

Bedford Hospital NHS Trust

Annual accounts for the year ended 31 March 2020

## Statement of Comprehensive Income

|  |      | 2019/20        | 2018/19         |
|--|------|----------------|-----------------|
|  | Note | £000           | £000            |
| Operating income from patient care activities                      | 3    | 209,082        | 185,226         |
| Other operating income   | 4    | 34,668         | 25,263          |
| Operating expenses   | 7, 9 | (241,068)      | (222,426)       |
| <b>Operating surplus/(deficit) from continuing operations</b>      |      | <b>2,682</b>   | <b>(11,937)</b> |
| Finance income   | 12   | 82             | 55              |
| Finance expenses   | 13   | (1,603)        | (1,559)         |
| PDC dividends payable  |      | (791)          | (940)           |
| <b>Net finance costs</b>   |      | <b>(2,312)</b> | <b>(2,444)</b>  |
| Other gains / (losses)   | 14   | 13             | 252             |
| <b>Surplus / (deficit) for the year from continuing operations</b> |      | <b>383</b>     | <b>(14,129)</b> |
| <b>Surplus / (deficit) for the year</b>                            |      | <b>383</b>     | <b>(14,129)</b> |
| <b>Other comprehensive income</b>                                  |      |                |                 |
| <b>Will not be reclassified to income and expenditure:</b>         |      |                |                 |
| Impairments  | 8    | (2,252)        | 2,234           |
| Other reserve movements  |      | -              | (6)             |
| <b>Total comprehensive income / (expense) for the period</b>       |      | <b>(1,869)</b> | <b>(11,901)</b> |
| <b>Adjusted financial performance (control total basis):</b>       |      |                |                 |
| Surplus / (deficit) for the period                                 |      | 383            | (14,129)        |
| Remove I&E impact of capital grants and donations                  |      | (59)           | (22)            |
| Remove 2018/19 post audit PSF reallocation (2019/20 only)          |      | (310)          |                 |
| <b>Adjusted financial performance surplus / (deficit)</b>          |      | <b>14</b>      | <b>(14,151)</b> |

# Statement of Financial Position

|  |      | 31 March<br>2020 | 31 March<br>2019 |
|--|------|------------------|------------------|
|  | Note | £000             | £000             |
| <b>Non-current assets</b>                    |      |                  |                  |
| Intangible assets                            | 15   | 6,857            | 5,587            |
| Property, plant and equipment                | 16   | 92,285           | 91,274           |
| Receivables                                  | 20   | 954              | 895              |
| <b>Total non-current assets</b>              |      | <b>100,096</b>   | <b>97,756</b>    |
| <b>Current assets</b>                        |      |                  |                  |
| Inventories                                  | 19   | 2,727            | 2,574            |
| Receivables                                  | 20   | 27,782           | 23,098           |
| Cash and cash equivalents                    | 21   | 5,995            | 2,327            |
| <b>Total current assets</b>                  |      | <b>36,504</b>    | <b>27,999</b>    |
| <b>Current liabilities</b>                   |      |                  |                  |
| Trade and other payables                     | 22   | (15,606)         | (11,329)         |
| Borrowings                                   | 24   | (71,548)         | (39,007)         |
| Provisions                                   | 26   | (172)            | (124)            |
| Other liabilities                            | 23   | (117)            | (30)             |
| <b>Total current liabilities</b>             |      | <b>(87,443)</b>  | <b>(50,490)</b>  |
| <b>Total assets less current liabilities</b> |      | <b>49,157</b>    | <b>75,265</b>    |
| <b>Non-current liabilities</b>               |      |                  |                  |
| Borrowings                                   | 24   | (4,765)          | (33,199)         |
| Provisions                                   | 26   | (894)            | (823)            |
| Other liabilities                            | 23   | (641)            | (782)            |
| <b>Total non-current liabilities</b>         |      | <b>(6,300)</b>   | <b>(34,804)</b>  |
| <b>Total assets employed</b>                 |      | <b>42,857</b>    | <b>40,461</b>    |
| <b>Financed by</b>                           |      |                  |                  |
| Public dividend capital                      |      | 114,371          | 110,106          |
| Revaluation reserve                          |      | 15,603           | 18,448           |
| Income and expenditure reserve               |      | (87,117)         | (88,093)         |
| <b>Total taxpayers' equity</b>               |      | <b>42,857</b>    | <b>40,461</b>    |

The notes on pages 7 to 51 form part of these accounts.

|          |                 |
|----------|-----------------|
| Name     |                 |
| Position | Chief Executive |
| Date     | 17 June 2020    |

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

|  | Public<br>dividend<br>capital | Revaluation<br>reserve | Income and<br>expenditure<br>reserve | Total         |
|--|-------------------------------|------------------------|--------------------------------------|---------------|
|  | £000                          | £000                   | £000                                 | £000          |
| <b>Taxpayers' and others' equity at 1 April 2019 - brought forward</b> | <b>110,106</b>                | <b>18,448</b>          | <b>(88,093)</b>                      | <b>40,461</b> |
| Surplus/(deficit) for the year   | -                             | -                      | 383                                  | 383           |
| Transfers by absorption: transfers between reserves                    | -                             | -                      | -                                    | -             |
| Other transfers between reserves                                       | -                             | (587)                  | 587                                  | -             |
| Impairments  | -                             | (2,252)                | -                                    | (2,252)       |
| Transfer to retained earnings on disposal of assets                    | -                             | (6)                    | 6                                    | -             |
| Public dividend capital received                                       | 4,265                         | -                      | -                                    | 4,265         |
| <b>Taxpayers' and others' equity at 31 March 2020</b>                  | <b>114,371</b>                | <b>15,603</b>          | <b>(87,117)</b>                      | <b>42,857</b> |

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

|  | Public<br>dividend<br>capital | Revaluation<br>reserve | Income and<br>expenditure<br>reserve | Total         |
|--|-------------------------------|------------------------|--------------------------------------|---------------|
|  | £000                          | £000                   | £000                                 | £000          |
| <b>Taxpayers' and others' equity at 1 April 2018 - brought forward</b> | <b>106,170</b>                | <b>16,817</b>          | <b>(74,594)</b>                      | <b>48,393</b> |
| Prior period adjustment  | -                             | -                      | -                                    | -             |
| <b>Taxpayers' and others' equity at 1 April 2018 - restated</b>        | <b>106,170</b>                | <b>16,817</b>          | <b>(74,594)</b>                      | <b>48,393</b> |
| Impact of implementing IFRS 9 on 1 April 2018                          | -                             | -                      | 33                                   | 33            |
| Surplus/(deficit) for the year   | -                             | -                      | (14,129)                             | (14,129)      |
| Other transfers between reserves                                       | -                             | (602)                  | 602                                  | -             |
| Impairments  | -                             | 2,234                  | -                                    | 2,234         |
| Transfer to retained earnings on disposal of assets                    | -                             | (1)                    | 1                                    | -             |
| Public dividend capital received                                       | 3,936                         | -                      | -                                    | 3,936         |
| Other reserve movements  | -                             | -                      | (6)                                  | (6)           |
| <b>Taxpayers' and others' equity at 31 March 2019</b>                  | <b>110,106</b>                | <b>18,448</b>          | <b>(88,093)</b>                      | <b>40,461</b> |

## **Information on reserves**

### **Public dividend capital**

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

### **Revaluation reserve**

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

### **Financial assets reserve**

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

### **Income and expenditure reserve**

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

## Statement of Cash Flows

|   |      | 2019/20        | 2018/19         |
|---|------|----------------|-----------------|
|   | Note | £000           | £000            |
| <b>Cash flows from operating activities</b>                   |      |                |                 |
| Operating surplus / (deficit)                                 |      | 2,682          | (11,937)        |
| <b>Non-cash income and expense:</b>                           |      |                |                 |
| Depreciation and amortisation                                 | 7.1  | 5,850          | 5,479           |
| Income recognised in respect of capital donations             | 4    | (328)          | (260)           |
| (Increase) / decrease in receivables and other assets         |      | (4,965)        | (5,018)         |
| (Increase) / decrease in inventories                          |      | (153)          | 91              |
| Increase / (decrease) in payables and other liabilities       |      | 3,347          | 1,565           |
| Increase / (decrease) in provisions                           |      | 107            | (14)            |
| Other movements in operating cash flows                       |      | -              | (118)           |
| <b>Net cash flows from / (used in) operating activities</b>   |      | <b>6,540</b>   | <b>(10,212)</b> |
| <b>Cash flows from investing activities</b>                   |      |                |                 |
| Interest received   |      | 82             | 55              |
| Purchase of intangible assets                                 |      | (2,127)        | (1,592)         |
| Purchase of PPE and investment property                       |      | (7,396)        | (7,533)         |
| Sales of PPE and investment property                          |      | 306            | -               |
| Receipt of cash donations to purchase assets                  |      | 328            | 260             |
| <b>Net cash flows from / (used in) investing activities</b>   |      | <b>(8,807)</b> | <b>(8,810)</b>  |
| <b>Cash flows from financing activities</b>                   |      |                |                 |
| Public dividend capital received                              |      | 4,265          | 3,936           |
| Movement on loans from DHSC                                   |      | 4,458          | 17,680          |
| Other capital receipts  |      | -              | -               |
| Capital element of finance lease rental payments              |      | (373)          | (359)           |
| Interest on loans   |      | (1,035)        | (807)           |
| Interest paid on finance lease liabilities                    |      | (534)          | (581)           |
| PDC dividend (paid) / refunded                                |      | (846)          | (925)           |
| <b>Net cash flows from / (used in) financing activities</b>   |      | <b>5,935</b>   | <b>18,944</b>   |
| <b>Increase / (decrease) in cash and cash equivalents</b>     |      | <b>3,668</b>   | <b>(78)</b>     |
| <b>Cash and cash equivalents at 1 April - brought forward</b> |      | <b>2,327</b>   | <b>2,405</b>    |
| <b>Cash and cash equivalents at 1 April - restated</b>        |      | <b>2,327</b>   | <b>2,405</b>    |
| <b>Cash and cash equivalents at 31 March</b>                  | 21.1 | <b>5,995</b>   | <b>2,327</b>    |

## **Notes to the Accounts**

### **Note 1 Accounting policies and other information**

#### **Note 1.1 Basis of preparation**

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2019/20 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

#### **Accounting convention**

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

#### **Note 1.2 Going concern**

The Trust had sought to merge with Luton and Dunstable University NHS Foundation Trust (LDH). The merger application commenced in 2017/18 but it was paused until formal confirmation was received by LDH that capital funding would be available for its site redevelopment, which included a major acute services block. Confirmation was received in August 2019 and the merger application recommenced in September 2019.

