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KPMG LLP  
66 Queen Square  
Bristol  
BS1 4BE

XX June 2024

Dear Jon,

This representation letter is provided in connection with your audit of the Group and Trust financial statements of University Hospitals of Leicester NHS Trust (“the Trust”), for the year ended 31 March 2024, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the state of the Group’s and Trust’s affairs as at 31 March 2024 and of the Group’s and Trust’s income and expenditure for the financial year then ended; and
- ii. whether the Group’s and Trust’s financial statements have been properly prepared in accordance with the accounting policies directed by the Secretary of State for Health and Social Care with the consent of HM Treasury on 23 June 2022 as being relevant to NHS Trusts in England and included in the Department of Health and Social Care Group Accounting Manual (‘GAM’) 2023/24; and
- iii. whether the Group’s and Trust’s financial statements have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

These financial statements comprise the Group and Trust Statement of Financial Position, the consolidated Statement of Comprehensive Income, the consolidated Statement of Cash Flows, the Group and Trust Statement of Changes in Equity, and the related notes.

The Board confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Board confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself.

### **Financial statements**

1. The Board has fulfilled its responsibilities, as set out in the terms of the audit engagement dated 21 October 2022, for the preparation of financial statements that:
  - i. give a true and fair view of the state of the Group’s and Trust’s affairs as at 31 March 2023 and of the Group’s and Trust’s income and expenditure for the financial year then ended; and
  - ii. have been prepared in accordance with the accounting policies directed by Secretary of State for Health and Social Care with the consent of HM Treasury as being relevant to NHS Trusts in England and included in the Department of Health and Social Care Group Accounting Manual (‘GAM’) 2023/24; and
  - iii. have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
3. All events subsequent to the date of the financial statements and for which IAS 10 *Events after the reporting period* requires adjustment or disclosure have been adjusted or disclosed.
4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter.

### **Information provided**

5. The Board has provided you with:
  - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from the Board for the purpose of the audit; and
  - unrestricted access to persons within the Group and Trust from whom you determined it necessary to obtain audit evidence. [ISA (UK) 210 6b(iii)]
6. All transactions have been recorded in the accounting records and are reflected in the financial statements. [ISA (UK) 580.11b]
7. The Board confirms the following: [ISA 210 (UK) 6b(ii); ISA (UK) 240.39a]

The Board has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud. [ISA (UK) 240.39b]

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

8. The Board has disclosed to you all information in relation to:
  - a) Fraud or suspected fraud that it is aware of and that affects the Group's and Trust and involves:
    - Management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial statements; and [ISA (UK) 240.39c]
  - b) allegations of fraud, or suspected fraud, affecting the Group's and Trust's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Board acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Board acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe we have appropriately fulfilled those responsibilities.

9. The Board has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
10. The Board has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
11. The Board has disclosed to you the identity of the Group and Trust's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 Related Party Disclosures.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in IAS 24.

12. The Board confirms that all Intra-NHS balances included in the Statement of Financial Position (SOPF) as at 31 March 2024 in excess of £300,000 have been disclosed to you and that the Trust has complied with the requirements of the Intra-NHS Agreement of Balances Exercise. The Board confirms that Intra-NHS balances includes all balances with NHS counterparties, regardless of whether these balances are reported within those SOPF classifications formally deemed to be included within the Agreement of Balances exercise.
13. The Board confirms that:
  - a) The financial statements disclose all of the matters that are relevant to the Group's and Trust's ability to continue as a going concern, including the key risk factors, assumptions made and uncertainties surrounding the Group's and Trust's ability to continue as a going concern as required to provide a true and fair view and to comply with the GAM 2023/24.
  - b) No material uncertainties related to events or conditions exist that may cast significant doubt on the ability of the Group's and Trust to continue as a going concern.
  - c) The Board confirms that the attached schedule contains its plans for future action relevant to the Group's and Trust's ability to continue as a going concern, and its assessment of the feasibility of these plans.
14. The Trust is required to consolidate any NHS charitable funds which are determined to be subsidiaries of the Trust. The decision on whether to consolidate is dependent upon the financial materiality and governance arrangements of the charitable funds. The Board confirms that, having considered these factors, it is satisfied that the charitable funds should be consolidated.

This letter was tabled and agreed at the meeting of the Board of Directors on *[date]*.

Yours faithfully,

[Chairman]

## **Appendix to the Representation Letter of University Hospital Leicester NHS Trust** **Definitions**

The GAM follows UK-adopted international accounting standards, providing technical guidance to Department for Health and Social Care Bodies including NHS Trusts. As such all references to international accounting standards below apply subject to interpretation provided by the GAM.

### **Financial Statements**

GAM paragraph 5.4 states that “DHSC group bodies must include the following primary statements:

- a statement of financial position as at the end of the period;
- a statement of comprehensive income for the period;
- a statement of changes in taxpayers’ equity for the period;
- a statement of cash flows for the period;

An entity has discretion over the presentation of the notes to the accounts. In applying discretion, the entity must be mindful of materiality, and of where the GAM sets out specific disclosure requirements that must be followed.

Entities may merge or exclude headings specified in this manual where they are irrelevant or immaterial

### **Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and

- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity's general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.

Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.”

### **Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

### **Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

### **Management**

For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”.

### **Related Party and Related Party Transaction**

**Related party:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”).

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
  - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. Both entities are joint ventures of the same third party.
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - vi. The entity is controlled, or jointly controlled by a person identified in (a).
  - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

- a) a government that has control or joint control of, or significant influence over the reporting entity; and
- b) another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

**Related party transaction:**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

**Appendix to the Board Representation Letter of University Hospitals of Leicester NHS Trust: Uncorrected misstatements**

<b>No.</b>	<b>Detail</b>	<b>SOCI Dr/(cr) (£'000)</b>	<b>SOFP Dr/(cr) (£'000)</b>
1	Dr AUC Dr Revaluation reserve Cr Buildings Cr Depreciation expense	- - - (11)	5,131 119 (5,239) -
2	Dr Accruals Cr Asset under construction	- -	755 (755)
3	Dr Accruals Cr Premises expenditure	- (944)	944 -
Total		(955)	955