NHS England

NHS trusts and foundation trusts

Trust Accounts Consolidation (TAC) schedules: Completion instructions month 9 2025/26

December 2025

Version: issued on 19 December to accompany month 9 PFR form

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To: NHS trust and NHS foundation trust finance teams

December 2025

Dear Colleagues

This document accompanies the release of the Trust Accounts Consolidation (TAC) schedules for month 9 2025/26.

The main things you need to be aware of for month 9 2025/26 are summarised in chapter 2 of this document. The main changes to the template for 2025/26 relate to the adoption of IFRS 17 insurance contracts, withdrawal of the revaluation model for measuring intangible assets and collection of forecast outturn for NHS charitable funds.

As usual, chapter 3 provides important information for anyone new to preparing TACs. Chapter 4 gives guidance on individual notes and tables for you to dip into as required.

A full list of the changes since month 12 2024/25 can be found in Annex 1. As usual, changes in the template are marked using red text to highlight a changed requirement in an existing row or column and purple shading to highlight new rows, columns, tables or sheets compared to 2024/25.

If we can help, or you'd like to provide feedback, please get in touch. Details are in section 1.

Yours sincerely

Provider Financial Accounting team
NHS England

Contents

1. Introduction

1.1. TAC schedules and PFR form

NHS England will prepare consolidated provider accounts using the information provided by providers in the Trust Accounts Consolidation (TAC) schedules. NHS England will also prepare a consolidation return on a specific basis for inclusion within the Department of Health and Social Care (DHSC)'s group accounts.

The TAC schedules are included alongside the standard monthly monitoring tabs in the Provider Finance Return (PFR) form at months 9 and 12. Standing guidance on the monthly monitoring tabs is issued separately in order to give continuity with other months of the year. If this is your first time completing the form, please refer to the Information tab before you start to complete the form: this explains what the colours mean for different types of cell.

We recommend the following overall approach to completing the PFR form:

1. Complete the TAC tabs:
    a. Review prior year comparatives
    b. Update prior year comparatives for any material prior year errors. Analyse any such changes on TAC33.
    c. If you have any transfers by absorption on 1 April, it's a good idea to complete these first on TAC30 (see chapter 5).
    d. Complete the rest of the TAC schedules to achieve a balancing set of accounts, including any other absorption transfers. If you consolidate a charity, leave this out for now.
2. Check the TAC validations and TAC JoCs to ensure that you have an accurate data set.
3. If applicable, consolidate your charity into the TAC tabs (see section 3.2 and chapter 6) and re-check the TAC validations and JoCs.
4. The monthly monitoring tabs are then fed from the TAC tabs wherever possible. Review the monthly monitoring tabs and complete missing information.
5. Add in updated forecast outturn (FOT) information where required to the monthly monitoring tabs.

Optional accounts templates which are linked to the month 12 TAC schedules are issued on the portal at month 12. The accounts templates remain optional and do not form part of an accounts direction to NHS trusts or foundation trusts.

1.2. Timetable and submission

The month 12 PFR form (incorporating the TAC schedules) submission dates are (all submissions are due by noon):

- **23 January 2026** (full month 9 submission including receivable and payable agreement of balances (AoB) data)
- **6 February 2026** (month 9 submission of income and expenditure AoB data)
- **25 February 2026** (month 9 resubmission of income/expenditure and receivable/payables AoB data)

Please refer to the timetable for full details of the requirements of each submission.

IMPORTANT – BREAKING LINKS

All links to other workbooks must be broken before the PFR form is submitted to NHS England. The protection in the PFR form means it is not possible to use the 'edit links' option within Excel to break all the links. Providers should use the 'break links' button on the cover.

1.3. Disclosures that can be omitted at month 9

Some disclosures are not required to be completed at month 9. Where this is the case, the tables are clearly marked as not applicable with red headers.

Any validation which relates to disclosures that are not required are coloured grey in the summary on the validations tab and are excluded from the count of validation fails.

TAC	Note/table
TAC07	Note 2.2 Fees and charges
TAC08	Note 4.2 Limitation of auditor's liability
TAC08	Table 3A Short term leases: commitments for future lease payments
TAC09	Note 5.4 Early retirements due to ill health
TAC09	Table 5A Staff sickness absence
TAC11	Note 8.2 The late payment of commercial debts Act

TAC	Note/table
TAC13	Note 12.3 Range of lives of intangible assets
TAC14	Note 13.6 Range of lives of property, plant and equipment
TAC14	Table 13E Valuation methods for land and buildings
TAC19	Note 23.3 Third party assets held
TAC20	Note 24.2 Early retirements in other payables
TAC22	Note 30.3 Clinical negligence liabilities
TAC22	Note 31 Contingent liabilities / assets
TAC22	Note 31.1 Contingent assets and liabilities not required to be disclosed under IAS 37 but included for parliamentary reporting and accountability purposes
TAC27	Note 36.1 Carrying value and fair value of financial assets
TAC27	Note 36.3 Carrying value and fair value of financial liabilities
TAC27	Note 36.5 Maturity of financial liabilities
TAC28	Note 37.1 Contractual capital commitments
TAC28	Note 37.2 Leases: exposure to future cash outflows not included in lease liabilities
TAC28	Note 37.3 Other financial commitments
TAC28	Note 38.1 / 38.2 Related party transactions and balances
TAC28	Note 39 Events after the reporting period
TAC28	Note 40.1 / 40.2 Breakeven duty This is only applicable to the full year so can be ignored at month 9. This note does not appear in templates issued to NHS foundation trusts.
TAC28	Note 40.3 Capital Resource Limit This is only applicable to the full year so can be ignored at month 9. This note does not appear in templates issued to NHS foundation trusts.

1.4. Supporting guidance and further information

Please refer to the following sources of guidance:

- The Department of Health and Social Care Group Accounting Manual (GAM) provides detailed accounting guidance for NHS trusts and foundation trusts, and annual report guidance for NHS trusts.
- The Foundation Trust Annual Reporting Manual provides annual report guidance and accounts directions for NHS foundation trusts.

- The DHSC Agreement of Balances Guidance is applicable to all bodies in the DHSC group. This is available in the additional documents section of your provider portal.

- More information on IFRS 16 is available on our IFRS 16 webpage, available here.

- Guidance to help providers understand the disclosure requirements of IFRS 7 (upon adoption of IFRS 9) and IFRS 15 and the approach taken in the TAC schedules continues to be available here.

We will post any relevant updates to our webpage at https://www.england.nhs.uk/financial-accounting-and-reporting/financial-reporting/.If there are any fixers to be issued for the PFR file, finance contacts will be alerted by email when the fixer is available in the 'additional documents' section of portals. If we are aware of issues where a fixer has not yet been issued, we will post an update on the Financial Reporting webpage and the 'known issues' document on portals: you may find it helpful to check one of these locations if you have a problem with the form.

If you have any queries on the TAC schedules, please contact the Provider Financial Accounting team at england.provider.accounts@nhs.net.

1.5. Provider accounts mailing list

The provider financial accounting team communicates all financial accounting updates including those in relation to the TAC forms via email to contacts on our mailing list. Finance mailing lists are self-managed by providers through the monthly PFR form submissions. To receive these emails please ensure you are included in the contacts sheet in the PFR form (after the 'self-cert' tab) and that 'yes' is selected in the column titled 'Emails from provider accounts team'.

01JOBTITLE	01OTHEMAIL	01PFRCON	01FACCON	01PLANCON	01CAPCON	01PREVCON	0
Job title Desc 30/11/2023 YTD FREE TEXT	Email address Desc 30/11/2023 YTD FREE TEXT	Emails from Financial Reporting Team Desc 30/11/2023 YTD Yes / No	Emails from Provider Accounts Team Desc 30/11/2023 YTD Yes / No	Emails from Financial Planning Team Desc 30/11/2023 YTD Yes / No	Emails from Capital and Cash Team Desc 30/11/2023 YTD Yes / No	Emails from Provider Revenue Support Team Desc 30/11/2023 YTD Yes / No	Er Cos 3
Deputy Director of Finance	Joe.blogs@nhs.net	Yes	Yes	Yes	Yes	No	No
Head of Financial Accounts	Jane.doe@nhs.net	Yes	Yes	No	Yes	Yes	Yes

2. Key changes to TAC schedules 2024/25

2.1. Application of IFRS 17

IFRS 17 is applicable for 2025/26 and is applied retrospectively requiring restatement of comparatives as though IFRS 17 always applied. The standard applies to issuers of insurance contracts; it does not impact policyholders.

Changes to TAC forms have been kept to a minimum on the expectation that such contracts are rare and not material nationally. They collect information needed to complete the primary statements and facilitate calculation of national outturn; they are not designed to meet all disclosure requirements of the standard.

There is a risk to disclosure compliance for the consolidated provider accounts if entities have identified insurance contracts and not notified the national team. If you have (or suspect you have) identified yourself as the issuer of an insurance contract and not notified the provider accounts team, please contact us without delay.

2.1.1. Insurance contract and reinsurance contract income and expenditure (TAC07, TAC08 and TAC11)

Rows have been included within other operating income (TAC07), operating expenditure (TAC08) and finance expenditure (TAC11) for income and expenditure arising from insurance and reinsurance contracts. For insurance contracts these items are fed from the movements in the insurance contract liability/asset in Note 25.2 (see 2.1.3). For reinsurance, the rows are free entry. Insurance and reinsurance income and expenditure must be presented gross and should not be netted against one another.

2.1.2. Insurance contract and reinsurance contract balances (TAC18 and TAC20)

IFRS 17 requires insurance and reinsurance contract assets and liabilities to be separately disclosed on the face of the SoFP. As we do not expect insurance contracts to be material for the consolidated provider accounts, these balances have been added to ‘other assets’ (TAC18) and ‘other liabilities’ (TAC20) instead. If insurance contracts are material locally, providers should ensure these are presented on the SoFP in local accounts: this presentational difference would not be considered an inconsistency (for the purpose of certifying TAC schedules) so long as the underlying balances agree.

The insurance contract assets and liabilities (not reinsurance) are validated against the opening and closing balances on Note 25.2 (see 2.1.3). There is no equivalent movement note for reinsurance balances included in the TACs.

2.1.3. Note 25.2 Reconciliation of movements in insurance contract liabilities / assets

All transactions relating to insurance contracts should flow through the net insurance contract liability / asset. Note 25.2 is a movement note for this net balance split into the three components defined by the standard. The movements are split into cash flows, changes through the I&E and other balance sheet movements.

As well as being a disclosure requirement of paragraphs 100 and 103 of IFRS 17, this table provides NHS England with information required to calculate national outturns. Providers with insurance contracts should take care to complete this table accurately.

If insurance contracts are not material locally, the provider may not include this disclosure in its accounts however the reconciliation must still be produced for national consolidation, regardless of the value of the insurance contract.

Note 25.2 Reconciliation of movements in insurance contract liabilities / assets		A20CY01	A20CY20	A20CY21	A20CY22
This reconciliation relates to insurance contracts only and does not include re-insurance contracts. The opening and closing balances should agree to the sum of insurance contract liabilities and insurance contract assets on the SoFP.	Expected sign	Total net insurance contract liabilities 2025/26 £000	Liability for remaining coverage (excl loss component) 2025/26 £000	Loss component 2025/26 £000	Liability for incurred claims 2025/26 £000
Net balance on insurance contracts at 1 April - brought forward	+	2,000	1,500	500	0
Implementation of IFRS 17 at 1 April 2024 transition date	+	0			
Net balance on insurance contracts at 1 April - restated	+	2,000	1,500	500	0
Cash flows:					
Premiums received	+	200	200		
Claims and other insurance service expenses paid, including repayment of investment components	-	(50)			(50)
Insurance acquisition cash flows	-	0			
Changes through the I&E:					
Insurance revenue recognised	-	(100)	(100)		
Incurred claims and other insurance service expenses	+	120			120
Amortisation of insurance acquisition cash flows	+	0			
Losses and reversals of losses on onerous contracts	+/-	(50)		(50)	
Net finance expenses from insurance contracts	+/-	2		2	
Other balance sheet movements:					
Transfer by absorption	+/-	0	0		
Investment components becoming repayable	+/-	0			0
Net balance on insurance contracts at 31 December	+	2,122	1,600	452	70

It is helpful to consider the three components of the insurance contract liability / asset separately:

- The Liability for remaining coverage (excluding loss component) represents the expected future flows and contractual service margin (excluding the expected loss) for the remaining coverage period. At inception the balance on this account should be nil. When premiums are received they are credited to the liability and released to income, reducing the liability over the coverage period.

