

# 2023/24 Annual Accounts

Richard Mills  
Chief Financial Officer



### Content

- Annual accounts prepared in accordance with required guidance on a going concern basis.
- Four main statements (pages 140 to 145) & supporting notes (pages 146 onwards).
- Outturn against the plan was £13.97m deficit for the year.
- Accounting standard IFRS 16 (leases) in respect of the Private Finance Initiative implemented as of 1 April 2023. No other changes to existing Accounting Policies. (note 1.9 details).

### Process

- Annual Accounts and Annual Report produced, submitted & published as per required timelines.
- Audit Committee review of **draft** on 18 April, prior to KPMG Audit review.
- Final accounts presented to Audit Committee on 13 June, prior to Board sign off.
- Board of Directors adoption on 13 June followed by KPMG 'Unmodified' Audit Opinion & signed accounts 26 June.

## Four Main Statements



Sherwood Forest Hospitals  
NHS Foundation Trust

### Statement of Comprehensive Income

(Page 140)

- Also known as the Income & Expenditure Statement or the Profit & Loss.
- The Trust is reporting a retained deficit of £56.28m.
- This includes a £1.02m increase in the value of assets (reversal of impairment) and donations and £41.30m relating to the impact of IFRS 16 (leases).
- Excluding these, the underlying operating position is £13.97m deficit.

### Statement of Financial Position

(Page 141)

- Also known as the Balance Sheet.
- Increase in value of property, plant & equipment to £335.70m due to asset revaluation and additions less depreciation.
- Borrowing is in relation to the PFI and lease liabilities plus PFI indexation. Annual repayment of £19.95m, in year leaving total borrowing at £423.41m. This includes a movement of £217.81m, due to the implementation of IFRS16 leases in respect of the PFI.
- Income & Expenditure Reserve value (£601.79m) provides the accumulated annual deficits of the Trust.

### Statement of Changes in Equity

(Pages 142)

- Records how the assets of the Trust are financed by the Treasury and how these have changed over the accounting year. Includes the receipt of £33.68m of PDC. (£11.00m Revenue PDC and £22.68m Capital PDC).
- Details balances in the SOFP.

### Statement of Cash Flows

(Page 145)

- Records how cash holding has moved from £23.54m at 31 March 2023 to £4.74m at 31 March 2024, as disclosed in the SOFP.
- Primarily due to the capital expenditure, PFI payments and reduced PDC funding.

## Summary Findings

- Unqualified Opinion, i.e. assessment that the accounts give a true and fair view of the financial performance and position of the Trust.
- No material weaknesses have been identified with regard to value for money.
- One potential significant risk was identified relating to financial sustainability; as a result of large underlying deficits– a national issue affecting many Trusts
  - *KPMG carried out a review; ‘based on the findings we have **not identified any significant weaknesses** in the Trust’s arrangements in relation to financial sustainability’*
- No significant inconsistencies were identified between the content of the annual report and the auditor knowledge of the Trust.
- There were two unadjusted difference £1.13m, noted in the audit report relating to categorisation, not the reported outturn financial position.
- A materiality threshold of £12.5m was in place for the 2023/24 audit.

## Recommendations

- An appropriate officer should be appointed to oversee the asset verification exercise and ensure that the control is performed recurrently each month.
- An exercise to confirm and amend asset categories should be performed to ensure that RAM is correctly reporting the asset classifications and depreciation calculated for the period.
- We recommend that the Trust introduce an additional verification step as part of their review of the sales ledger to verify that all transactions have been appropriately posted to the correct account code and that no amounts have been netted off.