at the Hull Royal Infirmary site. The contract for the provision of accommodation began in March 2003 and will end in March 2033.

3. Queens Centre for Oncology and Haematology - Castle Hill Hospital site

The PFI partner provides the Trust with hospital accommodation for Oncology and Haematology services at the Castle Hill site. Work commenced in April 2006, and the building became operational in August 2008, The contract began in June 2006 and will end in June 2037.

Note 34.2 On-SoFP PFI, LIFT or Other Service Concession Arrangement Obligations

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

	31 March 2024	31 March 2023
	£000	£000
Gross PFI, LIFT or other service concession liabilities	**106,956**	**62,974**
Of which liabilities are due		
- not later than one year;	9,111	5,085
- later than one year and not later than five years;	38,639	20,923
- later than five years.	59,206	36,966
Finance charges allocated to future periods	(35,297)	(21,564)
Net PFI, LIFT or other service concession arrangement obligation	**71,659**	**41,410**
- not later than one year;	3,709	2,034
- later than one year and not later than five years;	20,494	10,440
- later than five years.	47,456	28,936

Note 34.3 Total on-SoFP PFI, LIFT and Other Service Concession Arrangement Commitments

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

	31 March 2024	31 March 2023
	£000	£000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	**181,177**	**179,290**
Of which payments are due:		
- not later than one year;	14,879	13,328
- later than one year and not later than five years;	63,533	56,913
- later than five years.	102,765	109,049

Note 34.4 Analysis of Amounts Payable to Service Concession Operator

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

	2023/24	2022/23
	£000	£000
Unitary payment payable to service concession operator	**14,300**	**12,793**
Consisting of:		
- Interest charge	5,405	3,160
- Repayment of balance sheet obligation	3,667	1,657
- Service element and other charges to operating expenditure	2,511	2,356
- Capital lifecycle maintenance	2,717	2,794
- Contingent rent	-	2,826
Total amount paid to service concession operator	**14,300**	**12,793**

Note 35.1 Impact of Change in Accounting Policy for on-SoFP PFI, LIFT and Other Service Concession Liabilities

IFRS 16 liability measurement principles have been applied to PFI, LIFT and other service concession arrangement liabilities from 1 April 2023. When payments for the asset are uplifted for inflation, the imputed lease liability recognised on the SoFP is remeasured to reflect the increase in future payments. Such increases were previously recognised as contingent rent as incurred.

The change in measurement basis has been applied retrospectively without restatement of comparatives and with the cumulative impact on 1 April 2023 recognised in the income and expenditure reserve. The incremental impact of applying the new accounting policy on (a) the allocation of the unitary charge in 2023/24 and (b) the primary statements in 2023/24 is set out in the disclosures below.

Note 35.2 Impact of Change in Accounting Policy on the Allocation of Unitary Payment

	IFRS 16 basis (new basis) 2023/24	IAS 17 basis (old basis) 2023/24	Impact of change 2023/24
	£000	£000	£000
Unitary payment payable to service concession operator	**14,300**	**14,300**	**-**
Consisting of:			
- Interest charge	5,405	3,051	**2,354**
- Repayment of balance sheet obligation	3,667	2,034	**1,633**
- Service element	2,511	2,511	**-**
- Lifecycle maintenance	2,717	2,717	**-**
- Contingent rent	-	3,987	**(3,987)**

Note 35.3 Impact of Change in Accounting Policy on Primary Statements

Impact of change in PFI accounting policy on 31 March 2024 Statement of Financial Position:	**£000**
Increase in PFI / LIFT and other service concession liabilities	(32,283)
Decrease in PDC dividend payable / increase in PDC dividend receivable	1,100
Impact on net assets as at 31 March 2024	**(31,183)**

Impact of change in PFI accounting policy on 2023/24 Statement of Comprehenaive Income:	**£000**
PFI liability remeasurement charged to finance costs	(1,633)
Increase in interest arising on PFI liability	(2,354)
Reduction in contingent rent	3,987
Reduction in PDC dividend charge	1,100
Net impact on surplus / (deficit)	**1,100**