- The Loss component relates to onerous insurance contracts. At inception the expected loss is recognised immediately in expenditure and credited to the liability. The loss component will reduce as claims are incurred and the loss is reversed out. This is similar to a provision.

- The Liability for incurred claims represents expected future cash outflows in respect of insured events that have already occurred. This is similar to an accrual. It will be increased by claims being received from policyholders (or estimates being made where claims are expected). These costs feed into expenditure. The liability will reduce as cash payments are made.

To aid providers in completing this table, we have produced a simplified guide to IFRS 17 double entries which explains how insurance contract transactions should flow through the insurance contract liability / asset. This guidance document has been separately published on our accounting updates webpage.

2.1.4. Table 25A Insurance contract counterparties

A full counterparty analysis of insurance contract balances, income and expenditure is not being collected within the TACs. Where an insurance contract liability or asset has been recorded in the TACs, providers should use Table 25A on TAC20 to indicate whether the counterparty in an insurance contract is another DHSC group body. Please note the counterparty would be the entity or person from whom the insurer is assuming insurance risk.

Table 25A Insurance contract counterparties This table is only required to be completed by NHS providers who have insurance contract balances	Expected sign	A20CY01 Insurance contracts Select	Maincode Subcode
Has the provider issued insurance contracts to any of the following counterparties:			
Another NHS provider	Select	Yes	PAY0710
NHS England, an ICB or SCCL	Select	No	PAY0720
DHSC, MHRA or UKHSA	Select		PAY0730
Another DHSC group body (including Property Services and CHP)	Select		PAY0740

2.1.5. TAC33 – PPAs arising from the implementation of IFRS 17

Retrospectively applying IFRS 17 to insurance contracts will require restatement of comparatives in the TACs. These prior period adjustments do not impact adjusted financial performance or national outturns.

To ensure this impact is excluded from outturn, PPAs relating solely to the implementation of IFRS 17 must be separately identified in a dedicated column on TAC33. Some balances will be automatically populated (such as the restated insurance liability / asset) while other lines will require the value to entered manually into A33PY05A when analysing out the PPAs calculated in A33PY03.

Table 44A Prior period adjustments		A33PY01	A33PY02	A33PY03	A33PY04	A33PY05A	A33PY06	Maincode
Financial statement line item	Period	As previously stated in consolidated 2024/25 return £000	As stated in 2025/26 TAC £000	Total PPA £000	Value of PP due to prio period erro £000	Value of PPA due to implementation of IFRS 17 £000	Va ue of PPA d e to other hange in a counting policy £000	Subcode
Current liabilities								
Trade and other payables	31 Mar 2025	(38,863)	(38,863)	0				PPA0220
Borrowings	31 Mar 2025	(2,960)	(2,960)	0				PPA0230
Other financial liabilities	31 Mar 2025		0	0				PPA0240
Provisions	31 Mar 2025	(2,660)	(2,660)	0				PPA0250
Insurance and reinsurance contract liabilities	31 Mar 2025		(1,500)	(1,500)		(1,500)		PPA0255
Other liabilities (excluding insurance and reinsurance co	31 Mar 2025	(724)	(724)	0				PPA0260
Liabilities in disposal groups	31 Mar 2025		0	0				PPA0270

2.2. Other substantive changes

2.2.1. TAC13 - Withdrawal of the revaluation model for intangible assets

The option to apply the revaluation model for measurement of intangible assets has been withdrawn prospectively from 1 April 2025. Assets previously revalued are carried forward at 'deemed cost', being the net book value at 31 March 2025.

Revaluation surpluses on intangible assets can no longer be recognised in the TAC form and the 'Revaluations' row has been removed from 2025/26 movements note in TAC13. Impairments can still be recorded in line with IAS 36.

The DHSC GAM will mandate a consistent approach to the treatment of historic revaluation reserves upon transition. At 1 April 2025, any existing intangible asset revaluation reserves should be transferred to the I&E reserve. This treatment will be confirmed in the DHSC GAM Q3 update to be issued in January 2026.

To facilitate this, a dedicated row has been included in TAC23 to record this 1 April 2025 transfer. All other in-year movements in the intangible asset column of the revaluation reserve have been locked. A new validation (validation 118) has been added to the form to ensure that the closing balance on the intangible asset element of the revaluation reserve as at 31 December 2025 is nil.

In TAC12 Impairments, and TAC13 Intangibles, the option to record impairments in the revaluation reserve has been removed. All impairments recognised from 1 April 2025 will be taken to operating expenditure.

2.2.2. Forecast outturn for NHS charitable funds

From 2025/26, DHSC has elected to include NHS charitable funds within the NHS outturn for which DHSC holds NHS England to account. This includes locally consolidated charities (TAC40) and those only consolidated by DHSC (TAC41). Independent charities not currently subject to TAC data collection continue to be out of scope. All charitable funds continue to be excluded from system outturns and providers' 'adjusted financial performance'; this change applies nationally only.

To facilitate national forecasting, a best estimate of forecast outturn for both revenue and capital is being collected in the month 9 TACs. There is currently no intention to collect this information at month 10 or 11.

We acknowledge charitable fund receipts are difficult to predict but charity expenditure should be planned. This forecast won't be perfect – please provide accurate YTD information and your best estimate for outturn.

Where charitable funds are transferred to an independent charity/ status of the charity changes in year we need to separately capture the impact of this – please contact england.provider.accounts@nhs.net for further guidance.

The following outturn tables have been added to both TAC40 (for consolidated charities) and TAC41 (for charitable funds consolidated only by DHSC):

<u>NHS charitable funds: revenue outturn</u>

Full year forecast - revenue outturn See guidance to right of table	**Expected sign**	**A41CY10** **Revenue outturn 2025/26 £000**	**Free text**	**Maincode** **Subcode**
Net outgoing resources at month 9 (from statement of financial activities)	+/-	**(200)**		CHN0500
Estimated month 12 outturn forecast assuming similar run-rate	+/-	(267)		CHN0510
Adjustment for one-off transactions	+/-			CHN0520
Forecast month 12 outturn	+/-	**(267)**		CHN0530
No adjustments have been made to forecast outturn above - please enter adjustments in CHN0520 or confirm here that the calculated value reflects the trust's best estimate for FOT				ERROR

The forecast table calculates a simple estimate of outturn (= 12/9 * YTD net outgoing resources).

Providers should adjust this estimate as necessary including any known one-off transactions.

If the calculated outturn already reflects best estimate, confirmation is required beneath the table.

NHS charitable funds: capital outturn

Full year forecast - capital outturn Please provide best estimate of full year capital outturn for your NHS charity(/ies)	Expected sign	A41CY09 Capital YTD 31 Dec 2025 2025/26 £000	A41CY10 Capital FOT 31 Mar 2026 2025/26 £000	Maincode Subcode
Investments:				
Additions	+			CHN0540
Disposals	-			CHN0550
Other fixed assets:				
Additions	+			CHN0560
Disposals	-			CHN0570
Total net capital	+/-		0	CHN0580

A best estimate of full year additions and disposals is required.

Most nationally consolidated charities have minimal fixed assets. The capital outturn is largely driven by movements of funds in and out of non-current investments. Please consider this when completing forecast outturn for investments.

2.2.3. TAC22 - Disclosure of contingent liabilities / assets

Note 31 on TAC22 has been updated to allow providers to identify if their accounts include narrative disclosure of unquantified contingent liabilities or assets. Where such disclosures exist, a brief summary of the text should also be included in the free text on TAC34.

Note 31.1 (formerly Table 31A) should disclose contingent liabilities which are not within the scope of IAS 37 as the potential outflow of resources is remote, however are reported for accountability purposes. The DHSC GAM requires NHS providers to include this disclosure in a note to the accounts if not disclosed elsewhere in the annual report. This table has therefore been renamed a ‘note’ but is otherwise unchanged from prior year.

2.2.4. TAC22 – Provisions categories (Notes 30.1, 30.2 and Table 30C)

‘Equal pay’ provisions have been renamed to ‘Pay-related claims’ for clarity. Entities should review ‘other’ provisions and reclassify any pay related provisions (such as re-banding) to the appropriate category.

2.2.5. Note 1.1: Income from patient care (no change to template – guidance only)

Guidance on the classification and counterparty analysis of patient care income from ICBs and NHSE is included in section 4.1.4.

ICB allocations are comprised of numerous elements, including elective recovery funding and in some cases deficit support funding. These elements of ICB allocations do not translate directly into revenue streams for providers. ICBs will use this funding to support the payments they make to providers under established contracting rules.

When completing the analysis of income by nature, please note:

- NHS providers do not earn 'Elective recovery fund (ERF)' income. Elective activity earns income for providers based on actual activity performed. The system's ICB receives an allocation which includes an ERF element and uses this allocation to fund API contract payments to providers. All elective income received by a provider must be classified as 'API – variable'.

- Deficit support funding (DSF) is also not an NHS provider revenue stream. Where additional non-recurrent funding is made available to NHS providers in the system by the ICB, funded by the DSF allocation, this is done through existing contracting rules and is therefore an adjustment to the 'fixed' element of the API contract, reflecting the excess costs of providing commissioned services in 2025/26. This income should be disclosed as 'API – fixed' and <u>not</u> included other clinical income.

2.2.6. Note 16 Investment in JVs and associates – Medicines Manufacturing Centre LLP (no change to template – guidance only)

Providers are required to recognise their investments in joint ventures and associates using equity accounting and disclose these interests in Note 16 on TAC15. This note is split into two categories of JV/associate: those outside of the WGA boundary and those designated for consolidation by DHSC. The latter category applies to two NHS provider joint ventures:

- Wiltshire Health and Care LLP / AXG (ceased trading)
- Medicines Manufacturing Centre LLP / MED033

Investors in Medicines Manufacturing Centre LLP will be recognising their equity accounted share for the first time in 2025/26 – this must be reported in the appropriate column to facilitate DHSC eliminations.

2.3. Full list of changes

A full list of changes to the TAC schedules compared to month 12 2024/25 is contained in Annex 1.

Changes in the form compared to the 2024/25 form can also be identified within the template using the following conventions:

- Purple shading – indicates a column, row, table or sheet that is a new requirement.
- Red text – indicates a change in the requirement or definition of an existing row
- On TAC Validations and TAC JoCs, changes are marked as New or Amended in red text on the left-hand side.

3. Reminder of key principles

3.1. Prior period comparatives

Prior period adjustments within local accounts are rare but may be required in application of International Accounting Standard (IAS) 8. Prior period comparatives are populated into the TAC schedules using data from the 2024/25 audited PFR form and are unlocked. If a provider needs to make a prior period adjustment in its accounts, it should be reflected in the TAC schedules in exactly the same way. The key thing is that at month 12 your audited accounts and TAC schedules must be fully consistent, including prior year numbers. If you do change a prior period figure that impacts a primary statement, TAC33 (PPAs) will identify this and ask for an explanation (see 4.1.36 to 4.1.38 for more guidance).

Where the provider accounts team contacted your trust in the prior year in relation to an error identified in your TAC schedules, the adjustments agreed with you have been reflected in your populated comparatives. **Any such central changes for your specific trust are explained in the email from Provider Accounts dated 5 December 2025.** Please review this email for details; we ask you to not change the figures back without talking to us (Provider Accounts) first.