The Trust was acquired on 1 April 2020 by Bedfordshire Hospitals NHS Foundation Trust (formerly Luton and Dunstable NHS Foundation Trust). Whilst the Trust as an entity ceased to exist on that date and is not a going concern at 31 March 2020, the services provided by the Trust have continued within the successor body. In accordance with the Department of Health and Social Care Group Accounting Manual, the continuation of the provision of services within the public sector means that the accounts of the Trust should be prepared on a going concern basis.

The FT is facing, along with all other providers, a challenging financial environment. This challenge has been exacerbated in 2019/20 by the advent of Covid-19, and this challenge will continue into 2020/21. The merger has added an additional layer of complexity.

The Directors of the FT have received written assurance that funding relating to Covid-19 will be sufficient to cover reasonable costs and this has proved to be the case for costs incurred to date. The Directors have received assurance on the merged organisation's financial standing through detailed due diligence, both internal and external and on the basis of this assurance and due diligence the FT has submitted a surplus plan for 2020/21 to NHSE/I.

#### **Note 1.3 Revenue from contracts with customers**

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

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

## **Revenue from NHS contracts**

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

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

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

Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

## **Revenue 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.

## **Provider sustainability fund (PSF) and Financial recovery fund (FRF)**

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

## **Note 1.4 Other forms of income**

### **Grants and donations**

Government grants are grants from government bodies other than income from commissioners or Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated 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 1.5 Expenditure on employee benefits**

### **Short-term employee benefits**

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

Pension costs

NHS Pension Scheme

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

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

## **Note 1.6 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 1.7 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.

### *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 – depreciated replacement cost on a modern equivalent asset basis.

Assets held at depreciated replacement cost have been valued on an alternative site basis.

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.

### *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.

### **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.

### 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<br>Years | Max life<br>Years |
|--------------------------------|-------------------|-------------------|
| Land                           | -                 | -                 |
| Buildings, excluding dwellings | 31                | 37                |
| Dwellings                      | 33                | 33                |
| Plant & machinery              | 5                 | 18                |
| Transport equipment            | 5                 | 14                |
| Information technology         | 3                 | 15                |
| Furniture & fittings           | 5                 | 15                |

Finance-leased assets (including land) 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 1.8 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 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<br>Years | Max life<br>Years |
|-------------------------|-------------------|-------------------|
| Information technology  | 3                 | 15                |
| Development expenditure | 7                 | 7                 |
| Software licences       | 3                 | 5                 |

## **Note 1.9 Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

## **Note 1.10 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 1.11 Financial assets and financial liabilities**

### **Recognition**

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

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

### **Classification and measurement**

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

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

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

Financial liabilities classified as fair value through income and expenditure.

### **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.

## **Impairment of financial assets**

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

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

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

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

## **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 1.12 Leases

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

### The Trust as a lessee

#### *Finance leases*

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

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

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

#### *Operating leases*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term.

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

#### *Leases of land and buildings*

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

### The Trust as a lessor

#### *Finance leases*

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

#### *Operating leases*

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

## Note 1.13 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2020:

|             |                              | <b>Nominal rate</b> |
|-------------|------------------------------|---------------------|
| Short-term  | Up to 5 years                | 0.51%               |
| Medium-term | After 5 years up to 10 years | 0.55%               |
| Long-term   | Exceeding 10 years           | 1.99%               |

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2020:

|                 | <b>Inflation rate</b> |
|-----------------|-----------------------|
| Year 1          | 1.90%                 |
| Year 2          | 2.00%                 |
| Into perpetuity | 2.00%                 |

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

### **Clinical negligence costs**

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 27.2 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 1.14 Contingencies**

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 1.15 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, except for

- (i) donated and grant funded assets,
- (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
- (iii) any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health 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 1.16 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 1.17 Corporation tax**

The Trust is not liable for Corporation Tax because it is not carrying out significant commercial activities that are not part of core health care delivery.

**Note 1.18 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.

**Note 1.19 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 1.20 Gifts**

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



### **Note 1.21 Early adoption of standards, amendments and interpretations**

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

### **Note 1.22 Standards, amendments and interpretations in issue but not yet effective or adopted**

#### **IFRS 16 Leases**

IFRS 16 Leases will replace *IAS 17 Leases*, *IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

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

On transition to IFRS 16 on 1 April 2021, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and the adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2021 for existing finance leases.

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

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the Trust does expect this standard to have a significant but not material impact on non-current assets, liabilities and depreciation.

#### **Other standards, amendments and interpretations**

- IFRS 14 Regulatory Deferral Accounts - Not EU endorsed. Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable to DHSC group bodies.
- IFRS 16 Leases – Standard is effective at 1 April 2020 per the FREM (see previous page)
- IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FREM: early adoption is not therefore permitted.

### **Note 1.23 Critical judgements in applying accounting policies**

In the application of the NHS 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 that 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

For example, management has exercised critical judgement in assessing which assets to capitalise and determining useful economic lives of assets within Property, Plant and Equipment and Intangible Assets. In exercising that judgement, Management has heeded the historic principles for recognising assets and assessing asset useful economic lives within the NHS, the view of the end user within the Trust's business unit and best practice from other similar NHS bodies. Management has exercised critical judgement in determining the values of provisions to recognise at the financial year-end. The judgement in respect of provisions has been based on guidance issued by DH, previous experiences and management's assessment of the likelihood of provisions materialising. Management has also exercised judgement in respect of part completed patient spells, year-end accruals and the provision for the impairment of outstanding debt.

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

**Note 2 Operating Segments**

During 2019/20 the Trust has not reported to its Board of Directors the financial performance of the Trust at a divisional or segmental level. For the purpose of the 2019/20 financial statements, the Trust considers that it operates a single segment, namely healthcare and segmental disclosures have therefore not been prepared.

### Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.3

| <b>Note 3.1 Income from patient care activities (by nature)</b>          | <b>2019/20</b> | <b>2018/19</b> |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| Elective income  | 29,577         | 30,178         |
| Non elective income  | 66,475         | 58,822         |
| First outpatient income  | 14,324         | 12,206         |
| Follow up outpatient income  | 17,546         | 16,341         |
| A & E income   | 13,653         | 11,628         |
| High cost drugs income from commissioners (excluding pass-through costs) | 10,680         | 11,096         |
| Other NHS clinical income  | 47,768         | 39,038         |
| Community services income from CCGs and NHS England                      | 986            | 940            |
| Private patient income   | 1,549          | 1,886          |
| Agenda for Change pay award central funding*                             | -              | 1,920          |
| Additional pension contribution central funding**                        | 5,493          | -              |
| Other clinical income  | 1,031          | 1,171          |
| <b>Total income from activities</b>                                      | <b>209,082</b> | <b>185,226</b> |

\*Additional costs of the Agenda for Change pay reform in 2018/19 received central funding. From 2019/20 this funding is incorporated into tariff for individual services.

\*\*The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers 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.

### Note 3.2 Income from patient care activities (by source)

|   | <b>2019/20</b> | <b>2018/19</b> |
|---|----------------|----------------|
|   | <b>£000</b>    | <b>£000</b>    |
| <b>Income from patient care activities received from:</b> |                |                |
| NHS England   | 31,007         | 21,125         |
| Clinical commissioning groups                             | 175,495        | 159,124        |
| Department of Health and Social Care                      | -              | 1,920          |
| Non-NHS: private patients                                 | 1,549          | 1,886          |
| Non-NHS: overseas patients (chargeable to patient)        | 403            | 475            |
| Injury cost recovery scheme                               | 628            | 696            |
| <b>Total income from activities</b>                       | <b>209,082</b> | <b>185,226</b> |
| <b>Of which:</b>  |                |                |
| Related to continuing operations                          | 209,082        | 185,226        |

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

|  | 2019/20 | 2018/19 |
|--|---------|---------|
|  | £000    | £000    |
| Income recognised this year                              | 403     | 475     |
| Cash payments received in-year                           | 188     | 103     |
| Amounts added to provision for impairment of receivables | 54      | 111     |
| Amounts written off in-year                              | 154     | 66      |