Impact of change in PFI accounting policy on 2023/24 Statement of Changes in Equity:	**£000**
Adjustment to reserves for the cumulative retrospective impact on 1 April 2023	(32,283)
Net impact on 2023/24 surplus / deficit	1,100
Impact on equity as at 31 March 2024	**(31,183)**

Impact of change in PFI accounting policy on 2023/24 Statement of Cash Flows:	**£000**
Increase in cash outflows for capital element of PFI / LIFT	(1,633)
Decrease in cash outflows for financing element of PFI / LIFT	1,633
Net impact on cash flows from financing activities	**-**

Note 36 Financial Instruments

Note 36.1 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. Due to the continuing service provider relationship that the Trust has with its commissioners and funding flows from the Treasury, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

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

Foreign 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 NHS England. 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 therefore has low exposure to interest rate fluctuations.

Credit Risk

Because the majority of revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2024 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity Risk

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

Note 36.2 Carrying Values of Financial Assets

Carrying values of financial assets as at 31 March 2024	**Held at amortised cost**	**Held at fair value through profit & loss**	**Held at fair value through OCI**	**Total book value**
	£000	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	26,880	-	-	**26,880**
Other investments / financial assets	-	-	542	**542**
Cash and cash equivalents	37,514	-	-	**37,514**
Total at 31 March 2024	**64,394**	**-**	**542**	**64,936**

Carrying values of financial assets as at 31 March 2023	**Held at amortised cost**	**Held at fair value through profit & loss**	**Held at fair value through OCI**	**Total book value**
	£000	**£000**	**£000**	**£000**
Trade and other receivables excluding non financial assets	36,010	-	-	**36,010**
Other investments / financial assets	-	-	549	**549**
Cash and cash equivalents	53,748	-	-	**53,748**
Total at 31 March 2023	**89,758**	**-**	**549**	**90,308**

Note 36.3 Carrying Values of Financial Liabilities

Carrying values of financial liabilities as at 31 March 2024	**Held at amortised cost**	**Held at fair value through profit & loss**	**Total book value**
	£000	**£000**	**£000**
Loans from the Department of Health and Social Care	6,919	-	**6,919**
Obligations under leases	7,080	-	**7,080**
Obligations under PFI, LIFT and other service concession contracts	71,659	-	**71,659**
Trade and other payables excluding non financial liabilities	106,050	-	**106,050**
Total at 31 March 2024	**191,708**	**-**	**191,708**

Carrying values of financial liabilities as at 31 March 2023	**Held at amortised cost**	**Held at fair value through profit & loss**	**Total book value**
	£000	**£000**	**£000**
Loans from the Department of Health and Social Care	8,181	-	**8,181**
Obligations under leases	7,253	-	**7,253**
Obligations under PFI, LIFT and other service concession contracts	41,410	-	**41,410**
Trade and other payables excluding non financial liabilities	131,170	-	**131,170**
Total at 31 March 2023	**188,014**	**-**	**188,014**

Note 36.4 Maturity of Financial Liabilities

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

	31 March 2024	31 March 2023
	£000	£000
In one year or less	118,070	139,214
In more than one year but not more than five years	46,891	29,257
In more than five years	62,371	41,333
Total	**227,332**	**209,804**

Note 36.5 Fair Values of Financial Assets and Liabilities

The carrying value of short term trade and other payables is a reasonable approximation to fair value, all trade payables are considered to be short term. The nature of obligations relating to lease, PFI agreements and other borrowings are that they are arms length transaction with values determined by contract. There is no significant difference between the carrying value and the fair value of these liabilities.

