

2022/23 month 12 TAC schedules

Summary of key issues at month 9 and changes at month 12

Full guidance on changes to the TAC schedules at month 12 are contained in the TAC Completion Instructions document, available here: <https://www.england.nhs.uk/financial-accounting-and-reporting/financial-reporting/>

This document pictorially explains the key changes which may be helpful for some users.

M12 TACs – key changes

TAC01 Confirmations

Regularity

- 12 Please confirm that:
- (1) all reasonable steps have been taken to ensure the completeness of the disclosure of special severance payments requiring HM Treasury approval (included in Note 6.3) on the basis of packages agreed, and
 - (2) all reasonable steps have been taken to ensure that all special severance payments requiring HM Treasury approval were submitted to NHS England for approval, and NHS England was consulted if there was any doubt.

Answering 'No' to this question will trigger a validation fail. Please provide an explanation in validation 10 and contact england.provider.accounts@nhs.net

Financial accounts teams need to make all reasonable enquiries to ensure the completeness of exit packages disclosures

Accounting / Accountable Officers will need to satisfy themselves that systems and processes are sufficient to make this statement.

Chief Executive:

I confirm that:

- (1) these schedules are the final audited TAC schedules submitted to NHSE via the trust portal which have been updated with the latest fixer and upon which I have separately certified consistency with the audited accounts; and
- (2) I am satisfied with the responses to the Confirmations responses in TAC01, in particular the confirmation of the completeness of the disclosure of special severance payments. This corresponds with my duty as Accounting/Accountable Officer for ensuring proper use of public funds to conform with the authorities which govern them.

Signature:

M12 TACs – key changes: IFRS 16

1 April transition adjustments - subleases

Month 9

| | | | Step 1 - reclassify existing leased assets | Steps 2,3 & 4 - Transition adjustments (see guidance above - for much of this table entry is on a different tab) | | | | | | | |
|--|--|----------------------------------|---|--|---|--|---|---|---|----------------|----------|
| Table A - IFRS 16 transition adjustments (SoFP) as at 1 April 2022 (excluding consolidated charitable funds) | | | A00CY01 | A00CY01A | A00CY02 | A00CY03 | A00CY04 | A00CY05 | A00CY06 | A00CY07 | Maincode |
| | Expected sign (for adjustment columns) | Prior year SoFP 31 Mar 2022 £000 | Reclassify existing leased assets 1 Apr 2022 £000 | Leases with other NHS providers (Trusts / FTs) 1 Apr 2022 £000 | Leases with other DHSC group bodies 1 Apr 2022 £000 | Leases with other WGA bodies 1 Apr 2022 £000 | Leases with Local Authorities 1 Apr 2022 £000 | Leases with bodies external to government 1 Apr 2022 £000 | 1 April SoFP after IFRS 16 transition 1 Apr 2022 £000 | Subcode | |
| Assets (current and non-current) | | | | | | | | | | | |
| Intangible assets | - | 2,017 | 0 | | | | | | 2,017 | TRA0400 | |
| Property, plant and equipment | - | 221,421 | (330) | | | | | | 221,091 | TRA0410 | |
| Right of use assets | + | | 330 | 4,876 | 77,301 | 0 | 1,069 | 6,115 | 89,691 | TRA0420 | |
| Investment property | + | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | TRA0430 | |
| Receivables - finance lease receivables (for sublease adjustments) | + | 0 | | 1,448 | 0 | 0 | 0 | 0 | 1,528 | TRA0440 | |
| Prepayments (for adjusting prepaid lease payments) | - | 1,807 | | 0 | 0 | 0 | (78) | (305) | 1,424 | TRA0450 | |
| All other assets | n/a | 68,299 | | | | | | | 68,299 | TRA0460 | |
| Total assets | n/a | 293,544 | 0 | 6,324 | 77,301 | 0 | 991 | 5,890 | 384,050 | TRA0470 | |
| Liabilities (current and non-current) | | | | | | | | | | | |
| Payables - accruals (for adjustment accrued lease payments) | + | (16,399) | | 0 | 0 | 0 | 0 | 0 | (16,399) | TRA0480 | |
| Borrowings - lease liabilities | - | (84) | | (4,876) | (77,301) | 0 | (2,439) | (5,890) | (90,590) | TRA0490 | |
| Provisions (for adjusting onerous lease provisions) | i | (3,164) | | 0 | 0 | 0 | 0 | 0 | (3,164) | TRA0500 | |
| Other liabilities - deferred lease incentives | + | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | TRA0510 | |
| All other liabilities | n/a | (71,872) | | | | | | | (71,872) | TRA0520 | |
| Total liabilities | n/a | (91,519) | 0 | (4,876) | (77,301) | 0 | (2,439) | (5,890) | (182,025) | TRA0530 | |
| Net assets | n/a | 202,025 | 0 | 1,448 | 0 | 0 | (1,448) | 0 | 202,025 | TRA0540 | |
| Equity | | | | | | | | | | | |
| Income and expenditure reserve | i | +/- | 21,460 | 0 | 0 | 0 | 0 | 0 | 21,460 | TRA0550 | |
| Revaluation reserve (for immaterial subsidiary adjustments only) | + | 67,107 | | 0 | 0 | 0 | 0 | 0 | 67,107 | TRA0560 | |
| Non-controlling interest | i | +/- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | TRA0570 | |
| All other reserves | n/a | 113,458 | | | | | | | 113,458 | TRA0590 | |
| Total equity | n/a | 202,025 | 0 | 0 | 0 | 0 | 0 | 0 | 202,025 | TRA0600 | |

