

## Notes to the financial statements continued

## 44. Financial instruments and related disclosures continued

	2022				
	Amount reclassified to profit or loss				
	Hedging gains/(losses) recognised in reserves £m	Amount of hedge ineffectiveness recognised in profit or loss £m	Line item in profit or loss in which hedge ineffectiveness is included	Due to hedged future cash flows no longer expected to occur £m	Line item in profit or loss in which reclassification adjustment is included
Cash flow hedges					
Pre-hedging of long-term interest rates:					
Matured in the past	(23)	–	Finance income or expense	–	3 Finance income or expense

**(e) Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There are also arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or the termination of a contract.

The following tables set out the financial assets and liabilities that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2023 and 31 December 2022. The column 'Net amount' shows the impact on the Group's balance sheet if all offset rights were exercised.

	Gross financial assets/(liabilities) £m	Gross financial (liabilities)/assets set off £m	Net financial assets/(liabilities) per balance sheet £m	Related amounts not set off in the balance sheet £m	Net £m
31 December 2023					
Financial assets					
Trade and other receivables	6,394	(1)	6,393	–	6,393
Derivative financial instruments	130	–	130	(108)	22
Financial liabilities					
Trade and other payables	(13,384)	1	(13,383)	–	(13,383)
Derivative financial instruments	(114)	–	(114)	108	(6)
31 December 2022					
Financial assets					
Trade and other receivables	6,166	–	6,166	–	6,166
Derivative financial instruments	190	–	190	(163)	27
Financial liabilities					
Trade and other payables	(14,065)	–	(14,065)	–	(14,065)
Derivative financial instruments	(183)	–	(183)	163	(20)

Amounts which do not meet the criteria for offsetting on the balance sheet but could be settled net in certain circumstances principally relate to derivative transactions under ISDA (International Swaps and Derivatives Association) agreements where each party has the option to settle amounts on a net basis in the event of default of the other party. As there is presently not a legally enforceable right of offset, these amounts have not been offset in the balance sheet, but have been presented separately in the table above.