Note 37 Losses and Special Payments

	2023/24		2022/23	
	Total number of cases	**Total value of cases**	**Total number of cases**	**Total value of cases**
	Number	**£000**	**Number**	**£000**
Losses				
Cash losses	41	18	1	0
Bad debts and claims abandoned	487	263	3	1
Stores losses and damage to property	3	51	-	-
Total losses	**531**	**333**	**4**	**1**
Special payments				
Ex-gratia payments	41	17	26	15
Total special payments	**41**	**17**	**26**	**15**
Total losses and special payments	**572**	**350**	**30**	**15**

Note 38 Related Parties

Hull University Teaching Hospitals NHS Trust is a corporate body established by order of the Secretary of State for Health.

Details of related parties transactions must be disclosed in accordance with IAS 24; these are as follows:

2023/24

	2023/24	2023/24	2023/24	2023/24	2022/23	2022/23	2022/23	2022/23
Organisation name / Trust Officer / Nature of Relationship	**Revenue from Related Party**	**Expend with Related Party**	**Amounts due from Related Party**	**Amounts owed to Related Party**	**Revenue from Related Party**	**Expend with Related Party**	**Amounts due from Related Party**	**Amounts owed to Related Party**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Hull York Medical School - Non-Executive Director / Dean of Hull York Medical School	229	0	83	0	264	0	55	0
Taywel Engineering Limited / Director of Estates and Facilities / Director of Taywel Engineering Ltd	0	6	0	0	0	9	0	0

Hull University Teaching Hospitals NHS Trust has also had a significant number of material transactions with The University of Hull and the two local authorities as tabled below;

2023/24

	2023/24	2023/24	2023/24	2023/24	2022/23	2022/23	2022/23	2022/23
Organisation name / Nature of Relationship	**Revenue from Related Party**	**Expend with Related Party**	**Amounts due from Related Party**	**Amounts owed to Related Party**	**Revenue from Related Party**	**Expend with Related Party**	**Amounts due from Related Party**	**Amounts owed to Related Party**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
The University of Hull	242	3,824	168	280	672	4,134	95	48
Hull City Council	499	1,418	42	(23)	364	1,454	52	5
East Riding of Yorkshire Council	0	3,186	0	5	97	3,046	0	6

Hull University Teaching Hospitals NHS Trust is supported by two charities, these are;

• Hull and East Yorkshire Hospitals NHS General Purposes Charity - registered charity number: 1052035

• The Hull and East Yorkshire Hospitals Health Charity (WISHH) - registered charity number: 1162414

Hull Royal Infirmary and Castle Hill Hospital benefit from the donations and fundraising endeavours of both charities, though primarily the Health Charity which is developing its role as the official charity of Hull University Teaching Hospitals NHS Trust. The Trust benefited from equipment provided and miscellaneous expenditure met by both charities to the value of £708k during 2023/24 (22/23: £438k). Hull University Teaching Hospitals NHS Trust provides administrative support to both charities under a service level agreement.

The Trust has an investment in ordinary shares in Vertual Ltd, a company registered in the United Kingdom. The Trust holds 15% of the company's shares, valued at £542,434. This is included in the accounts. The company's main activity is the sale of hardware and software used to train Radiotherapists. Mr D Haire - Project Director, sits on the board on behalf of the Trust.

The Trust also has an interest in Medipex Ltd, a company registered in the United Kingdom. The company's main activity is to assist the NHS in exploiting intellectual and industrial property rights. It is a company limited by guarantee and the Trust's liability under that guarantee is £100.

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

Calderdale & Huddersfield NHS FT
Harrogate and District NHS Foundation Trust
Humber Teaching NHS Foundation Trust
Lancashire Teaching Hospitals NHS Trust
Leeds Teaching Hospitals NHS Trust
Northern Lincolnshire And Goole NHS FT
Sheffield Teaching Hospitals NHS FT
York and Scarborough Teaching Hospitals NHS FT
NHS Humber and North Yorkshire ICB
NHS Lincolnshire ICB
NHS South Yorkshire ICB
NHS West Yorkshire ICB
Care Quality Commission
Department of Health and Social Care
Health Education England
NHS England
NHS Resolution
National Institute for Health and Care Excellence

The Trust has had a number of material transactions with other Government bodies including HMR&C, NHS Pension Scheme and NHS Blood & Transplant.