Check: Net assets equals equity Difference

| Pass | Fail | Pass | Pass | Fail | Pass |
|------|---------|------|------|-------|------|
| 0 | (1,448) | 0 | 0 | 1,448 | 0 |

M12 TACs – key changes: IFRS 16

1 April transition adjustments – subleases – M12 update

6 Table 14D Right of use assets - 2022/23: leases from Local Authorities

| | Expected sign | A14ACY01D | A14ACY02D | A14ACY03D |
|---|---------------|--------------------|--|----------------------------------|
| | | Total 2022/23 £000 | Property (land and buildings) 2022/23 £000 | Plant and machinery 2022/23 £000 |
| Valuation / gross cost at 1 April 2022 - brought forward | + | 0 | | |
| Reclassification of existing finance leased assets to right of use assets on 1 April 2022 | + | 0 | | |
| Recognition of right of use assets for existing operating leases on initial application of IFRS 16 on 1 April 2022 | i + | 2,518 | 2,518 | |
| Derecognition of right of use assets for subleases reassessed as finance leases on initial application of IFRS 16 on 1 April 2022 | - | (1,449) | (1,449) | |
| Transfers by absorption | +/- | 0 | 0 | |
| Additions - lease liability | + | 781 | 781 | |
| Additions - up front lease payments (before or on commencement) | + | 0 | | |

Right of use assets for existing operating leases should be entered in full (ie before considering subleases)

New rows have been added for subsequent derecognitions resulting from sublease reclassifications on 1 April 2022

Sublease derecognitions are split out separately on table 1 of TAC00

They are classified according to sublease counterparty – taken from TAC14A (previously TAC37)

1 Table A - IFRS 16 transition adjustments (SoFP) as at 1 April 2022 (excluding consolidated charitable funds)

| | Expected sign (for adjustment columns) | Prior year SoFP 31 Mar 2022 £000 | Reclassify existing leased assets 1 Apr 2022 £000 | assets | | | | | |
|--|--|----------------------------------|---|--|---|--|---|---|---------|
| | | | | A00CY01 | A00CY01A | A00CY02 | A00CY03 | A00CY04 | A00CY05 |
| | | | | Leases with other NHS providers (Trusts / FTs) 1 Apr 2022 £000 | Leases with other DHSC group bodies 1 Apr 2022 £000 | Leases with other WGA bodies 1 Apr 2022 £000 | Leases with Local Authorities 1 Apr 2022 £000 | Leases with bodies external to government 1 Apr 2022 £000 | |
| Assets (current and non-current) | | | | | | | | | |
| Intangible assets | - | 2,017 | 0 | | | | | | |
| Property, plant and equipment | - | 221,421 | (330) | | | | | | |
| Right of use assets | + | | 330 | 4,876 | 77,301 | 0 | 2,518 | 6,195 | |
| Right of use assets - subleased assets derecognised | - | | | (1,449) | 0 | 0 | 0 | (80) | |
| Investment property | + | 0 | | | | | | 0 | |
| Receivables - finance lease receivables (for sublease adjustments) | + | 0 | | 1,448 | 0 | 0 | 0 | 80 | |
| Prepayments (for adjusting prepaid lease payments) | - | 1,807 | | 0 | 0 | 0 | (78) | (305) | |
| All other assets | n/a | 68,299 | | | | | | | |
| Total assets | n/a | 293,544 | 0 | 4,875 | 77,301 | 0 | 2,440 | 5,890 | |