3.2. Approach to charities

Some NHS providers consolidate an NHS charity into their accounts under the requirements of IFRS 10. Section 6 explains why this means we need to allow the consolidation of charities within the TAC schedules. Within the TAC schedules there are blue headed columns to enable preparers to present intra-group eliminations for their charity consolidation specifically. If you do not consolidate a charity under IFRS 10 you can simply ignore the blue headed columns.

DHSC is required to consolidate almost all NHS charities into its accounts, regardless of local consolidation.

For an NHS provider with a linked charitable fund, there are 3 different circumstances, which determine how the TAC schedules should be completed:

1. Provider has an NHS charity and it is consolidating under IFRS 10:
    - The consolidation should also be reflected in the TAC schedules as the TAC schedules must be consistent with the provider's group accounts.

    - All providers consolidating a charity should refer to the guidance in section 6 which provides detailed instructions on charity consolidation in the TAC schedules.
    - In this scenario please complete TAC40 (Charity - consol) and leave TAC41 (Charity – non-consol) blank.

2. Provider is not consolidating its charity and the charity is not consolidated by DHSC as it is regarded as 'independent':
    - Some charities are 'Independent' and are entirely excluded from the DHSC consolidation. This will only be the case where the Trust is not a Corporate Trustee of the charitable fund.
    - In these cases please do not complete either TAC40 or TAC41.

3. Provider is not consolidating its charity under IFRS 10 but the charity is not considered 'independent' and must be consolidated by DHSC:
    - For these charities, we need to collect summary data to enable DHSC to complete its 'all NHS charities' consolidation centrally.
    - In this scenario please ignore TAC40 (Charity - consol) and all the blue headed charity columns in the TAC (these are for charity consolidators). But please complete TAC41 (Charity – non-consol) and we will pass this information to DHSC.

If a provider is in the rare situation of being in more than one of these circumstances (i.e. they have more than one linked charity, treated differently), please get in touch with Provider Accounts.

3.3. Validations and Justify or Change points (JoCs)

Validations must be passed in each submission, unless you have contacted Provider Accounts in advance and obtained clearance prior to submission. A JoC is a softer validation: the form will identify if any data appears unusual, and the user must then justify (explain) it or make any necessary change to clear an error. If you are experiencing any problems with accounts (TAC) validations or JoCs as part of completing the TAC schedules, please contact us at england.provider.accounts@nhs.net **well in advance** of the deadline for submitting the form. We will only accept validation fails where they have been pre-approved and will review all JoC explanations.

4. Detailed guidance: tab by tab

This section provides standing guidance on specific notes and tables in the TAC schedules. Any changes from the prior year are covered in section 2 of the document. For specific guidance defining rows, please refer to the 'i' boxes included within the template. Information in an 'i' box is not repeated in this document.

4.1.1. TAC02 SoCI, TAC06/07 Op Inc, TAC08 Op Exp, TAC11: Discontinued operations rows

- Use of these rows is expected to be very rare. Please refer to the definition in the GAM.

4.1.2. TAC05 SoCF

- This statement, like all the primary statements, is presented on a group basis including consolidated charitable funds.
- Row SCF0120 removes all income relating to capital donations from the operating section of the cash flow; row SCF0220 adds the cash element back into the investing section.
- The reconciliation boxes (tables CF1 and CF2) should largely automatically generate the cash flow statement where balances have been correctly classified in SoFP notes. Unless you know you have a rare and specific scenario, large entries in the 'other adjustment' rows are not expected.
- Table CF3 derives the charitable fund cash movements rows for the cash flow statement. It can be ignored if you do not consolidate a charity.
- Table CF4 is the primary source of entry for cash flow movements in DHSC and other loans. This level of detail is required so we can feed through to the monthly monitoring tabs in the PFR form. Entries in this table are also validated against DHSC financing records.

4.1.3. TAC05A SOCF MI rec

- This table computes a 'without charity' version of the cash flow statement to feed through to monthly monitoring tabs in the PFR form.
- This tab should be ignored by trusts that do not consolidate a charity.

- For those trusts that do consolidate a charity, this tab does not require any input, unless the trust recognises an ‘other loan’ from the consolidated charity. See chapter 6 for more details.

4.1.4. TAC06 Op Inc 1: note 1.1 – Income from patient care (by nature)

- The analysis of income from patient care services (by nature) reflects the current nature of contracting arrangements. This information is collected in TAC forms to meet the requirements of IFRS 15, paragraph 114 in the consolidated provider accounts. Providers may choose to disclose additional analyses in their accounts to meet this requirement locally.

- Under the NHS payment scheme (NHSPS), NHS providers receive income from commissioners under three main payment mechanisms. Patient care income from ICBs and NHSE directly commissioned services should be classified in note 1.1 according to their payment mechanism.

  - Aligned payment & incentive (API) income: The API payment mechanism applies to almost all provider-commissioner relationships where not covered by LVA arrangements. API arrangements have a variable and fixed element:

    - API - Variable: this covers elective ordinary and day case, outpatient procedures with an NHSPS unit price, outpatient first attendances, unbundled diagnostic imaging, nuclear medicine, and chemotherapy delivery. Income is earned at 100% of NHSPS prices based on actual activity.

      Note that ‘variable’ in this context means income is earned in line with activity performed. This is not the same variable consideration as defined in IFRS 15.

    - API - Fixed: includes fixed funding for all other expected activity including best practice tariff (BPT). Any adjustments to the fixed element for actual achievement of BPT should also be included in this row. Here, ‘fixed’ means that income entitlement is not tied to units of activity. Amounts earned under BPT are still recognised as variable consideration under IFRS 15.

  - Low volume activity (LVA) payments: LVA block payments are a distinct payment mechanism from API contracts and therefore should not be included in the API rows. These payments are not a material income stream and should therefore be included in the relevant 'other clinical income' or 'other income' row in this note, depending on the services provided by your trust.

- Local payment arrangements: Where there is patient care activity not covered by API or LVA payment mechanisms, a locally agreed payment approach, subject to NHSPS rules may be in place. Such income should also be recognised on the relevant 'other clinical income' or 'other income' row in this note.

- The following table explains the expected counterparty analysis and classification within note 1.1 for some components of provider income. This is not an exhaustive list of all provider income streams:

Payment tranche	Recognition in a provider form	Counterparty for agreement of balances
API fixed	API income rows within Note 1.1 (INC0198, INC0231, INC0302) (Only acute services includes a variable / fixed split. All other services are fixed only) Ambulance trusts should instead record this according to nature of the service	Respective commissioner per remittance (ICB or region)
API variable (elective)	API variable income row in Note 1.1 (INC0197)	Respective ICB
LVA payments	Other clinical income rows in Note 1.1 (INC0210, INC0260, INC0290, INC0310 or INC0340)	Respective ICB LVA payment values can be found in Annex A (schedule 15) of the [NHS Payment scheme guidance](#)
CDF, Hep C and cost and volume drugs	INC0200 in Note 1.1 (by nature) and INC1100 in Note 1.2 (by source)	13Q
Mental Health collaborative income	Where services have been provided INC0235 in Note 1.1	Respective lead provider (for non-lead providers only) Relevant commissioner (lead providers only)
	Where income funded external commissioning (lead provider only) INC0236 in Note 1.1	Relevant commissioner (lead providers only)

Payment tranche	Recognition in a provider form	Counterparty for agreement of balances
Education and training income from NHS England	INC1240A in Note 2.1 – in the NHS England counterparty column	‘Education support’ – respective NHS England region All other education contracts – CBA033

- Mental Health Provider Collaborative rows income should be recorded gross and any commissioning from the providers own provider arm must be eliminated before preparing accounts. All providers delivering this service should record the income against INC0235 and lead providers should record the income from other providers against INC0236.

4.1.5. TAC06 Op Inc 1: note 1.2 and note 1.3 – overseas visitors (non-reciprocal) income

- In completing row INC1180 in note 1.2 and the analysis in note 1.3 please note:
    - Income is recognised under IFRS 15 and so should include both invoiced and accrued income, where the entity is entitled to recognise it.
    - Income in this row and note is only where the provider directly invoices the patient, so should exclude income associated with reciprocal arrangements like the Global Health Insurance Card scheme and ICBs in connection to risk sharing arrangements.
    - In line with IFRS 15, revenue is recognised to the extent the provider is entitled to it and not what it expects to collect. If a credit loss allowance (bad debt provision) is required this should be recorded in TAC18 (note 20.1 and 20.2) and disclosed in note 1.3: such amounts should <u>not</u> be netted off with the original income recognition if the provider is entitled to the revenue.

4.1.6. TAC07 Op Inc 2

- Note 2.1 is split between IFRS 15 revenue streams and non-IFRS 15 revenue streams as required by paragraph 113(a) of IFRS 15. Table 2A is a breakdown of other IFRS 15 income.

- Note 2.2 Fees and charges collects information in relation to the local accounts (/annual report) requirement included in the DHSC GAM and FT ARM. This note is a HM Treasury requirement. Trusts should refer to the DHSC GAM for further guidance.

- Note 2.3 collects the maturity analysis of future operating lease receipts. Please note that the maturity bandings are defined in IFRS 16 paragraph 97 and differ to those used for lease liabilities.

4.1.7. TAC08 Op Exp

- Purchase of healthcare from other NHS and DHSC group bodies is restricted to expenditure with NHS providers and Wiltshire Health and Care (this is within the business with other DHSC bodies column). If you purchase healthcare from any other bodies in the DHSC group, please contact england.provider.accounts@nhs.net.

- Expenditure with NHS Blood and Transplant should be recorded under 'supplies and services – clinical'.

- Mental health collaborative expenditure should not include internal transactions (ie where the lead provider in the collaborative is commissioning from itself).

- There is no separate row for 'inventories consumed': providers will include these costs in the relevant rows. However please note the row for drugs costs: we expect the expenditure associated with drug inventories consumed and purchase of non-inventory drugs to be included on this specific row.

- Costs included within Consultancy in Operating Expenses should meet the definition provided in the GAM. Counterparties for this line have therefore been restricted as it is deemed that bodies within the Departmental Group would not be providing such services outside of business-as-usual.

4.1.8. Link between TAC09 Staff and TAC08 Op Exp

- Staff costs in TAC08: Operating expenses includes a row for staff costs. Some trusts include staff costs elsewhere in operating expenses, for example research and development expenditure. Rows 31-38 on TAC09 allow the user to identify these elements which then feed into the appropriate rows on TAC08.

4.1.9. TAC09 Staff: employee expenses note

- Counterparties: DHSC requires separate counterparty analyses to be provided for permanent employees and other staff costs. Counterparty analysis for expenditure relating to permanent employees is restricted to Other WGA bodies (for employer NI and pension contributions) and external to government (gross salary and other payments) only. Expenditure relating to ‘other’ is unrestricted.

- Net accounting recharges: A counterparty analysis is not expected for these monies. Both parties to the recharge arrangement should account for the income/expenditure as ‘external to government’ (as with an agency arrangement). More guidance on this is provided in the Agreement of Balances Guidance.

- Definitions:

    - Permanently employed: this relates to staff who are permanently employed by the trust and includes staff who are on outward secondment or loan to other organisations.

    - Others: this relates to others engaged on the objectives of the trust and will include staff on inward secondment or loan from other organisations, agency/temporary staff and contract staff.

    - Temporary staff – external bank: This row relates to non-payroll external bank staff costs and should be used where the trust uses an external bank provider and the provider fulfils the requirement with staff on its own books. This line has a restricted counterparty analysis. The ‘Other WGA’ counterparty column is unlocked to permit external bank spend with NHS Professionals to be recorded in the external bank line. Note that internal bank should be recorded in the salaries and wages row.

    - Temporary staff - agency / contract: This relates to non-payroll staff only such as agency workers, interim managers and specialist contractors. It should not include bank staff or staff borrowed or seconded from other NHS bodies. These should be recorded in temporary staff – external bank or salaries and wages as appropriate. As such, this line has a restricted counterparty analysis. The ‘Other WGA’ counterparty column is unlocked to permit agency spend with NHS Professionals to be recorded in the agency line.