**Note 4 Other operating income**

|   | 2019/20         |                     |               | 2018/19         |                     |               |
|---|-----------------|---------------------|---------------|-----------------|---------------------|---------------|
|   | Contract income | Non-contract income | Total         | Contract income | Non-contract income | Total         |
|   | £000            | £000                | £000          | £000            | £000                | £000          |
| Research and development                          | 402             | -                   | 402           | 443             | -                   | 443           |
| Education and training                            | 6,664           | -                   | 6,664         | 6,919           | -                   | 6,919         |
| Non-patient care services to other bodies         | 10,371          | -                   | 10,371        | 8,848           | -                   | 8,848         |
| Provider sustainability fund (PSF)                | 4,177           | -                   | 4,177         | 3,713           | -                   | 3,713         |
| Financial recovery fund (FRF)                     | 2,838           | -                   | 2,838         | -               | -                   | -             |
| Marginal rate emergency tariff funding (MRET)     | 4,229           | -                   | 4,229         | -               | -                   | -             |
| Receipt of capital grants and donations           | -               | 328                 | 328           | -               | 260                 | 260           |
| Charitable and other contributions to expenditure | -               | 4                   | 4             | -               | 4                   | 4             |
| Other income                                      | 5,588           | 67                  | 5,655         | 5,076           | -                   | 5,076         |
| <b>Total other operating income</b>               | <b>34,269</b>   | <b>399</b>          | <b>34,668</b> | <b>24,999</b>   | <b>264</b>          | <b>25,263</b> |
| <b>Of which:</b>                                  |                 |                     |               |                 |                     |               |
| Related to continuing operations                  |                 |                     | 34,668        |                 |                     | 25,263        |
| Related to discontinued operations                |                 |                     | -             |                 |                     | -             |

**Note 4.1 Other Income**

|                                    | 2019/20      | 2018/19      |
|------------------------------------|--------------|--------------|
|                                    | £000         | £000         |
| Car Parking income                 | 1,691        | 1,679        |
| Catering                           | 1,670        | 1,616        |
| Property rental (not lease income) | 314          | 537          |
| Staff accommodation rental         | 314          | 284          |
| Clinical tests                     | 70           | 121          |
| Other income not already covered   | 1,529        | 839          |
| <b>Other income</b>                | <b>5,588</b> | <b>5,076</b> |

\*: Treated as "pass through costs" in 2018/19.

Other includes support to IT programmes £336k; benefit sharing £270k and non patient care to other bodies £80k

## Note 5 Contract Revenue

### Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

|  | 2019/20 | 2018/19 |
|--|---------|---------|
|  | £000    | £000    |
| Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end | 30      | 186     |

## Note 6 Fees and charges

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where income from 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.

|                            | 2019/20      | 2018/19      |
|----------------------------|--------------|--------------|
|                            | £000         | £000         |
| Income                     | 3,365        | 3,295        |
| Full cost                  | (2,047)      | (1,987)      |
| <b>Surplus / (deficit)</b> | <b>1,318</b> | <b>1,308</b> |

## Note 7.1 Operating expenses

|   | 2019/20        | 2018/19        |
|---|----------------|----------------|
|   | £000           | £000           |
| Purchase of healthcare from NHS and DHSC bodies                           | 12,002         | 10,847         |
| Purchase of healthcare from non-NHS and non-DHSC bodies                   | 11,584         | 11,370         |
| Staff and executive directors costs                                       | 151,025        | 135,968        |
| Remuneration of non-executive directors                                   | 60             | 48             |
| Supplies and services - clinical (excluding drugs costs)                  | 15,327         | 15,484         |
| Supplies and services - general   | 3,843          | 3,632          |
| Drug costs (drugs inventory consumed and purchase of non-inventory drugs) | 17,720         | 16,523         |
| Inventories written down  | 33             | 83             |
| Consultancy costs   | 551            | 466            |
| Establishment   | 3,170          | 2,520          |
| Premises  | 8,060          | 7,127          |
| Transport (including patient travel)                                      | 520            | 560            |
| Depreciation on property, plant and equipment                             | 4,993          | 4,680          |
| Amortisation on intangible assets   | 857            | 799            |
| Movement in credit loss allowance: contract receivables / contract assets | 300            | 64             |
| Change in provisions discount rate(s)                                     | 67             | -              |
| Audit fees payable to the external auditor                                |                |                |
| audit services- statutory audit   | 45             | 47             |
| other auditor remuneration (external auditor only)                        | 5              | 12             |
| Internal audit costs  | 106            | 84             |
| Clinical negligence   | 8,073          | 9,158          |
| Legal fees  | 58             | 379            |
| Insurance   | 53             | 45             |
| Education and training  | 640            | 684            |
| Rentals under operating leases  | 1,247          | 1,250          |
| Car parking & security  | 361            | 349            |
| Hospitality   | 62             | 42             |
| Losses, ex gratia & special payments                                      | -              | 4              |
| Other services, eg external payroll                                       | 195            | 161            |
| Other   | 111            | 40             |
| <b>Total</b>  | <b>241,068</b> | <b>222,426</b> |
| <b>Of which:</b>  |                |                |
| Related to continuing operations  | 241,068        | 222,426        |
| Related to discontinued operations  | -              | -              |

**Note 7.2 Other auditor remuneration**

|   | 2019/20  | 2018/19   |
|---|----------|-----------|
|   | £000     | £000      |
| <b>Other auditor remuneration paid to the external auditor:</b> |          |           |
| 1. Audit of accounts of any associate of the Trust              | -        | -         |
| 2. Audit-related assurance services                             | 5        | 12        |
| <b>Total</b>  | <b>5</b> | <b>12</b> |

**Note 7.3 Limitation on auditor's liability**

The limitation on auditor's liability for external audit work is £1m (2018/19: £1m).

**Note 8 Impairment of assets**

|  | 2019/20      | 2018/19        |
|--|--------------|----------------|
|  | £000         | £000           |
| Impairments charged to the revaluation reserve | 2,252        | (2,234)        |
| <b>Total net impairments</b>                   | <b>2,252</b> | <b>(2,234)</b> |

The impairment is due to changes in market valuation of Buildings and Land following the Coronavirus19 outbreak.



**Note 9 Employee benefits**

|  | <b>2019/20</b> | <b>2018/19</b> |
|--|----------------|----------------|
|  | <b>Total</b>   | <b>Total</b>   |
|  | <b>£000</b>    | <b>£000</b>    |
| Salaries and wages                       | 111,713        | 104,130        |
| Social security costs                    | 11,276         | 10,058         |
| Apprenticeship levy                      | 559            | 471            |
| Employer's contributions to NHS pensions | 18,081         | 12,575         |
| Temporary staff (including agency)       | 10,034         | 9,030          |
| <b>Total gross staff costs</b>           | <b>151,663</b> | <b>136,264</b> |
| Recoveries in respect of seconded staff  | -              | -              |
| <b>Total staff costs</b>                 | <b>151,663</b> | <b>136,264</b> |
| <b>Of which</b>                          |                |                |
| Costs capitalised as part of assets      | 638            | 296            |

**Note 9.1 Retirements due to ill-health**

During 2019/20 there was 1 early retirement from the Trust agreed on the grounds of ill-health (1 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £60k (£101k in 2018/19).

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

## **Note 10 Pension costs**

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

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

### **a) Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

### **b) Full actuarial (funding) valuation**

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

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

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

## Note 11 Operating leases

### Note 11.1 Bedford Hospital NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Bedford Hospital NHS Trust is the lessee.

The Trust has several lease agreements as follows:

A Building with a lease until 2059, Lease of car park.

Clinical equipment and vehicles with leases ranging from one year to six years with future payments as shown in the table below:

|  | 2019/20         | 2018/19         |
|--|-----------------|-----------------|
|  | £000            | £000            |
| <b>Operating lease expense</b>                       |                 |                 |
| Minimum lease payments                               | 1,247           | 1,250           |
| Contingent rents                                     | -               | -               |
| Less sublease payments received                      | -               | -               |
| <b>Total</b>   | <b>1,247</b>    | <b>1,250</b>    |
|  | <b>31 March</b> | <b>31 March</b> |
|  | <b>2020</b>     | <b>2019</b>     |
|  | <b>£000</b>     | <b>£000</b>     |
| <b>Future minimum lease payments due:</b>            |                 |                 |
| - not later than one year;                           | 637             | 1,122           |
| - later than one year and not later than five years; | 1,443           | 1,575           |
| - later than five years.                             | 24,294          | 23,906          |
| <b>Total</b>   | <b>26,374</b>   | <b>26,603</b>   |
| Future minimum sublease payments to be received      | -               | -               |

**Note 12 Finance income**

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

|                             | 2019/20   | 2018/19   |
|-----------------------------|-----------|-----------|
|                             | £000      | £000      |
| Interest on bank accounts   | 82        | 55        |
| <b>Total finance income</b> | <b>82</b> | <b>55</b> |

**Note 13.1 Finance expenditure**

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

|   | 2019/20      | 2018/19      |
|---|--------------|--------------|
|   | £000         | £000         |
| <b>Interest expense:</b>                            |              |              |
| Loans from the Department of Health and Social Care | 1,057        | 880          |
| Finance leases                                      | 534          | 667          |
| Interest on late payment of commercial debt         | -            | -            |
| <b>Total interest expense</b>                       | <b>1,591</b> | <b>1,547</b> |
| Unwinding of discount on provisions                 | 12           | 12           |
| <b>Total finance costs</b>                          | <b>1,603</b> | <b>1,559</b> |

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

|  | 2019/20 | 2018/19 |
|--|---------|---------|
|  | £000    | £000    |
| Total liability accruing in year under this legislation as a result of late payments     | -       | -       |
| Amounts included within interest payable arising from claims made under this legislation | -       | -       |
| Compensation paid to cover debt recovery costs under this legislation                    | -       | -       |