M9 TACs – common issues: IFRS 16

Maturity analysis – lease liabilities and lease receivables

| Note 28.1 Lease liabilities - maturity analysis | | A21CY01 | A21CY02A | A21CY10 | A21 |
|---|------------------|------------------------------|--|--|--------------------------------------|
| | | Total 31 Dec 2022 £000 | Leased from other NHS providers 31 Dec 2022 £000 | Leased from other DHSC bodies 31 Dec 2022 £000 | Lease other boc 31 De £0 |
| | Expected sign | | | | |
| Undiscounted future lease payments payable in: | + | | | | |
| - not later than one year; | + | S 10,958 | 498 | 8,841 | |
| - later than one year and not later than five years; | + | S 43,813 | 2,044 | 35,617 | |
| - later than five years. | + | S 36,393 | 2,184 | 29,433 | |
| Total gross future lease payments | + | 91,164 | 4,726 | 73,891 | |
| Finance charges allocated to future periods | - | S (3,464) | (200) | (2,749) | |
| Net lease liabilities | + | 87,700 | 4,526 | 71,142 | |
| Of which: | | | | | |
| - Current - invoiced / due but not yet paid (included in AoB) | + | S 8,757 | 0 | 8,757 | |
| - Current - not yet invoiced / not relating to current year (excluded from AoB) | + | S 34,548 | 0 | 34,548 | |
| - Non-Current (excluded from AoB) | + | 44,394 | 4,526 | 27,836 | |

Many providers omitted the analysis between current and non-current liabilities / receivables

Some providers assumed the maturity analysis of net liabilities / receivables matches gross. It does not!

Please note that that the first two rows are both 'current'.

New validations at month 12 to ensure **net** current and non-current amounts do not exceed the equivalent **gross** amounts for the same period.

M9 TACs – common issues: IFRS 16

PPE assets subject to operating leases (lessor)

Note 13.5 PPE assets subject to an operating lease (lessor) - 2022/23

Paragraph 95 of IFRS 16 requires IAS 16 disclosures to be made separately for assets subject to an operating lease (lessor) and assets utilised by the entity. For the consolidated national accounts, movements in such assets are not material therefore a full movements not is not collected. Additional detail may be required in local accounts where material.

| | Expected sign | Total 2022/23 £000 |
|--|---------------|--------------------|
| Not subject to an operating lease | + | 54,550,328 |
| Subject to an operating lease to another NHS provider | + | 60,346 |
| Subject to an operating lease to another DHSC group body | + | 38,901 |
| Subject to an operating lease to another WGA body | + | 3,677 |
| Subject to an operating lease to a Local Authority | + | 1,230 |
| Subject to an operating lease to a body external to government | + | 37,122 |
| NBV total at 31 December 2022 | + | 54,691,005 |

Many providers omitted the disclosure of PPE assets subject to a finance lease as a lessor.

On consolidation this is very apparent. The return generated on assets leased to external to government bodies appears to be a 185% yield in one year!

New validation added at month 12 ensuring PPE analysis completed where operating lease income is generated.

Note 2.3 Operating lease income and future receipts (trust as a lessor)

| | Expected sign | Total 31 Dec 2022 £000 | A07CY01 Leased to other NHS providers 31 Dec 2022 £000 | A07CY02A Leased to other DHSC group bodies 31 Dec 2022 £000 | A07CY04-10 Leased to other WGA bodies 31 Dec 2022 £000 | A07CY11 Leased to Local Authorities 31 Dec 2022 £000 | A07CY12 Leased to bodies ext to Government 31 Dec 2022 £000 | A07CY13 | Maincode |
|---|---------------|------------------------|--|---|--|--|---|---------|----------|
| Lease receipts recognised as income in year: | | | | | | | | | |
| Minimum lease receipts | + | 86,147 | 23,320 | 1,157 | 1,756 | 1,085 | 57,672 | | OPD0300 |
| Variable lease receipts | + | 14,494 | 2,102 | 152 | 0 | 285 | 11,803 | | OPD0310 |
| Total in-year operating lease income | + | 100,641 | 25,422 | 1,309 | 1,756 | 1,370 | 69,476 | | OPD0320 |
| Of which: | | | | | | | | | |
| Income generated from owned assets | + | 99,740 | 25,004 | 1,309 | 1,756 | 1,370 | 68,993 | | OPD0330 |
| Income generated from subleased right of use assets | + | 901 | 418 | 0 | 0 | 0 | 483 | | OPD0340 |

M9 TACs – common issues: IFRS 16

TAC00 – reconciliation of lease liability to right of use asset value

Table C on TAC00 contained numbers that were inconsistent with values recorded in table 1 (the balance sheet reconciliation).