    - Contract staff – this means contractors engaged by the trust on a contract to undertake a project, task or interim role. It does not include amounts payable to contractors in respect of the provision of services (e.g. cleaning or security) which should not be recorded within staff costs.

4.1.10.TAC09 Staff: employer pension contributions

- The employer contribution rate for NHS pensions increased to 23.78% from 1 April 2024. Employers continue to pay contributions at 14.38% with the additional amount, in the case of NHS providers, being paid on the organisation's behalf by NHS England. The additional 9.4% pension contribution should be recognised as notional expenditure together with notional income at month 12 only. In line with prior year arrangements these figures will be provided centrally and validated in month 12 returns. The figures will be based on month 10 pension contribution data from NHS Business Services Authority, extrapolated to a full year. Please apportion this figure between permanently employed and other categories accordingly. If significant changes have occurred at the provider in the final two months of the year such that this extrapolated figure is significantly incorrect, providers should contact the provider accounts team.

4.1.11.TAC09 Staff: Notes 6.1, 6.2, 6.3: Exit packages

- Notes 6.1 and 6.2 are for all exit packages: this includes compulsory redundancies, and other (non-compulsory) departures.

- The figures disclosed in these notes relate to exit packages agreed in the current financial year, in accordance with the GAM / FT ARM. The actual date of departure might be in a subsequent period, and the expense in relation to the departure costs may have been provided for in a previous period. The data in these notes is therefore presented on a different basis to other staff cost and expenditure notes. As the disclosures are of packages agreed in the year, <u>the figures disclosed in these notes cannot be negative.</u>

- Note 6.3 is an analysis of the other departures in the above note. As explained in the GAM / FT ARM, the number of payments is likely to be higher as an exit package may have more than one element in note 6.3.

- Within note 6.3, the line STA0770 is for non-contractual payments requiring HMT / DHSC approval: these are special severance payments.

- Take care to ensure these tables remain consistent with the disclosures in your annual report.

4.1.12.TAC12 Impairments

- This tab is the primary input for impairments. The categorisation of impairments is important for government budgeting purposes. Definitions of the different types of impairments can be found in Annex 4.

- By default, impairments scoring to the revaluation reserve will appear in the 'cost' section of the PPE/intangible/Right of Use asset note, and impairments scoring to operating expenses will appear in the depreciation/amortisation section of the PPE/intangible/Right of Use asset note. Table 11B allows the user to elect to override this default if desired.

4.1.13.TAC13 Intangibles

- Transfer of donated assets from consolidated charitable fund to trust (which was recognised in charity balance sheet prior to transfer):

  - Where a consolidated charity donates an asset to the trust, this is an addition for the trust and a disposal for the charity. This row is only used where the TACs include a consolidated charity. For consolidations, this line is used to simplify that treatment and show a reclassification within the group. This is only used for the transfer of actual assets, and not donations of cash.

  - The user should input the value of the addition for the trust in columns G-O. The disposal from the charity may be net of accumulated amortisation: any entry in INT0255 column P for amortisation is then grossed up in INT0095 column P.

4.1.14.TAC14 PPE: Note 13.1

- Transfer of donated assets from consolidated charitable fund to trust (which was recognised in charity balance sheet prior to transfer):

  - Where a consolidated charity donates a physical asset to the trust, this is an addition for the trust and a disposal for the charity. This row is only used where the TACs include a consolidated charity. For consolidations, this line is used to simplify that treatment and show a reclassification within the group. This is only used for the transfer of physical assets previously held by the charity and not donations of cash or purchases of assets by the charity immediately donated to the trust (without the charity capitalising it).

  - The user should input the value of the addition for the trust in columns G-N. The disposal from the charity may be net of accumulated depreciation: any entry in PPE0255 column O for depreciation is then grossed up in PPE0095 column O.

4.1.15.TAC14 PPE: Table 13E Valuation methods

- This information is collected to aid the production of the accounting policies for the consolidated provider accounts. In this table please enter the closing net book value of the assets.

4.1.16.TAC14 PPE: Table 13F Assets derecognised upon creation of a new finance lease (trust as lessor)

- Table 13F collects an additional split of PPE assets derecognised upon commencement of a new finance lease (trust as lessor). Such disposals are split in this table between those leased to other government bodies and those leased to external to government. Assets derecognised upon being leased to other government bodies are expected to be transferred to TAC14B. See Annex 2 for more details.

4.1.17.TAC14A RoU Assets

- TAC14A provides the balance sheet movements notes for right of use assets. Paragraph 53 of IFRS 16 requires analysis by class of underlying asset. Information is also required by counterparty grouping to support national eliminations. The sheet is therefore structured around five separate input tables split by counterparty groupings for input, with a summary table at the top.

- Each of these input tables are structured to be conceptually similar to TAC14 PPE, but please note:

    - amounts relating to peppercorn leases are separated out because of the different government budgeting treatment, akin to donated PPE assets: the associated non-cash gain on recognition is fed into TAC07. If the peppercorn leased asset has a small associated lease liability then the addition should be split with the peppercorn portion relating only to difference between the liability and value of right of use asset. There is an additional table (table 14F) to identify any right of use asset impairments that relate to peppercorn leased assets.

    - under IFRS 16, initial measurement of the right of use asset starts with the initial measurement of the lease liability, together with the adjustments listed in paragraph 24 of the Standard. These components of the right of use asset addition must be split out in the specified rows on TAC14A which mirror paragraph 24.

- movements in the lease liability arising from subsequent remeasurement are reflected in the value of the right of use asset (ROU0096).
- capitalised dilapidation provisions are entered primarily on TAC22 Provisions: those are fed into TAC14A and default into the property column. Please allocate these provisions into the other classes of assets as appropriate: property is then the balancing figure here, less amounts moved into TAC15 for investment properties. Right of use assets derecognised under subleases (finance leases) are recorded in rows ROU0173-ROU0176. If the finance lease sublease ends and the right of use asset comes back on balance sheet, this can be reflected in ROU0081-82.

4.1.18.TAC14B Lessors additional info

- **This sheet must be completed (and only completed) by providers who are lessors of intra-government finance leases.** Intra-government includes NHS providers, other DHSC group bodies, other WGA bodies and local authorities. If the Trust is not the lessor of a finance lease with one of these bodies then this tab can be ignored. Please refer to Annex 2 for more information on completing this tab.

4.1.19.TAC15 Investments

- Note 17.1 Other investments / financial assets:
    - This is a table of movements in the *net* carrying value of financial assets, so is after any credit loss allowances. IFRS 9 changes the way impairments to financial assets are measured by applying an expected credit loss model. Movements in stage 1 and 2 credit loss allowances (initial 12 month expected losses and lifetime expected losses where the financial asset has reduced in credit quality) should be recorded in the row for '(increases)/decreases in credit loss allowances'. Such losses feed into the 'movement in credit loss allowance' row in the operating expenses note along with any movements in allowances on receivables.
    - Once a credit impairment event has occurred, these losses reach stage 3 and the stage 1 and 2 loss allowances should be reversed and an impairment (stage 3 loss) recorded in TAC12 which will feed the net impairments row in Note 17.1. This will appear as an impairment in the operating expenses note.

- Table 17A Gross carrying value of other investments / financial assets:

  We are not collecting a full reconciliation of movements in credit loss allowances for non-receivable financial assets (investments) as we do not expect it to be material to the consolidated provider accounts and are instead recording investments on a net basis. Table 17A collects the value of the total credit loss allowance on other financial assets and uses this to compute the gross carrying value at the balance sheet date.

4.1.20.TAC17 Inventories: centrally procured inventories (personal protective equipment) – green rows

- Between 2020 and 2024, DHSC distributed centrally procured personal protective equipment to NHS providers free of charge. Providers were required to recognise the benefit received and the utilisation of those inventories at deemed cost. More detail was provided in our 2020/21 year end accounting guidance and this remains relevant.

- All entries in relation to personal protective equipment received free of charge were made in a dedicated category of inventories on TAC17. Distribution of centrally procured inventories ceased on 1 April 2024. While no further additions will be recognised in this category of inventory, any stock remaining on balance sheet should be utilised / written down as appropriate and the expenditure arising from these entries will continue to be excluded from adjusted financial performance. Rows in expenditure relating to these inventory items are coloured olive green for ease of reference.

4.1.21.TAC18 Receivables: Note 20.1 definitions

- A **contract receivable** is a provider's unconditional right to receive cash or other consideration in relation to contracts with customers (revenue under IFRS 15). An unconditional right will most often arise once performance obligations have been satisfied. A provider does not need to have raised an invoice to have an unconditional right to consideration. If a contract specifies that the NHS provider is entitled to payment in advance then the contract receivable arises before the performance obligations have been satisfied (a contract liability will then also be recognised where such performance obligations have not been satisfied by the period end).

- A **contract asset** is where the provider's right to consideration is still conditional on another factor (other than the passage of time or an administrative process). This means performance obligations have been partially satisfied and revenue has been recognised but the provider has no entitlement to any consideration until further performance obligations have been satisfied. If a provider has simply not issued an invoice at the period end but otherwise has an unconditional entitlement to the consideration, this is not a contract asset – such ‘not yet invoiced’ amounts are contract receivables. We don’t expect this to be a significant item for providers.

Further guidance on classifying receivables is provided in Annex 6.

4.1.22.TAC18 Receivables: note 20.2 Allowances for credit losses

- This note is split between contract receivables and all other receivables. Additionally, it splits each of these categories between balances with DHSC group bodies and balances external to the group, in order to facilitate group eliminations.

- In general, movements in providers’ credit loss allowances are expected to relate to the following four main rows:

    - New allowances arising – lifetime expected credit losses assessed when initially recognising the receivable
    - Changes in the calculation of existing allowances – changes in allowances for receivables recognised in a previous period including changes in the credit quality of the debtor.
    - Reversals of allowances – where the allowance is released because the receivable has been paid
    - Utilisation of allowances – where the receivable is subsequently written off

- Most providers are unlikely to need to use the ‘changes arising following modification of contractual cash flows’ (where credit payment terms are altered) or ‘foreign exchange and other changes’ rows.

- Checks at the bottom of the table ensure that the closing total for credit loss allowances agrees to the main receivables note.

4.1.23.TAC18 Receivables: note 22.1 Finance lease receivables

- Note 22.1 is a maturity analysis for finance lease receivables. Maturity categories for the undiscounted future lease receipts (gross lease receivables) are specified in paragraph 94 of IFRS 16 and differ to the maturity analysis of lease liabilities. The carrying value of the net lease receivable is then split between current and non-current. Refer to Annex 7: Agreement of balances for leases for details on why the current portion is split further for agreement of balances.

- Note 22.3 is a movement note for lease receivables. Remeasurements and interest arising feed into TAC11. Lease receipts received feeds directly into the cash flow.

- Table 20A collects the movements in the allowance for uncollectable lease payments included in notes 22.1 and 22.2 (credit loss allowances for finance lease receivables). Any amounts included in 'arising' and 'reversed' will feed into operating expenditure on TAC08.

4.1.24.TAC21 Borrowings

- In note 27, loans, including those from DHSC, are held at amortised cost. For DHSC loans both principal and interest accrual balances are validated together against this note.

- Note 28.1 is the maturity analysis for gross (undiscounted) lease obligations. Unlike finance lease receivables, the standard directs the preparer to follow IFRS 7 in determining appropriate time bandings for this analysis. Net lease liabilities are split between current and non-current. Refer to Annex 7 for details on why the current portion is split further for agreement of balances.

- Note 28.3 is a movement note for lease liabilities. Cash outflows entered into this note feed directly into the cash flow statement. Similarly, interest arising on the liability in year feeds directly into finance costs on TAC11. Lease additions and lease liability remeasurements are validated against the right of use asset note or a sublease receivable. Please ensure that the counterparty classification of lease liabilities matches that of the right of use asset.