**Note 14 Other gains / (losses)**

|   | 2019/20   | 2018/19    |
|---|-----------|------------|
|   | £000      | £000       |
| Gains on disposal of assets                         | 28        | 267        |
| Losses on disposal of assets                        | (15)      | (15)       |
| <b>Total gains / (losses) on disposal of assets</b> | <b>13</b> | <b>252</b> |
| <b>Total other gains / (losses)</b>                 | <b>13</b> | <b>252</b> |

**Note 15.1 Intangible assets - 2019/20**

|   | Software<br>licences | Internally<br>generated<br>information<br>technology | Development<br>expenditure | Intangible<br>assets under<br>construction | Total         |
|---|----------------------|--|----------------------------|--|---------------|
|   | £000                 | £000   | £000                       | £000                                       | £000          |
| <b>Valuation / gross cost at 1 April 2019 - brought forward</b> | <b>250</b>           | <b>7,653</b>   | <b>16</b>                  | <b>835</b>                                 | <b>8,754</b>  |
| Additions   | -                    | 474  | -                          | 1,653                                      | 2,127         |
| <b>Valuation / gross cost at 31 March 2020</b>                  | <b>250</b>           | <b>8,127</b>   | <b>16</b>                  | <b>2,488</b>                               | <b>10,881</b> |
| <b>Amortisation at 1 April 2019 - brought forward</b>           | <b>250</b>           | <b>2,906</b>   | <b>11</b>                  | <b>-</b>                                   | <b>3,167</b>  |
| Provided during the year  | -                    | 854  | 3                          | -  | 857           |
| <b>Amortisation at 31 March 2020</b>                            | <b>250</b>           | <b>3,760</b>   | <b>14</b>                  | <b>-</b>                                   | <b>4,024</b>  |
| <b>Net book value at 31 March 2020</b>                          | <b>-</b>             | <b>4,367</b>   | <b>2</b>                   | <b>2,488</b>                               | <b>6,857</b>  |
| <b>Net book value at 1 April 2019</b>                           | <b>-</b>             | <b>4,747</b>   | <b>5</b>                   | <b>835</b>                                 | <b>5,587</b>  |

**Note 15.2 Intangible assets - 2018/19**

|  | Software<br>licences | Internally<br>generated<br>information<br>technology | Development<br>expenditure | Intangible<br>assets under<br>construction | Total        |
|--|----------------------|--|----------------------------|--|--------------|
|  | £000                 | £000   | £000                       | £000                                       | £000         |
| <b>Valuation / gross cost at 1 April 2018 - as previously stated</b> | <b>250</b>           | <b>7,255</b>   | <b>16</b>                  | <b>-</b>                                   | <b>7,521</b> |
| <b>Valuation / gross cost at 1 April 2018 - restated</b>             | <b>250</b>           | <b>7,255</b>   | <b>16</b>                  | <b>-</b>                                   | <b>7,521</b> |
| Additions  | -                    | 415  | -                          | 933  | 1,348        |
| Reclassifications  | -                    | 98   | -                          | (98)                                       | -            |
| Disposals / derecognition  | -                    | (115)  | -                          | -  | (115)        |
| <b>Valuation / gross cost at 31 March 2019</b>                       | <b>250</b>           | <b>7,653</b>   | <b>16</b>                  | <b>835</b>                                 | <b>8,754</b> |
| <b>Amortisation at 1 April 2018 - as previously stated</b>           | <b>250</b>           | <b>2,225</b>   | <b>8</b>                   | <b>-</b>                                   | <b>2,483</b> |
| <b>Amortisation at 1 April 2018 - restated</b>                       | <b>250</b>           | <b>2,225</b>   | <b>8</b>                   | <b>-</b>                                   | <b>2,483</b> |
| Provided during the year   | -                    | 796  | 3                          | -  | 799          |
| Disposals / derecognition  | -                    | (115)  | -                          | -  | (115)        |
| <b>Amortisation at 31 March 2019</b>                                 | <b>250</b>           | <b>2,906</b>   | <b>11</b>                  | <b>-</b>                                   | <b>3,167</b> |
| <b>Net book value at 31 March 2019</b>                               | <b>-</b>             | <b>4,747</b>   | <b>5</b>                   | <b>835</b>                                 | <b>5,587</b> |
| <b>Net book value at 1 April 2018</b>                                | <b>-</b>             | <b>5,030</b>   | <b>8</b>                   | <b>-</b>                                   | <b>5,038</b> |

**Note 16.1 Property, plant and equipment - 2019/20**

|   | Land<br>£000 | Buildings<br>excluding<br>dwellings<br>£000 | Dwellings<br>£000 | Assets<br>under<br>construction<br>£000 | Plant &<br>machinery<br>£000 | Transport<br>equipment<br>£000 | Information<br>technology<br>£000 | Furniture &<br>fittings<br>£000 | Total<br>£000  |
|---|--------------|---|-------------------|---|------------------------------|--------------------------------|-----------------------------------|---------------------------------|----------------|
| <b>Valuation/gross cost at 1 April 2019 - brought forward</b>     | <b>5,160</b> | <b>73,281</b>                               | <b>85</b>         | <b>895</b>                              | <b>25,046</b>                | <b>114</b>                     | <b>5,343</b>                      | <b>989</b>                      | <b>110,913</b> |
| Transfers by absorption   | -            | -   | -                 | -                                       | -                            | -                              | -                                 | -                               | -              |
| Additions   | -            | 2,488                                       | -                 | 1,726                                   | 3,166                        | 7                              | 885                               | -                               | 8,272          |
| Impairments   | (500)        | (1,837)                                     | -                 | -                                       | -                            | -                              | -                                 | -                               | (2,337)        |
| Reversals of impairments  | -            | 82  | 3                 | -                                       | -                            | -                              | -                                 | -                               | 85             |
| Revaluations  | -            | (2,566)                                     | (3)               | -                                       | -                            | -                              | -                                 | -                               | (2,569)        |
| Reclassifications   | -            | -   | -                 | (935)                                   | 935                          | -                              | -                                 | -                               | -              |
| Disposals / derecognition   | -            | -   | -                 | -                                       | (1,424)                      | -                              | (347)                             | -                               | (1,771)        |
| <b>Valuation/gross cost at 31 March 2020</b>                      | <b>4,660</b> | <b>71,448</b>                               | <b>85</b>         | <b>1,686</b>                            | <b>27,723</b>                | <b>121</b>                     | <b>5,881</b>                      | <b>989</b>                      | <b>112,593</b> |
| <b>Accumulated depreciation at 1 April 2019 - brought forward</b> | <b>-</b>     | <b>-</b>                                    | <b>-</b>          | <b>-</b>                                | <b>15,815</b>                | <b>79</b>                      | <b>3,052</b>                      | <b>693</b>                      | <b>19,639</b>  |
| Transfers by absorption   | -            | -   | -                 | -                                       | -                            | -                              | -                                 | -                               | -              |
| Provided during the year  | -            | 2,566                                       | 3                 | -                                       | 1,577                        | 6                              | 774                               | 67                              | 4,993          |
| Revaluations  | -            | (2,566)                                     | (3)               | -                                       | -                            | -                              | -                                 | -                               | (2,569)        |
| Disposals / derecognition   | -            | -   | -                 | -                                       | (1,423)                      | -                              | (332)                             | -                               | (1,755)        |
| <b>Accumulated depreciation at 31 March 2020</b>                  | <b>-</b>     | <b>-</b>                                    | <b>-</b>          | <b>-</b>                                | <b>15,969</b>                | <b>85</b>                      | <b>3,494</b>                      | <b>760</b>                      | <b>20,308</b>  |
| <b>Net book value at 31 March 2020</b>                            | <b>4,660</b> | <b>71,448</b>                               | <b>85</b>         | <b>1,686</b>                            | <b>11,754</b>                | <b>36</b>                      | <b>2,387</b>                      | <b>229</b>                      | <b>92,285</b>  |
| <b>Net book value at 1 April 2019</b>                             | <b>5,160</b> | <b>73,281</b>                               | <b>85</b>         | <b>895</b>                              | <b>9,231</b>                 | <b>35</b>                      | <b>2,291</b>                      | <b>296</b>                      | <b>91,274</b>  |