| Table C - Right of use assets under IFRS 16 as at 1 April 2022 (excluding consolidated charitable funds) | | | A00CY01 | A00CY02 | A00CY03 | A00CY04 | A00CY05 | A00CY06 | Maincode | | | | |
|---|---------------|-------|--|------------|-------------------------------------|------------|------------------------------|------------|-------------------------------|------------|---|------------|---------|
| | Expected sign | Total | Leased from other NHS providers (Trusts / FTs) | | Leased from other DHSC group bodies | | Leased from other WGA bodies | | Leased from Local Authorities | | Leased from bodies external to government | | Subcode |
| | | | 1 Apr 2022 | 1 Apr 2022 | 1 Apr 2022 | 1 Apr 2022 | 1 Apr 2022 | 1 Apr 2022 | 1 Apr 2022 | 1 Apr 2022 | 1 Apr 2022 | 1 Apr 2022 | |
| | | | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | |
| Total lease liabilities under IFRS 16 as at 1 April 2022 | | | 90,590 | 4,876 | 77,301 | 0 | 2,439 | 5,974 | | | | | TRA0300 |
| Right of use assets held under peppercorn leases (for assets newly recognised on 1 April only) | i | + | 0 | 0 | 0 | 0 | 0 | 0 | | | | | TRA0310 |
| Adjustments for prepaid or accrued lease payments and deferred lease incentives | i | +/- | 383 | 0 | 0 | 0 | 78 | 305 | | | | | TRA0320 |
| Initial direct costs recognised in RoU asset value on initial application | i | + | 0 | 0 | 0 | 0 | 0 | 0 | | | | | TRA0330 |
| Impairments of right of use assets as at the date of initial application | i | - | 0 | 0 | 0 | 0 | 0 | 0 | | | | | TRA0340 |
| Subleased assets derecognised as finance leases on transition to IFRS 16 | i | - | (1,229) | 0 | 0 | 0 | (1,449) | (80) | | | | | TRA0345 |
| Difference between asset value and liability on existing finance leases as at 31 March 2022 (includes the difference on peppercorn leases that were already on-SoFP pre-IFRS 16 implementation) | i | +/- | 246 | 0 | 0 | 0 | 0 | 246 | | | | | TRA0350 |
| Immaterial differences between the asset and liability arising from leases in consolidated subsidiaries with earlier adoption of IFRS 16 (unlocked on request - email provider accounts) | i | +/- | 0 | | | | | | | | | | TRA0355 |
| Other (unlocked on request - please email the provider accounts team with details) | i | +/- | 0 | | | | | | | | | | TRA0360 |
| Total right of use assets under IFRS 16 as at 1 April 2022 | | + | 89,690 | 4,876 | 77,301 | 0 | 1,068 | 6,445 | | | | | TRA0390 |

Fed from table 1

Fed from new rows on TAC14A (previously TAC36)

Calculated from existing asset reclassification and opening lease liabilities

At month 12 rows that should be consistent with information elsewhere in the form are now formula driven to ensure internal consistency.

Impact of IFRS 16 on agreement of balances (1/2)

- Agreement of balances continues to include invoices relating to leasing activity within the year.
- Income and receivables statements should include all invoices for lease payments relating to the 2022/23 year (up to the reporting date) regardless of how these are accounted for locally.
- Accruals statements should include accrued income for operating leases as well as any finance lease receipts that relate to 2022/23 (up to the reporting date) but have not yet been invoiced.

Receivables and payables reconciliation to the TACs

- ‘Current’ lease liabilities and finance lease receivables are split in the TACs between amounts unpaid for the current year and current amounts relating to the next financial year.
- Unpaid amounts relating to the current year should agree to the amounts included in agreement of balances schedules on TAC61-TAC64.

| | | | |
|---|---|--------|-------|
| Net lease liabilities | + | 87,700 | 4,526 |
| Of which: | | | |
| - Current - invoiced / due but not yet paid (included in AoB) | + | 42 | 42 |
| - Current - not yet invoiced / not relating to current year (excluded from AoB) | + | 493 | 493 |
| - Non-Current (excluded from AoB) | + | 87,165 | 3,991 |

Impact of IFRS 16 on agreement of balances (2/2)

Income and expenditure reconciliation to the TACs

- Depreciation, interest charges, and provisions expenditure continue to be excluded from agreement of balances. There are no counterparty splits for these items on TAC08 and TAC11.
- Amounts included in the TACs for leases are reconciled to agreement of balances as follows:

| For lessors | For lessees |
|---|--|
| Lease income on TAC07 | Lease expenditure on TAC08 |
| + Cash finance lease receipts in year per TAC18 | + Cash lease liability payments in year per TAC21 (total payment including interest) |
| + Closing 'current' finance lease receivable relating to unpaid lease receipts for 2022/23 | + Closing 'current' lease liability relating to unpaid lease payments for 2022/23 |
| - Prior year 'current' finance lease receivable relating to unpaid lease receipts for 2021/22 | - Prior year 'current' lease liability relating to unpaid lease payments for 2021/22 |
| = invoices / accruals agreed for 2022-23 AoB | = invoices / accruals agreed for 2022-23 AoB |

2022/23 accounts preparation

Year end templates

- Example NHS provider accounting policies issued yesterday (1 March)
- Month 12 illustrative standalone TACs to be issued next week (by Friday 10 March) with accompanying draft completion instructions
- 2022/23 linked accounts template to be issued by 17 March
- Month 12 PFR form (including TACs) will be issued by 24 March