- Note 29.1 is a reconciliation of the movements in liabilities that arise from financing activities, showing both cash and non-cash movements. This is a requirement of IAS 7. Examples of how to complete this note can be found in Annex 3. Remeasurements of PFI liabilities are entered into this note and will feed finance costs on TAC11.

4.1.25.TAC22 Provisions: Note 33.2

- This note includes a category of provisions called '2019/20 clinicians' pension reimbursement'. This category of provisions is for recognising benefits due to clinicians in retirement under the 2019/20 Pensions Annual Allowance Charge Compensation Policy. Estimated liabilities under this scheme are calculated annually by NHS England and should be recorded in this category. This will also populate a receivable reflecting NHS England's funding of these liabilities. The receivable is populated into 'external to government' as this arrangement sits outside of agreement of balances. Providers should apply paragraph 54 of IAS 37, offsetting the reimbursement income against expenditure. This means no income or expenditure would appear in the income and expenditure tabs for this arrangement.

4.1.26.TAC22 Provisions: Table 30A Capitalised dilapidation provisions

- Paragraph 24(d) of IFRS 16 requires an estimate of costs to be incurred by the lessee in restoring the underlying asset to the condition required by the terms of the lease to be reflected in the measurement of the right of use asset. New lease dilapidation provisions are therefore capitalised. The entry for these is in TAC22 which feeds into TAC14A for right of use assets. Note that they feed into the 'property' column in TAC14A by default; after entry in TAC22 movements in capitalised dilapidation provisions need to be allocated by class of underlying asset in TAC14A (ROU0097-ROU0099 in each counterparty table) or to right of use investment properties in TAC15 (IGR0065).

4.1.27.TAC24 On-SoFP PFI

- Note 33.1 is a maturity analysis of the gross and net balance sheet obligations under the service concession arrangement.

- Note 33.2 is a maturity analysis of the total future obligations under the scheme – this includes the balance sheet obligation and is expected to be at least equal to (but may not be limited to) the total future unitary payments to which the trust is committed.

- Table 33A is a maturity analysis of total future obligations under the service element of the scheme. This is not an accounts disclosure requirement, but the data is still required for the Whole of Government Accounts.

4.1.28.TAC24 On-SoFP PFI: Note 33.3 Analysis of unitary payment

- In the analysis of amounts payable to the service concession operator, the 'other amounts' rows (CAP2680 and CAP2690) are expected to be used only very rarely. They are for amounts that the trust is committed to pay under the PFI / service concession contract but do not form part of the UP. Any amounts for services that the trust has elected to pay, or charges for non-contractual works (such as fixing damage) should not be included in these rows. As a general rule of thumb, if the expenditure feels more appropriate to be in Premises or elsewhere in TAC08 rather than the PFI row, do not include in the 'other amounts' rows here and use the direct categorisation into the relevant operating expenses row in TAC08. Elements of the unitary payment must be completed in this table in order to flow through to the PFI row in TAC08.

4.1.29.TAC24 On-SoFP PFI: Table 33C: PFI budgeting (IFRS)

- This table is a comparison between costs on an IFRS basis and on a UKGAAP/ESA10 basis. This should be completed by all trusts who are disclosing a service commission (e.g. PFI) commitment at the balance sheet date.

- If the Trust's PFI scheme was accounted for on balance sheet under UK GAAP prior to the transition to IFRS, this note should be completed with equal costs under each basis.

- The first 14 lines of the note deal with the **revenue** impact. The first part of the table collects the impact on the IFRS accounts of having the PFI scheme on balance sheet: i.e. charges for services, depreciation charges and so on. CAP2305A and CAP2305B can be unlocked on request where the trust is recognising one-off items of income or expenditure that do not relate to the current year unitary payment (eg. upon termination or writing off lifecycle prepayments). Please email england.provider.accounts@nhs.net to unlock this row so that we can assess the DHSC budgeting treatment. There is then a line for the UK GAAP / ESA 10 version of this. A further line then calculates the difference between the two.

- CAP2300 requires providers to record the impact on the PDC dividend charge of having the scheme(s) on balance sheet (compared to a charge calculated excluding the scheme assets and liabilities). This is the gross impact of the IFRS assets and liabilities; the impact of the residual interest under UKGAAP is entered in a separate table. Guidance on how to calculate this figure was also explained in the 'PFI in PFR' webinar. A recording of this webinar is available in the additional documents section of your portal, saved in the 'Training resources' folder. A JoC check is also included on TAC JoCs to assist providers with calculating this impact. A link to the JoC can be found on the right hand side of Table 33C. Detailed explanation of this JoC is included in the section below.

- **Capital** expenditure on a UKGAAP basis is expected to relate to the build-up of a residual interest over the life of the scheme: additions to build up the residual interest were recognised under UK GAAP with an off-balance sheet PFI scheme. This is the capitalisation of part of the unitary payment under UK GAAP.

- Capital expenditure under IFRS will be any current-year capital additions recognised in the IFRS accounts, for example capital lifecycle spend.

- Guidance on how to complete these tables, in particular the impacts on PDC dividend, was provided in a 2024 webinar titled ‘PFI in PFR’. A recording of this webinar is available in the ‘Additional documents’ section of your provider portal.

4.1.30. Related TAC JoC: Impact of on-SoFP PFI schemes on PDC dividend (IFRS basis)

- This check focuses on CAP2300 in table 33C on TAC24 which requires providers to enter the impact that accounting for schemes on-SoFP has on the PDC dividend charge.

- To aid providers with the YTD impact at month 9 and month 12, we have added the calculation featured in the ‘PFI in PFR’ webinar to the TAC forms within this JoC.

	Actual PDC dividend charge calculation on 13. SOCI Other	Remove PFI assets and liabilities from opening and closing net assets				PDC dividend charge calculation excluding PFI scheme	
	Year ending	PFI asset (PPE)	PFI liability	PFI lifecycle prepayments	PFI deferred income/credits	Year ending	
	£'000					£'000	
Opening net assets employed	409,990	(398,281)	585,260	(9,256)	6,081	593,794	
Opening adjustments						0	
Opening net book value of donated, granted and peppercorn leased assets	(55,700)					(55,700)	
Adjustments to exclude significant disposals/acquisitions in opening total assets employed						0	
Opening relevant net assets	**354,290**	**(398,281)**	**585,260**	**(9,256)**	**6,081**	**538,094**	
Closing net assets employed	370,871	(380,244)	570,282	(9,801)	5,520	556,628	
Closing adjustments						0	
Closing net book value of donated, granted and peppercorn leased assets	(64,481)					(64,481)	
Adjustments to exclude significant disposals/acquisitions in closing total assets employed						0	
Revenue support PDC drawn down in year	0					0	
Closing relevant net assets	**306,390**	**(380,244)**	**570,282**	**(9,801)**	**5,520**	**492,147**	
Sum of opening/closing relevant net assets	660,680					1,030,241	
Initial average relevant net assets	330,340					515,121	
Average daily cleared balances in GBS/NLF	(287,862)					(287,862)	
Adjustment for part-year effect of significant disposals/acquisitions reported							
Final average relevant net assets	42,478					227,259	
PDC dividend rate	3.5%					3.5%	
Calculated PDC dividend	**1,487**	*(A)*				**7,954**	*(B)*
Impact of PFI scheme on PDC dividend charge (A - B)	(6,467)						

Enter this figure on CAP2300

- It calculates an expectation for the PDC dividend impact as follows:
  - The FOT PDC dividend calculation is pulled through from tab ’13. SOCI Other’ in the back half of the form.
  - Prior year PFI balances disclosed throughout the TACs are adjusted from the opening net relevant assets value.
  - Forecast (FOT) values for the PFI asset and PFI liability are taken from tab ’05. SoFP’ in the back half of the form and adjusted from closing net relevant assets.

- At month 9 only, providers should manually enter the forecast year end lifecycle prepayment and deferred credits to be adjusted out of closing net relevant assets. At month 12, this is linked to TAC18 and TAC20.

- The PDC dividend charge excluding relevant PFI assets and liabilities is then calculated. The difference between the two is the expected impact on the full year PDC dividend. At month 9, 9/12 of this is expected to be recorded in TAC24. The expected impact is similarly pro-rated for part-year providers.

- Where providers are struggling to calculate this impact accurately, we recommend using this JoC to calculate this for you. Providers must ensure they are classifying PFI related balances correctly into dedicated rows throughout the TACs – this includes the PPE NBV financing analysis on TAC14, the PFI lifecycle prepayment rows on TAC18 (not to be confused with the prepaid capital contributions row), and the deferred PFI credits row in other liabilities (deferred income) on TAC20.

4.1.31. TAC24 On-SoFP PFI: Table 33D: PFI budgeting (UK GAAP / ESA 10)

- This table calculates the revenue costs of IFRIC 12 schemes on a former UK GAAP / ESA 10 basis. The annual unitary payment, revenue generated from subleasing and portion of the unitary payment capitalised to build up the residual interest are populated from information already entered in table 33C.

- Amortisation of any deferred assets (assets previously owned by the trust and contributed to the scheme) would have been an additional charge to expenditure in addition to payments to the operator under former UK GAAP treatment.

- The ‘effect on PDC dividend’ in the UK GAAP analysis will be the increase to the PDC dividend as a result of the residual interest being on the balance sheet. The residual interest is the expected value of the IFRIC 12 asset(s) at the end of the scheme if ownerships reverts to the Trust. On a UK GAAP basis the residual interest is built up over the life of the scheme by capitalising a portion of the unitary payment. This PDC dividend figure is different to the impact on the current IFRS accounts’ PDC dividend captured in the IFRS revenue part of table 33D. This figure should only be nil where the residual interest does not transfer to the provider on expiry of the scheme, or where the trust would have average relevant net liabilities on a UK GAAP basis which exceeds the cumulative value of the residual interest.

- A row exists for any ‘other adjustments’ that would have been required on a UK GAAP basis. Such other adjustments would be rare. If you believe your UK GAAP position would have included further accounting adjustments not already specified in this table, please contact england.provider.accounts@nhs.net with details of the UK GAAP accounting adjustment for consideration.

4.1.32.TAC26 Pensions

- These notes are only for use by trusts who have defined benefit pension schemes accounted for as such in their accounts. These are commonly interests in local government pension schemes. The NHS Pension Scheme is accounted for as a defined contribution scheme so should **not** be included here.

- Note 35.1 should be seen as a ‘balance sheet movements’ note. Entries here feed into note 35.2 and the net liability or net asset is then automatically populated into TAC20 PAY0410 (for net liability) or TAC18 REC0620 (for net liability).

- Note 35.3 computes the amounts to be recognised in the SoCI. This does not in itself make the entries in the SoCI note(s) – the user will need to do that. This will usually be ‘pension cost – other’ on TAC09. Table 35A asks where these SOCI amounts have been recorded.

4.1.33.TAC27 Financial instruments

- These notes collect the information on carrying values and fair values of financial assets and financial liabilities required by IFRS 7.

- The primary analysis in notes 36.1 to 36.4 is the carrying value of financial assets and financial liabilities split by class of financial instrument (vertically) and IFRS 9 measurement category (horizontally). JoCs check the reasonableness of entries here against the rest of the balance sheet.

- Rather than separately collecting fair value notes, column L (for assets) and J (for liabilities) asks the user if carrying value is <u>not</u> a reasonable approximation of fair value, and then asks for fair value information if the answer is ‘yes’.

- The analysis of maturity of financial liabilities should be prepared on a gross liability basis (ie. undiscounted future cash flows). The table is split out horizontally by class of financial liability to aid preparation – this level of detail is unlikely to be required in accounts. Below is a summary of how to approach each category in this analysis:

- **PFI and lease liabilities** - The maturity of PFI and lease liabilities are automatically populated from TAC24 and TAC21 where gross commitments are already entered.

- **DHSC loans** - Future undiscounted cash flows on DHSC loans should include all future interest payments. This information should be available in loan repayment schedules. Checks beneath the table require gross DHSC loan commitments in this note to exceed the book values in TAC21. If normal course of business loans are nearing the end of their repayment term such that future interest charges are less than £1k, entering a decimal in this note to exceed the book value will pass the validation.