**Note 16.2 Property, plant and equipment - 2018/19**

|  | Land         | Buildings<br>excluding<br>dwellings | Dwellings  | Assets<br>under<br>construction | Plant &<br>machinery | Transport<br>equipment | Information<br>technology | Furniture &<br>fittings | Total          |
|--|--------------|-------------------------------------|------------|---------------------------------|----------------------|------------------------|---------------------------|-------------------------|----------------|
|  | £000         | £000                                | £000       | £000                            | £000                 | £000                   | £000                      | £000                    | £000           |
| <b>Valuation / gross cost at 1 April 2018 - as previously stated</b>   | <b>5,170</b> | <b>68,492</b>                       | <b>142</b> | <b>952</b>                      | <b>24,651</b>        | <b>114</b>             | <b>4,824</b>              | <b>989</b>              | <b>105,334</b> |
| <b>Valuation / gross cost at 1 April 2018 - restated</b>               | <b>5,170</b> | <b>68,492</b>                       | <b>142</b> | <b>952</b>                      | <b>24,651</b>        | <b>114</b>             | <b>4,824</b>              | <b>989</b>              | <b>105,334</b> |
| Additions  | -            | 1,952                               | -          | 3,176                           | 911                  | -                      | 392                       | -                       | 6,431          |
| Impairments  | -            | -                                   | (54)       | -                               | -                    | -                      | -                         | -                       | (54)           |
| Reversals of impairments   | -            | 2,288                               | -          | -                               | -                    | -                      | -                         | -                       | 2,288          |
| Revaluations   | -            | (2,425)                             | (3)        | -                               | -                    | -                      | -                         | -                       | (2,428)        |
| Reclassifications  | -            | 2,974                               | -          | (3,233)                         | 132                  | -                      | 127                       | -                       | -              |
| Disposals / derecognition  | (10)         | -                                   | -          | -                               | (648)                | -                      | -                         | -                       | (658)          |
| <b>Valuation/gross cost at 31 March 2019</b>                           | <b>5,160</b> | <b>73,281</b>                       | <b>85</b>  | <b>895</b>                      | <b>25,046</b>        | <b>114</b>             | <b>5,343</b>              | <b>989</b>              | <b>110,913</b> |
| <b>Accumulated depreciation at 1 April 2018 - as previously stated</b> | <b>-</b>     | <b>3</b>                            | <b>-</b>   | <b>-</b>                        | <b>14,896</b>        | <b>73</b>              | <b>2,442</b>              | <b>606</b>              | <b>18,020</b>  |
| <b>Accumulated depreciation at 1 April 2018 - restated</b>             | <b>-</b>     | <b>3</b>                            | <b>-</b>   | <b>-</b>                        | <b>14,896</b>        | <b>73</b>              | <b>2,442</b>              | <b>606</b>              | <b>18,020</b>  |
| Transfers by absorption  | -            | -                                   | -          | -                               | -                    | -                      | -                         | -                       | -              |
| Provided during the year   | -            | 2,422                               | 3          | -                               | 1,552                | 6                      | 610                       | 87                      | 4,680          |
| Revaluations   | -            | (2,425)                             | (3)        | -                               | -                    | -                      | -                         | -                       | (2,428)        |
| Disposals / derecognition  | -            | -                                   | -          | -                               | (633)                | -                      | -                         | -                       | (633)          |
| <b>Accumulated depreciation at 31 March 2019</b>                       | <b>-</b>     | <b>-</b>                            | <b>-</b>   | <b>-</b>                        | <b>15,815</b>        | <b>79</b>              | <b>3,052</b>              | <b>693</b>              | <b>19,639</b>  |
| <b>Net book value at 31 March 2019</b>                                 | <b>5,160</b> | <b>73,281</b>                       | <b>85</b>  | <b>895</b>                      | <b>9,231</b>         | <b>35</b>              | <b>2,291</b>              | <b>296</b>              | <b>91,274</b>  |
| <b>Net book value at 1 April 2018</b>                                  | <b>5,170</b> | <b>68,489</b>                       | <b>142</b> | <b>952</b>                      | <b>9,755</b>         | <b>41</b>              | <b>2,382</b>              | <b>383</b>              | <b>87,314</b>  |

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

|  | Land         | Buildings<br>excluding<br>dwellings | Dwellings | Assets<br>under<br>construction | Plant &<br>machinery | Transport<br>equipment | Information<br>technology | Furniture &<br>fittings | Total         |
|--|--------------|-------------------------------------|-----------|---------------------------------|----------------------|------------------------|---------------------------|-------------------------|---------------|
|  | £000         | £000                                | £000      | £000                            | £000                 | £000                   | £000                      | £000                    | £000          |
| <b>Net book value at 31 March 2020</b> |              |                                     |           |                                 |                      |                        |                           |                         |               |
| Owned - purchased                      | 4,660        | 69,263                              | 85        | 1,686                           | 9,982                | 36                     | 2,387                     | 213                     | <b>88,312</b> |
| Finance leased                         | -            | -                                   | -         | -                               | 127                  | -                      | -                         | 10                      | <b>137</b>    |
| Owned - donated                        | -            | 2,185                               | -         | -                               | 1,645                | -                      | -                         | 6                       | <b>3,836</b>  |
| <b>NBV total at 31 March 2020</b>      | <b>4,660</b> | <b>71,448</b>                       | <b>85</b> | <b>1,686</b>                    | <b>11,754</b>        | <b>36</b>              | <b>2,387</b>              | <b>229</b>              | <b>92,285</b> |

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

|  | Land         | Buildings<br>excluding<br>dwellings | Dwellings | Assets<br>under<br>construction | Plant &<br>machinery | Transport<br>equipment | Information<br>technology | Furniture &<br>fittings | Total         |
|--|--------------|-------------------------------------|-----------|---------------------------------|----------------------|------------------------|---------------------------|-------------------------|---------------|
|  | £000         | £000                                | £000      | £000                            | £000                 | £000                   | £000                      | £000                    | £000          |
| <b>Net book value at 31 March 2019</b> |              |                                     |           |                                 |                      |                        |                           |                         |               |
| Owned - purchased                      | 5,160        | 70,984                              | 85        | 895                             | 7,454                | 35                     | 2,291                     | 268                     | <b>87,172</b> |
| Finance leased                         | -            | -                                   | -         | -                               | 253                  | -                      | -                         | 20                      | <b>273</b>    |
| Owned - donated                        | -            | 2,297                               | -         | -                               | 1,524                | -                      | -                         | 8                       | <b>3,829</b>  |
| <b>NBV total at 31 March 2019</b>      | <b>5,160</b> | <b>73,281</b>                       | <b>85</b> | <b>895</b>                      | <b>9,231</b>         | <b>35</b>              | <b>2,291</b>              | <b>296</b>              | <b>91,274</b> |



#### **Note 16.4 Donations of property, plant and equipment**

During the year ended 31 March 2020 assets were donated to the Trust as follows:  
Bedford Hospital Charity (independent external charity) assets to the value of £52,317.  
Bedford Hospital Trust Charitable Funds (NHS Charitable Trust associated with Bedford Hospital and under the control of the Bedford Hospital corporate Trustee) assets to the value of £275,937.

#### **Note 17 Revaluations of property, plant and equipment**

The Trust employed the services of Gerald Eve LLP. to undertake a Modern Equivalent Asset (MEA) valuation of the land and buildings for Bedford Hospital as at 31 March 2020. In accordance with the HM Treasury's standard approach to depreciated replacement cost valuations based on modern equivalent assets and, the option contained within that standard approach that where it would meet the location requirements of the service being provided, an alternative site can be valued the Trust has exercised the option to value an alternative site. The valuation was undertaken in accordance with International Financial Reporting Standards (IFRS) as interpreted and applied by, respectively, the NHS Manual for Accounts or the NHS Foundation Trust Annual Reporting Manual, each of which is compliant with the HM Treasury Financial Reporting Manual (FReM) guidance applicable from 1st April 2015 onwards. The valuation was also in accordance with the requirements of the Royal Institution of Chartered Surveyors RICS Valuation. The valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust. The Directors' opinion is that there are no property, plant or equipment where the value is significantly different from the value included in the financial statements

The valuation of each property was on the basis of market value, subject to the assumption that the property is sold as part of the continuing enterprise in occupation (i.e. Existing Use Value - EUV).

Where there was no market-based evidence of fair value, because of the specialised nature of the property and the item is rarely sold, fair value was estimated using a depreciated replacement approach to the assumption of continuing use.

The independent valuation resulted in an overall decrease in the values of Land, Buildings and Dwelling by a gross amount of £2,255,294 (a net increase of £82,000 and a reduction of £2,337,294). These changes were primarily attributed to an overall decrease in the Building and Land values due to changes in market conditions after the advent of the COVID-19 outbreak. 43 Ombersley Road Dwellings was valued at £85,000, an increase of £3,208.

Land is not depreciated.

**Note 18 Investments in associates and joint ventures**

The Trust has no investments in associates and does not participate in any joint ventures.

## Note 19 Inventories

|                                       | 31 March<br>2020<br>£000 | 31 March<br>2019<br>£000 |
|---------------------------------------|--------------------------|--------------------------|
| Drugs                                 | 813                      | 805                      |
| Consumables                           | 1,816                    | 1,668                    |
| Energy                                | 26                       | 32                       |
| Other                                 | 72                       | 69                       |
| <b>Total inventories</b>              | <b>2,727</b>             | <b>2,574</b>             |
| <b>of which:</b>                      |                          |                          |
| Held at fair value less costs to sell | -                        | -                        |

Inventories recognised in expenses for the year were £18,168k (2018/19: £17,169k). Write-down of inventories recognised as expenses for the year were £33k (2018/19: £83k).

It should be noted that due to COVID-19 pressure it was not possible to perform stocktakes as at 31 March 2020 for all stock areas. Given that this is not material to the accounts, where it has not been possible to complete a stock take the previous year's value has been used as a proxy in that area to the value held at 31 March 2020.

**Note 20.1 Trade receivables and other receivables**

|  | <b>31 March<br/>2020<br/>£000</b> | <b>31 March<br/>2019<br/>£000</b> |
|--|-----------------------------------|-----------------------------------|
| <b>Current</b>   |                                   |                                   |
| Contract receivables                                       | 25,773                            | 21,036                            |
| Capital receivables  | -                                 | 277                               |
| Allowance for impaired contract receivables / assets       | (772)                             | (671)                             |
| Prepayments (non-PFI)                                      | 2,163                             | 2,110                             |
| PDC dividend receivable                                    | 59                                | 4                                 |
| VAT receivable   | 437                               | 199                               |
| Other receivables  | 122                               | 143                               |
| <b>Total current receivables</b>                           | <b>27,782</b>                     | <b>23,098</b>                     |
| Contract assets  | 954                               | 895                               |
| <b>Total non-current receivables</b>                       | <b>954</b>                        | <b>895</b>                        |
| <b>Of which receivable from NHS and DHSC group bodies:</b> |                                   |                                   |
| Current  | 20,814                            | 17,302                            |
| Non-current  | -                                 | -                                 |

\*Following the application of IFRS 15 from 1 April 2018, the Trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income. IFRS 15 is applied without restatement therefore the comparative analysis of receivables has not been restated under IFRS 15.