Note 39 Better Payment Practice Code

	2023/24	2023/24	2022/23	2022/23
Non-NHS Payables	**Number**	**£000**	**Number**	**£000**
Total non-NHS trade invoices paid in the year	104,713	359,463	103,802	371,786
Total non-NHS trade invoices paid within target	100,816	313,879	99,112	313,942
Percentage of non-NHS trade invoices paid within target	96.3%	87.3%	95.5%	84.4%
NHS Payables				
Total NHS trade invoices paid in the year	3,497	63,082	3,487	40,080
Total NHS trade invoices paid within target	3,139	59,189	2,773	35,938
Percentage of NHS trade invoices paid within target	89.8%	93.8%	79.5%	89.7%

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 40 External Financing Limit

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

	2023/24	2022/23
	£000	**£000**
Cash flow financing	38,367	40,470
Leases taken out in year	-	-
Other capital receipts	-	-
External financing requirement	**38,367**	**40,470**
External financing limit (EFL)	38,367	40,470
Under / (over) spend against EFL	**-**	**-**

Note 41 Capital Resource Limit

	2023/24	2022/23
	£000	**£000**
Gross capital expenditure	61,522	45,592
Less: Disposals	(375)	(51)
Less: Donated and granted capital additions	(592)	(520)
Plus: Loss on disposal from capital grants in kind and peppercorn lease disposals	-	-
Charge against Capital Resource Limit	**60,555**	**45,021**
Capital Resource Limit	60,555	45,021
Under / (over) spend against CRL	**-**	**-**

Note 42 Breakeven Duty Financial Performance

	2023/24
	£000
Adjusted financial performance surplus / (deficit) (control total basis)	20
Add back incremental impact of IFRS 16 on PFI revenue costs in 2023/24	1,100
Breakeven duty financial performance surplus / (deficit)	**1,120**

Note 43 Breakeven Duty Rolling Assessment

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	7,601	4,701	4,878	5,420	5,943	2,926	(8,051)
Breakeven duty cumulative position	10,781	15,482	20,360	25,780	31,723	34,649	26,598
Operating income	469,995	480,633	499,538	497,132	506,703	526,559	526,253
Cumulative breakeven position as a percentage of operating income	2.3%	3.2%	4.1%	5.2%	6.3%	6.6%	5.1%

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	2,616	(7,134)	25,220	11,072	1,489	562	74	1,120
Breakeven duty cumulative position	29,214	22,080	47,300	58,372	59,860	60,423	60,496	61,616
Operating income	561,128	579,847	629,192	662,676	726,808	808,450	846,317	885,736
Cumulative breakeven position as a percentage of operating income	5.2%	3.8%	7.5%	8.8%	8.2%	7.5%	7.1%	7.0%

Note 44 Adjusted Financial Performance (SoCI control total basis)

Adjusted financial performance (control total basis):	**2023/24**	**2022/23**
Surplus / (deficit) for the period	(14,677)	(7,202)
Remove net impairments not scoring to the Departmental expenditure limit	14,755	6,399
Remove I&E impact of capital grants and donations (see below)	898	867
Remove net impact of inventories received from DHSC group bodies for COVID response	144	9
Remove PDC dividend benefit arising from PFI liability remeasurement	(1,100)	-
Adjusted financial performance surplus / (deficit)	**20**	**74**
Adjusted financial performance surplus / (deficit) for the purposes of system achievement	**20**	**74**

The I&E impact of capital grants and donations is as follows:			
Income from capital grants and donations	(592)	(520)	as per note 3
Depreciation on grants and donations	1,490	1,387	
Net I&E impact	**898**	**867**	