- **Trade and other payables** - Most providers do not have significant non-current trade and other payables. Unless interest is payable on outstanding trade payables, undiscounted future cash flows are likely to equal book values. A check beneath the table requires this analysis to at least equal to the book value disclosed in the book value tables above (split by DHSC group and external).

- **Provisions that are financial liabilities** – As the HM Treasury provisions discount rates are on occasion negative, undiscounted future cash flows in relation to provisions that meet the definition of a financial liability may be less than the carrying value. The check on this column therefore only checks that a cash flow has not been omitted where a book value has been disclosed in the tables above.

- **Other borrowings and other financial liabilities** – Only a small number of providers have liabilities in these classes. This is therefore an aggregate of both classes. Checks ensure the undiscounted future cash flows are at least equal to the book values in the notes above.

- **Consolidated charitable funds** – this remains a separate class of financial liabilities to enable us to deconsolidate charitable funds before reporting to the Department of Health and Social Care. Checks on this column also ensure undiscounted future cash flows are at least equal to the book values in the notes above.

4.1.34.TAC30 Transfers by absorption

- These tables are only used for transactions meeting the definition of a transfer by absorption per the DHSC GAM. Refer to section 5 of this document for further guidance.

4.1.35.TAC31 / TAC32 – Newly authorised foundation trusts – currently not applicable

- TAC31 and TAC32 are only used where an NHS trust is authorised as a foundation trust, whether at the start of or during a year. They should not be used for absorption transfers between bodies.
- They should not be used where a new NHS trust or NHS foundation trust is created. Where a new entity is formed, it is created with nil balances with absorption transfer(s) shortly after.
- The expected sign guidance applies to both a trust recording its 'transfer to FT' and an FT recording its 'start of period' balances.

4.1.36.TAC33 Prior period adjustments

- As explained in section 3, prior year figures in the TAC schedules are unlocked for editing to facilitate restatement for change in accounting policy or correction of material prior period error. The original comparatives are locked into table 44A: if a prior year figure is changed, this tab will calculate the difference and ask for an explanation.
- Providers are held to account for prior period errors therefore these adjustments to score to current year outturn. For example, if a provider restates its PPE balance because depreciation has been under-charged in prior periods, this additional depreciation will score to adjusted financial performance in the current year.
- The outturn consequences of all PPAs are reviewed by the provider accounts team. Where the tables on TAC33 have been completed incorrectly providers will be expected to make amendments.

Additional guidance for providers with late prior year accounts

- Where a provider submitted its prior year accounts significantly later than the prescribed deadline, it is likely that NHS England 'locked down' its reporting for the year at a particular point: the provider would have been advised if this applied to your entity. This would mean by default that any further changes in the position would be recorded in the subsequent (now current) year for NHS England, so the same approach is taken in 'adjusted financial performance' and system capital outturn. Note that the treatment of specific cases may vary at NHS England's discretion.
- For providers in this position, column F in table 44A on TAC33 records the provider's reported position at that interim point that was used in the national

accounts. Therefore the 'total PPA' computed in column H – and used in the rest of the analysis on TAC33 – is a PPA in the sense of the PFR/TAC form rather than local accounts, and will be the sum of (i) late changes in the prior year (not a prior period adjustment in the current year local accounts, as they were recorded last year); and (ii) actual prior period adjustments made during the current year accounts process.

- Figures pre-populated into TAC33 by NHS England for providers in this position should not be amended locally.

4.1.37.TAC33 PPAs - Table 44B Analysis of Capital PPAs

- This table on TAC33 identifies prior period adjustments impacting on CDEL. Column F calculates changes to prior year closing non-current asset balances. Where these have been restated providers are required to complete a horizontal analysis identifying the nature of the movement. (For example, it may be that additions were overstated in a prior year.) Valuation and depreciation movements which do not impact on CDEL should be recorded in the 'other' column.

- Any restatement of capitalised dilapidation provisions arising from a change in how much of the provisions was 'utilised' will not impact the RoU asset value. This information is therefore collected separately at the bottom of the table.

4.1.38.TAC33 PPAs - Table 44C Analysis of Revenue PPAs

- This table identifies prior period adjustments impacting adjusted financial performance, RDEL and revenue AME. PPE0570 calculates changes to the prior year closing I&E reserve balance. There are two stages to completing this table:

  - **Step 1 –** Complete a vertical analysis of the nature of the prior period adjustments that have fed into a restatement of the I&E reserve. For example, if accruals have been restated then the I&E reserve has been impacted by a change in expenditure. Please take care to note the guidance on signage above this table.

    If, exceptionally, the I&E reserve movement relates to an item of other comprehensive income (eg. actuarial gains/losses) or a movement between reserves (eg. transfer of revaluation surplus to I&E reserve on disposal of an asset), PPA0750 or PPA0760 can be unlocked on request.

    - **Step 2 –** Where prior year restatements relate to revenue costs of leases, a counterparty analysis is required to facilitate national consolidation adjustments.

- Providers do not complete these tables frequently therefore if you require assistance please contact the provider accounts mailbox.

5. How to record a transfer by absorption

This section has been drafted on the basis of an incoming absorption transfer, but the principles apply equally to an outgoing transfer. Where we refer to 'the provider' we mean the continuing organisation recording the inward absorption transfer.

Step 1: Determine the transferring balance sheet numbers

The first step is for the provider to have working papers for the balances of the SoFP at the point of transfer. Please be reminded that as set out in the DHSC GAM, the recipient of an absorption transfer should recognise assets and liabilities at their book value on transfer. If the provider needs to make any adjustments to the values or classifications either on the basis of available supporting information or accounting policy alignment, these adjustments should be made by the provider **after** recognising the transfer. The DHSC GAM sets out that these subsequent adjustments relating to harmonising accounting policies are made directly in taxpayers' equity (reserves). All numbers in the TAC recognised as 'transfer by absorption' (and covered by the steps below) must be the unadjusted numbers sent by the divesting body. This also allows eliminations across the DHSC group.

Step 2: Complete summary information on TAC30

Complete Table 42A on TAC30 to provide summary information on each individual transfer by absorption.

Step 3: Complete detailed information on the net assets transfer on TAC30

Table 42B is then used to complete the detail of the assets and liabilities being transferred. This sums to net assets (row ABS1250) which will equate to the gain/loss on transfer recorded in the SoCI.

Step 4: Revaluation reserve

Any revaluation reserve balances associated with transferred assets should be reinstated in the receiving body's revaluation reserve following transfer. Transferring revaluation reserve balances are entered in rows ABS1260 to ABS1290. Totals here then flow through to table 42C for transfers between reserves.

Step 5: Transfers between reserves

Applying the revaluation reserve principles in the DHSC GAM, after the net gain/loss on absorption in the SoCI flows through to reserves, any other transferring reserves are then recreated by means of a transfer from the I&E reserve. Table 42C is used to record the transfer between reserves. It is not intended to present the 'impact' on reserves as it does not include the effect of the absorption gain/loss.

Step 6: Check that inter-provider balances have been eliminated

If the transfer relates to the provider taking on services from another provider and the two finance functions have not been merged, additional care should be taken to ensure that any internal balances between the separate organisations after the point of transfer have been eliminated prior to completion of the TAC schedules. For example in the case of a wholescale acquisition or merger, if as an interim measure the TACs have been completed by adding together TACs from the two former bodies, please ensure that any items such as loans between the bodies have been eliminated in the entity's closing balance sheet.

Income and expenditure transactions between the two entities before the point of transfer should not be eliminated.

Step 7: Check impact on cash flow statement

The automation within the cash flow statement of the TAC schedules calculates gross balance sheet movements for receivables and payables. As such, any movements in receivables / payables that have resulted from the transfer by absorption must be removed from these calculations as they do not represent cash flows. These amounts will be automatically adjusted through rows CFS0120 and CFS0280 on TAC05 using information provided on TAC30.

The amounts adjusted out will relate to operating balances only (i.e. exclude items that do not relate operating cash flows such as capital payables, interest receivable etc) as these are already removed from the calculated movement. Please ensure such balances have been appropriately split out on TAC30.

Step 8: Check absorption transfers with other providers eliminate

Absorption transfers between providers must eliminate in the consolidated NHS provider accounts. We will review all transfers and follow up with providers where this is not the case and ask for differences to be resolved. Providers are therefore advised to check with their transfer counterparty that the figures entered into TAC forms match prior to submission; this includes gross values of cost and depreciation/amortisation in each category of PPE, intangibles as well as counterparty classification on RoU assets. This is particularly important where absorption transfers arise following the demise of one or more providers.

6. How to consolidate a charity into the TAC schedules

Different types of charities and approach to consolidation

Section 3.2 of this guidance explains the three different circumstances for an NHS provider with a linked NHS charity.

This chapter is only applicable to providers locally consolidating a charity under IFRS 10 and explains how to reflect this in the TAC schedules.

Overall structural approach

The consolidated provider accounts will include charitable funds where consolidated locally under IFRS 10. Some providers also have other subsidiaries so prepare group accounts for that reason.

As set out in the Department of Health and Social Care Group Accounting Manual (DHSC GAM), NHS providers preparing group accounts will have 'group' and 'trust' columns in their accounts. For some providers, the 'group' column will include other subsidiaries, alongside the charitable funds. By default, the numbers presented in the TAC schedules are 'group' – this means that auditors can confirm consistency between the accounts and TACs for all bodies.

Financial planning and monthly monitoring returns are prepared on a 'group without charities' basis. We therefore need to be able to clearly identify group without charities in an easily understandable way in order to drive consistency between TACs and monthly monitoring.

DHSC needs to consolidate all charities (apart from a small number of fully independent charities) as a separate exercise for its compliance with the ONS definition of the departmental group. NHS England is required to report to DHSC with all charities deconsolidated as part of this process.

To make this approach as straightforward as possible, local consolidation eliminations between the charity and the group without charity (a term we use rather than 'trust' as some providers have both a consolidated charity and other subsidiaries) are presented separately in the TAC schedules. The headers of these columns are coloured blue to ensure they stand out.

Consolidating a charity

In summary, the approach to consolidating charities in the TAC schedules is as follows:

Step 1
- Complete charity information on TAC40 'Charity - consol': these are the numbers per the charity accounts, adjusted for accounting policy alignment.

Step 2
- Complete further analyses within notes as guided by tables on TAC40 (for example PPE movements entered into relevant column on TAC14).

Step 3
- Make intra-group elimination adjustments to trust and charity numbers in relevant tabs in the TAC schedules.

Step 4
- Check the cash flow statement, where the form generates necessary adjustments.

These steps are explained in more detail below.

Step 1: Complete charity information on TAC40 'Charity - consol'

TAC40 is designed to collect information from the charity's accounts, in a simplified format. This should be before any local intra-group eliminations, but after any accounting policy adjustments that you need to make to the charity numbers to bring them into line with the trust group accounting policies. This includes aligning the timing of income and expenditure recognition.

Where possible, numbers entered here feed into the rest of the TAC schedules. In some places the information on TAC40 is too summarised; more detail is required elsewhere and the two are validated. When data is entered, text alongside the TAC40 tables highlight in blue text where further analysis is required elsewhere, for example PPE movements input on TAC14.

Statement of Financial Activities / SoCI

On TAC40, resources expended on charitable activities should be classified by ultimate beneficiary. In most cases, donations of physical assets received by the trust occur where the charity purchases an asset which upon delivery immediately goes into the books of the trust. Row CHC0065 in this table is intended for this scenario: this line is cash expenditure for the charity for the purchase, but the spend is categorised in columns relating to the beneficiary (the trust), which will then subsequently eliminate against the non-cash income recognised in the trust.

Where the trust recharges staff or other costs to the charity and uses net accounting for this in the ‘trust only’ accounts (thus recognising no income or overall expenditure), the expenditure within the charity should be considered as incurred directly with the employee / external to the NHS in TAC40. There will be no elimination of the expenditure upon group consolidation as the elimination has already been performed within the trust accounts through the net accounting being used.