**Note 20.2 Allowances for credit losses**

|   | 2019/20   |                          | 2018/19   |                          |
|---|---|--------------------------|---|--------------------------|
|   | Contract<br>receivables<br>and contract<br>assets | All other<br>receivables | Contract<br>receivables<br>and contract<br>assets | All other<br>receivables |
|   | £000  | £000                     | £000  | £000                     |
| <b>Allowances as at 1 April - brought forward</b>           | <b>671</b>  | <b>-</b>                 | <b>-</b>  | <b>759</b>               |
| Prior period adjustments                                    |   |                          | -   | -                        |
| <b>Allowances as at 1 April - restated</b>                  | <b>671</b>  | <b>-</b>                 | <b>-</b>  | <b>759</b>               |
| Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018 |   |                          | 726   | (759)                    |
| New allowances arising                                      | 300   | -                        | 64  | -                        |
| Utilisation of allowances (write offs)                      | (199)   | -                        | (119)   | -                        |
| <b>Allowances as at 31 Mar 2020</b>                         | <b>772</b>  | <b>-</b>                 | <b>671</b>  | <b>-</b>                 |

Contractual cash flows have been modified without derecognition of the receivable / financial asset (IFRS 7, para 35J)

Collateral of other credit enhancements have been pledged to the provider or the provider has taken possession of such collateral (IFRS 7, para 35K and 38)

Amounts written off in the year are still subject to enforcement activity (IFRS 7, para 35L)]

### Note 21.1 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.

|  | 2019/20 | 2018/19 |
|--|---------|---------|
|  | £000    | £000    |
| At 1 April                                 | 2,327   | 2,405   |
| At 1 April (restated)                      | 2,327   | 2,405   |
| Net change in year                         | 3,668   | (78)    |
| At 31 March                                | 5,995   | 2,327   |
| Broken down into:                          |         |         |
| Cash at commercial banks and in hand       | 5       | 5       |
| Cash with the Government Banking Service   | 5,990   | 2,322   |
| Total cash and cash equivalents as in SoFP | 5,995   | 2,327   |
| Total cash and cash equivalents as in SoCF | 5,995   | 2,327   |

### Note 21.2 Third party assets held by the Trust

Bedford Hospital 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.

|                          | 31 March<br>2020 | 31 March<br>2019 |
|--------------------------|------------------|------------------|
|                          | £000             | £000             |
| Bank balances            | -                | 1                |
| Total third party assets | -                | 1                |

**Note 22.1 Trade and other payables**

|  | <b>31 March<br/>2020<br/>£000</b> | <b>31 March<br/>2019<br/>£000</b> |
|--|-----------------------------------|-----------------------------------|
| <b>Current</b>   |                                   |                                   |
| Trade payables   | 6,532                             | 4,945                             |
| Capital payables   | 1,853                             | 977                               |
| Accruals   | 6,583                             | 5,039                             |
| Social security costs                                    | 105                               | 36                                |
| Other taxes payable                                      | 175                               | 42                                |
| Other payables   | 358                               | 290                               |
| <b>Total current trade and other payables</b>            | <b>15,606</b>                     | <b>11,329</b>                     |
| <b>Of which payables from NHS and DHSC group bodies:</b> |                                   |                                   |
| Current  | 5,163                             | 4,726                             |
| Non-current  | -                                 | -                                 |

\*Following adoption of IFRS 9 on 1 April 2018, loans are measured at amortised cost. Any accrued interest is now included in the carrying value of the loan within note . IFRS 9 is applied without restatement therefore comparatives have not been restated.

**Note 23 Other liabilities**

|  | <b>31 March<br/>2020<br/>£000</b> | <b>31 March<br/>2019<br/>£000</b> |
|--|-----------------------------------|-----------------------------------|
| <b>Current</b>                             |                                   |                                   |
| Deferred income: contract liabilities      | 117                               | 30                                |
| <b>Total other current liabilities</b>     | <b>117</b>                        | <b>30</b>                         |
| <b>Non-current</b>                         |                                   |                                   |
| Deferred income: contract liabilities      | 641                               | 782                               |
| <b>Total other non-current liabilities</b> | <b>641</b>                        | <b>782</b>                        |

**Note 24.1 Borrowings**

|                                     | <b>31 March<br/>2020<br/>£000</b> | <b>31 March<br/>2019<br/>£000</b> |
|-------------------------------------|-----------------------------------|-----------------------------------|
| <b>Current</b>                      |                                   |                                   |
| Loans from DHSC                     | 71,163                            | 38,635                            |
| Obligations under finance leases    | 385                               | 372                               |
| <b>Total current borrowings</b>     | <b>71,548</b>                     | <b>39,007</b>                     |
| <b>Non-current</b>                  |                                   |                                   |
| Loans from DHSC                     | -                                 | 28,048                            |
| Obligations under finance leases    | 4,765                             | 5,151                             |
| <b>Total non-current borrowings</b> | <b>4,765</b>                      | <b>33,199</b>                     |



**Note 24.2 Reconciliation of liabilities arising from financing activities - 2019/20**

|   | Loans<br>from<br>DHSC<br>£000 | Finance<br>leases<br>£000 | Total<br>£000  |
|---|-------------------------------|---------------------------|----------------|
| <b>Carrying value at 1 April 2019</b>                     | <b>66,683</b>                 | <b>5,523</b>              | <b>72,206</b>  |
| <b>Cash movements:</b>                                    |                               |                           |                |
| Financing cash flows - payments and receipts of principal | 4,458                         | (373)                     | <b>4,085</b>   |
| Financing cash flows - payments of interest               | (1,035)                       | (534)                     | <b>(1,569)</b> |
| <b>Non-cash movements:</b>                                |                               |                           |                |
| Application of effective interest rate                    | 1,057                         | 534                       | <b>1,591</b>   |
| <b>Carrying value at 31 March 2020</b>                    | <b>71,163</b>                 | <b>5,150</b>              | <b>76,313</b>  |

**Note 24.3 Reconciliation of liabilities arising from financing activities - 2018/19**

|   | Loans<br>from<br>DHSC<br>£000 | Finance<br>leases<br>£000 | Total<br>£000 |
|---|-------------------------------|---------------------------|---------------|
| <b>Carrying value at 1 April 2018</b>                     | <b>48,772</b>                 | <b>5,907</b>              | <b>54,679</b> |
| Prior period adjustment                                   | -                             | -                         | -             |
| <b>Carrying value at 1 April 2018 - restated</b>          | <b>48,772</b>                 | <b>5,907</b>              | <b>54,679</b> |
| <b>Cash movements:</b>                                    |                               |                           |               |
| Financing cash flows - payments and receipts of principal | 17,680                        | (359)                     | <b>17,321</b> |
| Financing cash flows - payments of interest               | (807)                         | -                         | <b>(807)</b>  |
| <b>Non-cash movements:</b>                                |                               |                           |               |
| Impact of implementing IFRS 9 on 1 April 2018             | 159                           | -                         | <b>159</b>    |
| Application of effective interest rate                    | 880                           | -                         | <b>880</b>    |
| Other changes   | (1)                           | (25)                      |               |
| <b>Carrying value at 31 March 2019</b>                    | <b>66,683</b>                 | <b>5,523</b>              | <b>72,232</b> |

## Note 25 Finance leases

### Note 25.1 Bedford Hospital NHS Trust as a lessee

Obligations under finance leases where the Trust is the lessee.

|  | 31 March<br>2020<br>£000 | 31 March<br>2019<br>£000 |
|--|--------------------------|--------------------------|
| <b>Gross lease liabilities</b>   | <b>13,060</b>            | <b>14,020</b>            |
| of which liabilities are due:  |                          |                          |
| - not later than one year;   | 977                      | 959                      |
| - later than one year and not later than five years;                           | 3,350                    | 3,472                    |
| - later than five years.   | 8,733                    | 9,589                    |
| Finance charges allocated to future periods                                    | (7,910)                  | (8,497)                  |
| <b>Net lease liabilities</b>   | <b>5,150</b>             | <b>5,523</b>             |
| of which payable:  |                          |                          |
| - not later than one year;   | 385                      | 372                      |
| - later than one year and not later than five years;                           | 1,132                    | 1,219                    |
| - later than five years.   | 3,633                    | 3,932                    |
| Total of future minimum sublease payments to be received at the reporting date | -                        | -                        |
| Contingent rent recognised as expense in the period                            | -                        | -                        |

## Note 26.1 Provisions for liabilities and charges analysis

|  | Pensions:<br>early<br>departure |              |           |              |
|--|---------------------------------|--------------|-----------|--------------|
|  | costs                           | Legal claims | Other     | Total        |
|  | £000                            | £000         | £000      | £000         |
| <b>At 1 April 2019</b>                               | <b>933</b>                      | <b>14</b>    | <b>-</b>  | <b>947</b>   |
| Change in the discount rate                          | 67                              | -            | -         | 67           |
| Arising during the year                              | 106                             | -            | 62        | 168          |
| Utilised during the year                             | (108)                           | -            | -         | (108)        |
| Reversed unused                                      | (6)                             | (14)         | -         | (20)         |
| Unwinding of discount                                | 12                              | -            | -         | 12           |
| <b>At 31 March 2020</b>                              | <b>1,004</b>                    | <b>-</b>     | <b>62</b> | <b>1,066</b> |
| <b>Expected timing of cash flows:</b>                |                                 |              |           |              |
| - not later than one year;                           | 110                             | -            | 62        | 172          |
| - later than one year and not later than five years; | 475                             | -            | -         | 475          |
| - later than five years.                             | 419                             | -            | -         | 419          |
| <b>Total</b>   | <b>1,004</b>                    | <b>-</b>     | <b>62</b> | <b>1,066</b> |

\* Other: This is the provision made for the Clinicians' Pension Tax Scheme.

## Note 26.2 Clinical negligence liabilities

At 31 March 2020, £134,745k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Bedford Hospital NHS Trust (31 March 2019: £119,342k).

## Note 27 Contingent assets and liabilities

|  | 31 March<br>2020<br>£000 | 31 March<br>2019<br>£000 |
|--|--------------------------|--------------------------|
| <b>Value of contingent liabilities</b>       |                          |                          |
| NHS Resolution legal claims                  | -                        | (13)                     |
| Other  | -                        | (125)                    |
| <b>Gross value of contingent liabilities</b> | <b>-</b>                 | <b>(138)</b>             |
| Amounts recoverable against liabilities      | -                        | -                        |
| <b>Net value of contingent liabilities</b>   | <b>-</b>                 | <b>(138)</b>             |
| <b>Net value of contingent assets</b>        | <b>-</b>                 | <b>-</b>                 |

## Note 28 Contractual capital commitments

|                               | 31 March<br>2020<br>£000 | 31 March<br>2019<br>£000 |
|-------------------------------|--------------------------|--------------------------|
| Property, plant and equipment | 1,311                    | 657                      |
| Intangible assets             | 55                       | 18                       |
| <b>Total</b>                  | <b>1,366</b>             | <b>675</b>               |

## **Note 29 Financial instruments**

### **Note 29.1 Financial risk management**

Because of the continuing service provider relationship that the NHS Trust has with clinical commissioning groups and the way those commissioners are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS 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 risk facing the NHS 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.

#### **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 Improvement. 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.

The Trust may also borrow from government for revenue financing subject to approval by NHS by the Department of Health and Social Care (DH), the lender at the point that borrowing is undertaken.

The Trust therefore has low exposure to interest rate fluctuations.

#### **Credit risk**

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

#### **Liquidity risk**

The Trust's operating costs are incurred under contracts with primary care [organisation]s, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

**Note 29.2 Carrying values of financial assets**

| <b>Carrying values of financial assets as at 31 March 2020</b> | <b>Held at<br/>amortised<br/>cost<br/>£000</b> | <b>Held at<br/>fair value<br/>through I&amp;E<br/>£000</b> | <b>Held at<br/>fair value<br/>through OCI<br/>£000</b> | <b>Total<br/>book value<br/>£000</b> |
|--|--|--|--|--------------------------------------|
| Trade and other receivables excluding non financial assets     | 25,182   | -  | -  | 25,182                               |
| Cash and cash equivalents                                      | 5,995  | -  | -  | 5,995                                |
| <b>Total at 31 March 2020</b>                                  | <b>31,177</b>                                  | <b>-</b>   | <b>-</b>   | <b>31,177</b>                        |

  

| <b>Carrying values of financial assets as at 31 March 2019</b> | <b>Held at<br/>amortised<br/>cost<br/>£000</b> | <b>Held at<br/>fair value<br/>through I&amp;E<br/>£000</b> | <b>Held at<br/>fair value<br/>through OCI<br/>£000</b> | <b>Total<br/>book value<br/>£000</b> |
|--|--|--|--|--------------------------------------|
| Trade and other receivables excluding non financial assets     | 20,789   | -  | -  | 20,789                               |
| Cash and cash equivalents                                      | 2,327  | -  | -  | 2,327                                |
| <b>Total at 31 March 2019</b>                                  | <b>23,116</b>                                  | <b>-</b>   | <b>-</b>   | <b>23,116</b>                        |

**Note 29.3 Carrying values of financial liabilities**

| <b>Carrying values of financial liabilities as at 31 March 2020</b> | <b>Held at<br/>amortised<br/>cost<br/>£000</b> | <b>Held at<br/>fair value<br/>through I&amp;E<br/>£000</b> | <b>Total<br/>book value<br/>£000</b> |
|---|--|--|--------------------------------------|
| Loans from the Department of Health and Social Care                 | 71,163   | -  | 71,163                               |
| Obligations under finance leases                                    | 5,150  | -  | 5,150                                |
| Trade and other payables excluding non financial liabilities        | 13,473   | -  | 13,473                               |
| <b>Total at 31 March 2020</b>                                       | <b>89,786</b>                                  | <b>-</b>   | <b>89,786</b>                        |

  

| <b>Carrying values of financial liabilities as at 31 March 2019</b> | <b>Held at<br/>amortised<br/>cost<br/>£000</b> | <b>Held at<br/>fair value<br/>through I&amp;E<br/>£000</b> | <b>Total<br/>book value<br/>£000</b> |
|---|--|--|--------------------------------------|
| Loans from the Department of Health and Social Care                 | 66,683   | -  | 66,683                               |
| Obligations under finance leases                                    | 5,523  | -  | 5,523                                |
| Trade and other payables excluding non financial liabilities        | 10,961   | -  | 10,961                               |
| <b>Total at 31 March 2019</b>                                       | <b>83,167</b>                                  | <b>-</b>   | <b>83,167</b>                        |

**Note 29.4 Maturity of financial liabilities**

|   | <b>31 March<br/>2020<br/>£000</b> | <b>31 March<br/>2019<br/>£000</b> |
|---|-----------------------------------|-----------------------------------|
| In one year or less                                 | 84,772                            | 49,969                            |
| In more than one year but not more than two years   | 286                               | 28,470                            |
| In more than two years but not more than five years | 797                               | 797                               |
| In more than five years                             | 3,931                             | 3,931                             |
| <b>Total</b>  | <b>89,786</b>                     | <b>83,167</b>                     |

# **Note 30 Losses and special payments**

|   | 2019/20                               |                                 | 2018/19                               |                                 |
|---|---------------------------------------|---------------------------------|---------------------------------------|---------------------------------|
|   | Total<br>number of<br>cases<br>Number | Total value<br>of cases<br>£000 | Total<br>number of<br>cases<br>Number | Total value<br>of cases<br>£000 |
| <b>Losses</b>   |                                       |                                 |                                       |                                 |
| Cash losses   | 2                                     | -                               | 3                                     | 1                               |
| Fruitless payments  | -                                     | -                               | -                                     | -                               |
| Bad debts and claims abandoned                                      | 63                                    | 154                             | 47                                    | 66                              |
| Stores losses and damage to property                                | 10                                    | 57                              | 10                                    | 59                              |
| <b>Total losses</b>   | <b>75</b>                             | <b>211</b>                      | <b>60</b>                             | <b>126</b>                      |
| <b>Special payments</b>   |                                       |                                 |                                       |                                 |
| Compensation under court order or legally binding arbitration award | -                                     | -                               | -                                     | -                               |
| Extra-contractual payments  | -                                     | -                               | -                                     | -                               |
| Ex-gratia payments  | 8                                     | 1                               | 6                                     | 1                               |
| Special severance payments  | -                                     | -                               | -                                     | -                               |
| Extra-statutory and extra-regulatory payments                       | -                                     | -                               | -                                     | -                               |
| <b>Total special payments</b>                                       | <b>8</b>                              | <b>1</b>                        | <b>6</b>                              | <b>1</b>                        |
| <b>Total losses and special payments</b>                            | <b>83</b>                             | <b>212</b>                      | <b>66</b>                             | <b>127</b>                      |
| Compensation payments received                                      | -                                     | -                               | -                                     | -                               |



## Note 31 Related parties

The Department of Health and Social Care is the parent department to Bedford Hospital NHS Trust.,

The table below shows all the related party organisations with which the Trust has had material transactions in the year to 31 March 2020 i.e. Transactions over £250,000 in any of the four categories analysed below:

|   | Revenue<br>£000s | Expenditure<br>£000s | Receivables<br>from Related<br>Party<br>£000s | Payables to<br>Related Party<br>£000s |
|---|------------------|----------------------|---|---------------------------------------|
| <b>CCG</b>  |                  |                      |   |                                       |
| NHS Bedfordshire CCG                                  | 167,667          | 47                   | 7,628   | 323                                   |
| NHS Milton Keynes CCG                                 | 2,816            | 88                   | 5   | 0                                     |
| NHS Cambridgeshire and Peterborough CCG               | 1,331            | 0                    | 70  | 0                                     |
| NHS Luton CCG   | 1,128            | 76                   | -119  | 48                                    |
| NHS Nene CCG  | 1,729            | 0                    | 87  | 0                                     |
| NHS East and North Hertfordshire CCG                  | 458              | 0                    | 53  | 0                                     |
| <b>Trusts</b>   |                  |                      |   |                                       |
| East And North Hertfordshire NHS Trust                | 17               | 154                  | 245   | 434                                   |
| Moorfields Eye Hospital NHS Foundation Trust          | 4,504            | 9,037                | 835   | 2,116                                 |
| Luton and Dunstable University Hospital NHS           | 1,026            | 1,823                | 910   | 1,232                                 |
| East London NHS Foundation Trust                      | 988              | 45                   | 413   | 210                                   |
| Cambridge University Hospitals NHS FT                 | 235              | 639                  | 93  | 242                                   |
| Norfolk and Norwich University Hospitals NHS FT       | 293              | 6                    | 8   | 0                                     |
| <b>Other NHS Bodies</b>                               |                  |                      |   |                                       |
| NHS Resolution (formerly NHS Litigation Authority)    | 0                | 8,056                | 0   | 0                                     |
| NHS Blood and Transplant                              | 0                | 945                  | 0   | 36                                    |
| Health Education England                              | 6,601            | 33                   | 444   | 33                                    |
| Department of Health and Social Care (incl. core NHS) |                  |                      |   |                                       |
| <b>NHSE</b>   |                  |                      |   |                                       |
| NHS England - East of England Specialised Comm        | 16,589           | 5                    | 5,283   | 0                                     |
| NHS England - East Midlands Specialised Comm          | 1,065            | 0                    | 306   | 0                                     |
| NHS England - Core                                    | 11,864           | 0                    | 3,717   | 0                                     |
| NHS England - East Local Office                       | 8,401            | 0                    | 249   | 0                                     |
| <b>Government Depts</b>                               |                  |                      |   |                                       |
| NHS Pension Scheme                                    | 0                | 18,081               | 0   | 0                                     |
| HM Revenue & Customs                                  | 0                | 11,835               | 0   | 280                                   |
| HM Revenue & Customs - VAT                            | 0                | 0                    | 437   | 0                                     |
| <b>Charitable Funds</b>                               |                  |                      |   |                                       |
| Bedford Hospital Trust Charitable Funds               | 500              | 500                  | 0   | 0                                     |

## Prior year Comparators

The table below shows all the related party organisations with which the Trust has had material transactions in the year to 31 March 2019 i.e. Transactions over £250,000 in any of the four categories analysed below:

|   | Revenue<br>£000s | Expenditure<br>£000s | from Related<br>£000s | Related Party<br>£000s |
|---|------------------|----------------------|-----------------------|------------------------|
| <b>CCG</b>  |                  |                      |                       |                        |
| NHS Bedfordshire CCG                                  | 151,959          | 17                   | 6,923                 | 16                     |
| NHS Milton Keynes CCG                                 | 2,854            | 0                    | 106                   | 0                      |
| NHS Cambridgeshire and Peterborough CCG               | 1,651            | 113                  | 728                   | 113                    |
| NHS Luton CCG   | 1,309            | 267                  | 193                   | 0                      |
| NHS Nene CCG  | 1,598            | 0                    | 59                    | 0                      |
| NHS East and North Hertfordshire CCG                  | 408              | 0                    | 74                    | 0                      |
| NHS Herts Valleys CCG                                 | 308              | 0                    | 129                   | 0                      |
| <b>Trusts</b>   |                  |                      |                       |                        |
| Cambridgeshire Community Services NHS Trust           | 1,266            | 177                  | 198                   | 48                     |
| East And North Hertfordshire NHS Trust                | 30               | 92                   | 255                   | 252                    |
| Moorfields Eye Hospital NHS Foundation Trust          | 4,719            | 9,410                | 830                   | 2,318                  |
| Luton and Dunstable University Hospital NHS           | 728              | 1,764                | 604                   | 1,061                  |
| East London NHS Foundation Trust                      | 1,070            | 245                  | 500                   | 200                    |
| Cambridge University Hospitals NHS FT                 | 321              | 354                  | 245                   | 143                    |
| Milton Keynes University Hospital NHS FT              | 178              | 368                  | 97                    | 145                    |
| Norfolk and Norwich University Hospitals NHS FT       | 305              | 1                    | 25                    | 1                      |
| <b>Other NHS Bodies</b>                               |                  |                      |                       |                        |
| NHS Resolution (formerly NHS Litigation Authority)    | 0                | 9,290                | 0                     | 11                     |
| NHS Business Services Authority                       | 0                | 371                  | 0                     | 27                     |
| NHS Blood and Transplant                              | 0                | 882                  | 0                     | 2                      |
| Health Education England                              | 7,106            | 3                    | 255                   | 0                      |
| Department of Health and Social Care (incl. core NHS) | 2,048            | 3,554                | 0                     | 150                    |
| <b>NHSE</b>   |                  |                      |                       |                        |
| NHS England - East of England Specialised Comm        | 12,810           | 0                    | 781                   | 0                      |
| NHS England - East Midlands Specialised Comm          | 416              | 0                    | 45                    | 0                      |
| NHS England - Core                                    | 2,938            | 0                    | 2,938                 | 0                      |
| NHS England - Central Midlands Local Office           | 7,781            | 0                    | 441                   | 0                      |
| NHS England - East Local Office                       | 729              | 0                    | 939                   | 0                      |
| <b>Government Depts</b>                               |                  |                      |                       |                        |
| NHS Pension Scheme                                    | 0                | 12,575               | 0                     | 36                     |
| HM Revenue & Customs                                  | 0                | 10,529               | 0                     | 78                     |
| <b>Charitable Funds</b>                               |                  |                      |                       |                        |
| Bedford Hospital Trust Charitable Funds               | 1,155            | 1,155                | 79                    | 0                      |

**Note 32 Events after the reporting date**

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21, existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for provider. Outstanding interim loans totalling £71,163,000 as at 31 March 2020 in these financial statements have been classified as current they will be repayable within 12 months.

**Note 33 Final period of operation as a trust providing NHS healthcare**

March 2020 and the newly merged organisation, known as Bedfordshire Hospitals NHS Foundation Trust, formed from 1 April 2020.

**Note 34 Better Payment Practice code**

|   | 2019/20 | 2019/20 | 2018/19 | 2018/19 |
|---|---------|---------|---------|---------|
|   | Number  | £000    | Number  | £000    |
| <b>Non-NHS Payables</b>                                 |         |         |         |         |
| Total non-NHS trade invoices paid in the year           | 60,944  | 130,763 | 55,685  | 118,294 |
| Total non-NHS trade invoices paid within target         | 52,296  | 122,990 | 47,592  | 111,150 |
| Percentage of non-NHS trade invoices paid within target | 85.8%   | 94.1%   | 85.5%   | 94.0%   |
| <b>NHS Payables</b>                                     |         |         |         |         |
| Total NHS trade invoices paid in the year               | 1,434   | 33,383  | 1,314   | 30,203  |
| Total NHS trade invoices paid within target             | 954     | 29,836  | 874     | 26,900  |
| Percentage of NHS trade invoices paid within target     | 66.5%   | 89.4%   | 66.5%   | 89.1%   |

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

**Note 35 External financing limit**

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

|   | 2019/20      | 2018/19       |
|---|--------------|---------------|
|   | £000         | £000          |
| Cash flow financing                     | 4,682        | 21,335        |
| Other capital receipts                  | -            | -             |
| <b>External financing requirement</b>   | <b>4,682</b> | <b>21,335</b> |
| External financing limit (EFL)          | 9,492        | 22,662        |
| <b>Under / (over) spend against EFL</b> | <b>4,810</b> | <b>1,327</b>  |

**Note 36 Capital Resource Limit**

|  | 2019/20       | 2018/19      |
|--|---------------|--------------|
|  | £000          | £000         |
| Gross capital expenditure                          | 10,399        | 7,779        |
| Less: Disposals                                    | (16)          | (25)         |
| Less: Donated and granted capital additions        | (328)         | (260)        |
| Plus: Loss on disposal from capital grants in kind | -             | -            |
| <b>Charge against Capital Resource Limit</b>       | <b>10,055</b> | <b>7,494</b> |
| Capital Resource Limit                             | 10,073        | 8,511        |
| <b>Under / (over) spend against CRL</b>            | <b>18</b>     | <b>1,017</b> |

**Note 37 Breakeven duty financial performance**

|  | 2019/20    |
|--|------------|
|  | £000       |
| Adjusted financial performance surplus / (deficit) (control total basis) | 14         |
| Add back income for impact of 2018/19 post-accounts PSF reallocation     | 310        |
| <b>Breakeven duty financial performance surplus / (deficit)</b>          | <b>324</b> |

# Note 38 Breakeven duty rolling assessment

|  | 1997/98 to<br>2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|--|-----------------------|---------|---------|---------|---------|---------|
|  | £000                  | £000    | £000    | £000    | £000    | £000    |
| Breakeven duty in-year financial performance                             |                       | 612     | 274     | 197     | 1,224   | (8,703) |
| Breakeven duty cumulative position                                       | 7,865                 | 8,477   | 8,751   | 8,948   | 10,172  | 1,469   |
| Operating income   |                       | 134,959 | 143,694 | 212,893 | 223,009 | 158,810 |
| <b>Cumulative breakeven position as a percentage of operating income</b> |                       | 6.3%    | 6.1%    | 4.2%    | 4.6%    | 0.9%    |

  

|  | 2014/15  | 2015/16  | 2016/17  | 2017/18  | 2018/19  | 2019/20  |
|--|----------|----------|----------|----------|----------|----------|
|  | £000     | £000     | £000     | £000     | £000     | £000     |
| Breakeven duty in-year financial performance                             | (19,754) | (17,940) | (8,300)  | (6,442)  | (14,151) | 324      |
| Breakeven duty cumulative position                                       | (18,285) | (36,225) | (44,525) | (50,967) | (65,118) | (64,794) |
| Operating income   | 164,094  | 174,407  | 192,502  | 205,028  | 210,489  | 243,750  |
| <b>Cumulative breakeven position as a percentage of operating income</b> | (11.1%)  | (20.8%)  | (23.1%)  | (24.9%)  | (30.9%)  | (26.6%)  |