Movement in charitable funds reserve

This is a simplified SoCIE. Where possible, movements are populated from previous tables however trusts should review the split between restricted and unrestricted reserves and clear the check which validates closing reserves against the SoFP.

Charity cash flow

The cash flow statement on TAC40 contains the charity’s position. This feeds into TAC05 (SoCF) which presents the cash flow statement on a group basis. Cash flow elimination adjustments are then computed from SoFP and I&E eliminations recorded elsewhere and displayed in tables at the bottom of TAC05. These are reversed out in generating a ‘group without charity’ cash flow statement on TAC05A.

Transfers by absorption table

Where a provider has gained control over another NHS body’s charitable funds during the year and this meets the definition of a subsidiary for the provider, this should be accounted for as an absorption transfer within the provider’s group accounts. A gain on transfer may be recognised (within the group accounts only) and the financial activity of the charitable fund should be consolidated for the current year only (i.e. no restatement of prior periods). By completing this table, assets and liabilities transferred will be automatically populated into the relevant movement notes throughout the TAC schedules.

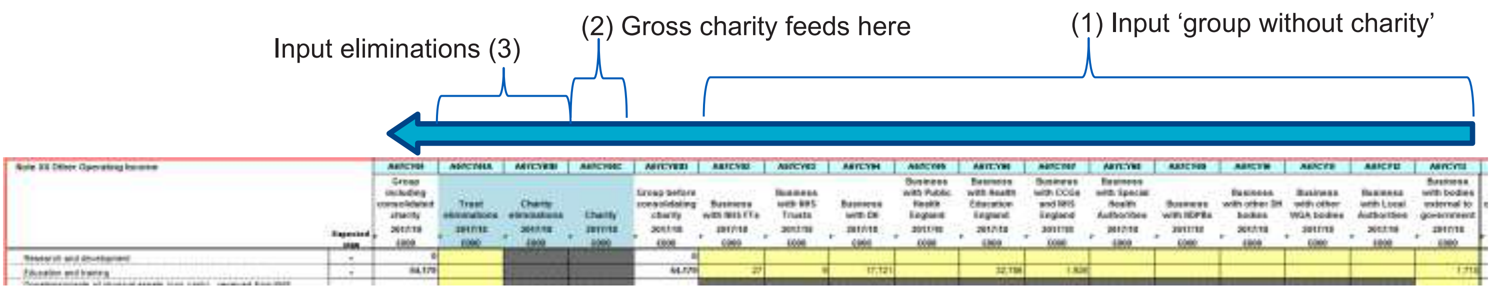
This table should not be used where the funds of a demising charity have transferred into the funds of the provider’s existing charity. This would be recorded as incoming resources in the underlying charity’s accounts.

Step 2: Complete further analyses within notes as guided by tables on TAC40

Some information is entered in a summarised form on TAC40 and further analysis will be required in the corresponding group accounts note. For example, detail of PPE movements is needed on TAC14. Text alongside the primary TAC40 tables highlights in blue text where this is required.

Step 3: Make intra-group adjustments to Trust and Charity numbers in relevant tabs in the TAC schedules

The charity information input on TAC40 is then fed into the rest of the TAC schedules, shown as (2) in the figure below:



With gross charity numbers feeding into the column marked (2) above, the columns to the left marked (3) then enable recording of intra-group adjustments (specifically for the charity subsidiary only) in leading to the group total. Eliminations from trust numbers and charity numbers should be recorded in separate columns as indicated. There are validation checks to ensure that eliminations balance overall.

For providers with no other subsidiaries, 'group without charity' means the same as their 'trust' position. For providers with non-charity subsidiaries, these entities should already be consolidated in the 'group before charity' numbers.

Step 4: Consider if IFRS 16 leasing elimination adjustments are required between Trust and consolidated charity

This is not expected to apply to many providers but is explained at the end of this section.

Step 5: Check the cash flow statement

The TAC schedules are designed to generate cash flow adjustments as much as possible. Table CF3 on TAC05 (SoCF) calculates the post-elimination cash flow entries for working capital, operating cash flows and investing cash flows for consolidated charities. Finally, TAC05A then processes adjustments to generate a cash flow statement without the charity.

If TAC05A does not balance (i.e. cash flow statement does not agree to balance sheet cash movements), please ensure that:

1. you have fully completed the rest of the TAC schedules first;
2. you have no other validation fails and any explained JoCs are reasonable; and
3. all 'other adjustment' entries on TAC05 are reasonable.

If after these steps you still have a problem with TAC05A, please get in touch with england.provider.accounts@nhs.net providing a copy of your completed form.

Lease arrangements between the provider and a consolidated charity

NHS charitable funds prepare accounts under the charities SORP which does not currently align with IFRS 16 for lease accounting. When preparing local group accounts, accounting policies should be aligned and be compliant with the GAM. This means that any leases within charities should be converted to an IFRS 16 basis before consolidation. Providers should consider the materiality of any leases within the charity before taking that step. Right of use assets has been added to TAC40 to facilitate this however detailed lease disclosures are not required in the TACs for consolidated charity funds as they will not be material at a national level.

Some providers may have leasing arrangements between the Trust and its consolidated subsidiary. These arrangements will fall into one of six categories. The following table sets out the recommended approach in the TAC forms.

Trust (IFRS 16)	Charity (not IFRS 16)	TAC consolidation approach
Lessor – operating lease	Lessee – operating lease	Continue to eliminate charity expenditure against trust income before applying IFRS 16 to the charity.
Lessor – operating lease	Lessee – finance lease	n/a – there are currently no lease arrangements of this nature disclosed between trusts and consolidated charities.
Lessor – finance lease	Lessee – operating lease	
Lessor – finance lease	Lessee – finance lease	
Lessee	Lessor- finance lease	
Lessee	Lessor – operating lease	This arrangement results in double counted assets on consolidation. Within the TACs, the trust and charity numbers should be recorded gross (double counting the asset). There is then functionality within the TAC forms to

record consolidation adjustments. This is only visible to providers who require it.

We are currently aware of only two providers who may be required to recognise right of use assets leased from a consolidated charity:

- Royal Berkshire NHS Foundation Trust
- Salisbury NHS Foundation Trust

If you have an arrangement of this nature please request the functionality be unlocked by emailing england.provider.accounts@nhs.net

The approach to consolidation should be:

- Cash flows within the trust should be eliminated against charity income.
- All other trust lease accounting entries should be unwound (e.g depreciation reversed, additions reversed, unwinding of interest reserved etc…)

This will result in a change in the consolidated outturn compared to the sum of the two organisations.

Annex 1: Changes to TAC schedules since month 12 2024/25

Tab/Table/Note affected	Change	Detail
IFRS 17 changes		
TAC01 Confirmations – Q16 & Q17	New questions	Two new questions to confirm if the trust is the issuer of any insurance contracts and if so, party to any reinsurance contracts.
TAC04 SOCIE – comparative year	New row	A new row for 1 April 2024 implementation of IFRS 17.
TAC05 SoCF – Table CF1	New rows	Two new rows added to adjust unwinding of discount on insurance contract liabilities/assets out of working capital movements for operating cash flows.
TAC07 Op Inc 2 – Note 2.1	New rows	Two new rows for revenue relating to insurance and reinsurance contracts.
TAC08 Op Exp – Note 3	New rows Description amended	Two new rows for expenditure relating to insurance and reinsurance contracts. The existing ‘insurance’ row renamed to clarify that premiums paid as a policy holder disclosed here should not include any reinsurance contracts.
TAC11 Finance & other – Note 8.1	New rows	Two new rows for the net finance costs arising on insurance and reinsurance contracts.
TAC18 Receivables – Note 21	New rows	New rows to record insurance and reinsurance contract assets (with current and non-current split)
TAC20 Payables – Note 25.1	New rows	New rows to record insurance and reinsurance contract liabilities (with current and non-current split)
TAC20 Payables – Note 25.2	New table	This table collects a reconciliation of the opening and closing net liability/asset arising from insurance contracts. The opening and closing balances should agree to the sum of insurance contract liabilities (TAC20) and insurance contract assets (TAC18). Please note that this relates to insurance contracts only and no reconciliation of reinsurance assets / liabilities is collected in the TAC forms.
TAC20 Payables – Table 25A	New table	Where providers are issuers of insurance contracts they should use this table to identify the counterparty(/ies) in these contracts.
TAC22 Provisions – Table 30C	New row	A new row at 1 April 2024 for providers to derecognise any provisions previously used to recognise insurance liabilities prior to implementation of IFRS 17.

Tab/Table/Note affected	Change	Detail
TAC30 Transfers – Table 42B	New rows	New rows to record insurance and reinsurance balances in line with the changes to TAC18 and TAC20.
TAC33 PPAs – Table 44A	New column / new rows	New column requires providers to separately analysis the prior year(s) impact of retrospectively applying IFRS 17. New rows have also been added to this table for 2025/26 to facilitate some values being populated directly from balance sheet movement notes.
TAC33 PPAs – Table 44C	New rows	New rows added to exclude the impact of retrospectively applying IFRS 17 from analysis of the movement on the prior year I&E reserve. Prior period adjustments arising from implementation of IFRS 17 do not score to outturns.
Other changes		
TAC01 Confirmations – Q6b (2024/25 reference)	Question removed	Question removed as there are no independent charities with non-corporate trustees that report directly to DHSC.
TAC04 SOCIE – current year	New row	New row for the transfer of historic revaluation reserve balances for intangible assets to the I&E reserve on 1 April 2025. Refer to 2.2.1 for more details.
TAC06 Op Inc 1 – Note 1.1	Cell locked	There are currently no back-dated pay awards centrally funded by NHS England in 2025/26.
TAC07 Op Inc 2 – Note 2.1	Row removed	Following the curtailment of personal protected equipment donated by DHSC, the related income row has now been removed.
TAC12 Impairment – Table 11A & 11B	Cells locked	The option to record intangible asset impairments in the revaluation reserve has been removed. Current year cells on subcode SCI1625 have therefore been locked. For more details refer to 2.2.1.
TAC13 Intangibles – Note 12.1 TAC23 Reval Res – Table 32A	Rows removed / hidden Formula removed	The option to employ the revaluation model for intangible assets is withdrawn from 1 April 2025. Historic revaluation surpluses relating to intangible assets are transferred to the I&E reserve on 1 April 2025. As such the revaluation and impairments/reversal of impairments charged to revaluation reserve in note 12.1 and the feed into the revaluation reserve have been removed. For more details refer to 2.2.1.
TAC13 Intangibles – Note 12.3 TAC14 PPE – Note 13.6	Data validations	In-cell data validations have been updated on these tables to prevent entry of useful lives that are less than 1 year.

Tab/Table/Note affected	Change	Detail
TAC16 AHFS – Notes 18.1 & 18.2	New rows	A new additions row can be unlocked on request where assets are purchased for subsequent disposal and therefore meet the definition of held for sale upon recognition. This is expected to be rare. Please contact the provider accounts team if you believe this applies.
TAC34 Free text - 21	New free text requirement	Where the total value of other financial liabilities is at least £1m, free text details should be provided in TAC34.
TAC22 Provisions – Note 30.1, 30.2 and Table 30C	Description change	'Equal pay' provisions have been renamed to 'Pay-related claims' for clarity. Entities should review 'other' provisions and reclassify any pay related provisions (such as re-banding) to the appropriate category.
TAC22 Provisions – Note 31 TAC34 Free text - 27	New requirement	Where providers have disclosed unquantified contingent liabilities in their accounts they should confirm this in the new row on Note 31 and provide free text details on TAC34.
TAC23 Reval Res – Table 32A	New row	New row for the transfer of historic revaluation reserve balances for intangible assets to the I&E reserve on 1 April 2025. Refer to 2.2.1 for more details.
TAC30 Transfers – Table 42B	New rows	Additional rows have been added to split current lease liabilities and lease receivables between invoiced and not yet invoiced amounts. This ensures that providers can still pass agreement of balances validations where the invoiced balances (included in AoB) transfer to/from another provider.
TAC40 Charity – consol – checks at bottom	New check	Check 1 has been added to ensure the response to confirmation question 6 on TAC01 is consistent with the reporting of consolidated charities.
TAC40 Charity – consol – memorandum table (hidden unless required)	New Table	A Memorandum table has been added to this tab to collect additional information where a provider establishes or transfers resources to an existing independent charity in year. This table is hidden unless required. Where the status of charitable funds is changing in the year, providers should contact the provider accounts team to discuss the impact on TAC form completion.
TAC40 Charity – consol – Tables 9 and 10 TAC41 Charity – non-consol – tables 7 and 8	New tables	From 2025/26 NHS charitable funds score nationally to the total NHS outturn. Two new tables have been added to the month 9 form to collect a best estimate of forecast revenue and capital outturn for charities consolidated locally or by DHSC. This outturn does not score to your system outturn or provider 'adjusted financial performance' measure.

Tab/Table/Note affected	Change	Detail
TAC41 Charity - non-consol – checks at bottom	New check	Check 1 has been added to ensure the response to confirmation question 6a on TAC01 is consistent with the reporting of consolidated charities.
TAC41 Charity - non-consol – SoFA	New row	A row has been added to allow providers to separately report the transfer of resources to an independent charity where a change in status has occurred. This row is currently hidden unless required. Where the status of charitable funds is changing in the year, providers should contact the provider accounts team to discuss the impact on TAC form completion.
TAC51 AGS info – Question A1	Description change	The wording of this question has been amended for clarity and to ensure completion of this is consistent with the text included in the AGS. The questions is asking whether a system of internal control was in place for the financial year (a standard confirmation in the model AGS). It is not asking about the effectiveness of that system – which is addressed by the subsequent question.
TAC61 – TAC64	Updated rows	Counterparties have been updated for changes since 2024/25 and refreshed into alphabetical order.
Validations and justify or change points		
TAC Validations – Validations 24, 139 & 205 (2024/25 references)	Checks removed	Obsolete validations have been removed from the form where they related to expired requirements. These checks previously related to: • 2023/24 backdated pay award funding validation • Losses incurred due to re-profiling of the New Hospital Programme • IFRS 17 readiness questions
TAC Validations – validation 2	Amended	This validation has been amended to ensure response to TAC confirmation 3 correctly reflects expected unaudited / audited status for the submission.
TAC Validations – validation 4	New – IFRS 17	This validation ensures the answer to the insurance contract confirmation question on TAC01 is consistent with any insurance contract balances being recorded.
TAC Validations – validation 5	New – IFRS 17	This validation ensures the answer to the reinsurance contract confirmation question in TAC00 is consistent with any reinsurance contract balances being recorded.
TAC Validations – validation 100	New – IFRS 17	This validation ensures the opening and closing balances on the movement analysis for net insurance contract balances agree to the balance sheet notes.

Tab/Table/Note affected	Change	Detail
TAC Validations – validation 101	New – IFRS 17	This validation ensures counterparty information has been provided in Table 25A where a provider has disclosed an insurance contract in Note 25.2.
TAC Validations – validation 114	New	The accounting and budgeting consequences of a PFI termination are complex and providers are asked to consult the provider accounts team in a timely manner where this is happening. This check will fail where a PFI termination is recorded in Note 29.1 which the provider accounts team is not already aware of. If this validation fails please contact the provider accounts team without delay.
TAC Validations – validation 118	New	This check is to ensure there are no closing intangible revaluation reserves balance.
TAC Validations – validation 146	New – IFRS 17	This validation ensures that all checks on PPAs arising from the implementation of IFRS 16 have been passed on TAC33, table 1.
TAC Validations – validation 148	Amended	This validation has been amended to capture the new consistency check on TAC40.
TAC Validations – validation 156	Amended	This validation has been amended to capture the new consistency check on TAC41.
TAC Validations – validations 180 to 197	Amended	These validations have been amended to include the invoiced portion of current lease receivables and current lease payables added to TAC30 for transfers by absorption.
TAC JoCs – JoC 24	Amended	This check has been expanded to compare the number of special severance payments disclosed on TAC09 with the number approved by HM Treasury, in addition to the values.
TAC JoCs – JoC 50	Amended	This check now has a tolerance for each category of provision to exclude trivial balances. The check will only trigger where the non-current prior year balance was £500k or greater. The check only applies at month 12.

Annex 2: Guidance on completing TAC14B Lessors additional info

Consolidation adjustments in the consolidated provider accounts and DHSC group accounts will involve removing all intra-group right of use assets and reinstating any assets derecognised by lessors in intra-group finance leases. This will ensure assets leased between group bodies are recognised only once at a group level at the correct value (the underlying asset value, or head-leased right of use asset value for eliminated subleases). We therefore need to collect additional information from lessors in intra-group finance lease arrangements in relation to the derecognised underlying assets: at a national level these will be 'put back' as owned assets or right of use assets where subleased. We are also collecting this information for assets finance leased to local authorities and other WGA bodies to ensure this information is available for consolidation adjustments in the whole of government accounts when needed.

This sheet contains four tables:

- Table 14J – this is a movement note for **owned assets** which have been derecognised under intra-government finance leases. This largely reflects the same movements seen in a PPE movement note with the exception of the additions and disposals rows. These are highlighted blue to indicate they differ – they relate to movements on and off the balance sheet. At the bottom of the table there is a summary of the revaluation surpluses associated with that asset. This will include any revaluation surpluses transferred to the I&E reserve when the asset was removed from the balance sheet.

- Table 14K – this is a movement note for **right of use assets** which have been derecognised under intra- government finance subleases. Where the headlease is with a body outside of the national group but the right of use asset has been derecognised as a subleased finance lease with an intra-group body, nationally the sub-lessee right of use asset will be removed, and the intermediate body's right of use asset restored. This table largely reflects the same movements you will see on TAC14A, with the exception of the additions and disposals rows. Again these are highlighted in blue text to indicate that they differ. Similarly a summary of any revaluation surpluses is at the bottom of the table.

- Table 14L collects additional information on impairments that would need to be recognised in the national outturn when these assets are reinstated on consolidation. Any impairments entered in tables 14J and 14K will populate in this table for further analysis.

- Table 14M collects the financing information for the book value of any PPE assets included in 14J. This will ensure PPE disclosures are complete once assets are reinstated on consolidation.

Any new or terminated leases during the year will result in assets moving on or off this sheet from/to TAC14, TAC14A or TAC15. These movements between TACs are validated to ensure that no government-controlled assets are lost on consolidation.

User-definable columns

In order to drive consolidation adjustments, for each off-SoFP asset it is necessary to know (1) what asset class it falls into, (2) who the asset is leased to; and (3) who the asset is leased from (for subleased right of use assets only). Were these tables to have a column for each possible combination they would be dozens of columns wide. To avoid this each column is instead user-definable given we don't expect the disclosure to be a common occurrence. Providers can group assets together and select the relevant options in the top rows of Table 14J and 14K. It is expected that most providers will not need to use more than 2 or 3 columns.

In the examples below, the provider has the following finance leased assets which are no longer on the trust balance sheet:

1. The trust owns a building which it leases to another NHS provider. This lease commenced in January 2018 and was classified as a finance lease on inception. If the asset was still on the trust's balance sheet it would incur £24k of depreciation this year.
2. The trust has leased land to the local council on a peppercorn lease since 2017. In the prior year the trust failed to disclose this off-SoFP asset on TAC14 and needs to add it in this year. The land would not be depreciated if still recognised by the trust but did have an associated revaluation reserve when it was derecognised from the trust's SoFP.
3. The trust leases 5 vehicles from a commercial company. It previously used these vehicles but during this financial year decided to outsource some services and subleases the 5 vehicles to two neighbouring NHS trusts. The subleases have been assessed as finance leases.
4. The trust leases a building from NHS property services. One wing of the building was subleased as office space to NHS England. The sublease commenced in March 2019 as an operating lease but was reassessed as a

finance lease on transition to IFRS 16. In the current year, the sublease has been terminated and the trust is now utilising the building, recognising the RoU asset back on its SoFP.

Examples 1 and 2:

Table 14J - Underlying PPE and intangible assets derecognised under intra-government finance leases		A14BCY01	A14BCY02	A14BCY03
These 'groupings' are user definable. Group leased assets together and select the relevant asset class and who the asset is leased to in the two rows below	Expected sign	Total 2023/24 £000	Finance lease grouping 1 2023/24 £000	Finance lease grouping 2 2023/24 £000
Finance lease counterparty - who it is leased to (select from dropdown)			NHS provider (FT/Trust)	Local Authority
Asset class (select from dropdown)			Buildings	Land
Valuation / gross cost of assets not recognised on SoFP due to existing intra-government finance leases 31 March 2023	+	**2,400**	2,400	
Prior period adjustment	+/-	**786**		786
Valuation / gross cost at 1 April 2023 - restated	+	**3,186**	**2,400**	**786**
Transfers by absorption *i*	+/-	**0**		
Assets derecognised from PPE under new finance lease	+	**0**		
Additions - subsequent expenditure that would have met the definition of capital had the asset remained on the Trust's SoFP	+	**0**		
Impairments charged to operating expenses	-	**0**		
Impairments charged to the revaluation reserve	-	**0**		
Reversal of impairments credited to operating expenses	+	**0**		
Reversal of impairments credited to the revaluation reserve	+	**0**		
Revaluations *i*	+/-	**0**		
Reclassifications (limited to this table only)	+/-	**0**		
Asset re-recognised on SoFP at end of lease term or upon lease termination	-	**0**		
Disposals/derecognition (leased asset sold without bringing asset back on SoFP)	-	**0**		
Valuation/gross cost at 31 December 2023	+	**3,186**	**2,400**	**786**
Accumulated depreciation of assets not recognised on SoFP due to existing intra-government finance leases 31 March 2023	+	**800**	800	
Prior period adjustment	+/-	**0**		
Accumulated depreciation at 1 April 2023 - restated	+	**800**	**800**	**0**
Transfers by absorption *i*	+/-	**0**		
Provided during the year	+	**24**	24	
Assets derecognised from PPE under new finance lease	+	**0**		

Revaluation surpluses that would have been associated with this asset if it were still on SoFP				
Revaluation surpluses as at 1 April 2023	+	**0**		
Prior period adjustment	+/-	**201**		201
Revaluation surpluses as at 1 April 2023 - restated	+	**201**	**0**	**201**
Revaluation surpluses transferred to I&E reserve upon commencement of finance lease in year	+	**0**		
Impairments	+/-	**0**	0	0
Revaluations	+	**0**	0	0
Asset re-recognised on SoFP at end of lease term or upon lease termination (revaluation surplus should be removed from this table)	-	**0**		
Disposals -leased asset sold without bringing asset back on SoFP (revaluation surplus should be removed from this table)	-	**0**		
Revaluation surplus balance at 31 December 2023	+	**201**	**0**	**201**

Examples 2 and 3:

Table 14K - Underlying RoU assets derecognised under intra-government finance sub-leases These 'groupings' are user definable. Group sub-leased assets together and select the relevant asset class, who the asset is leased from and who the asset is subleased to in the three rows below	Expected sign	A14BCY21 Total 2023/24 £000	A14BCY22 Sublease grouping 1 2023/24 £000	A14BCY23 Sublease grouping 2 2023/24 £000
Headlease counterparty - who it is leased from (select from dropdown)			External to Government	Other DHSC group body
Sublease counterparty - who it is leased to (select from dropdown)			NHS provider (FT/Trust)	Other DHSC group body
Asset class (select from dropdown)			Transport equipment	Property (land and buildings)
Valuation / gross cost of assets not recognised on SoFP due to existing intra-government sublease (finance lease) 31 March 2023	+	605		605
Prior period adjustment	+/-	0		
Valuation / gross cost at 1 April 2023 - restated	+	605	0	605
Transfers by absorption *i*	+/-	0		
Assets derecognised from RoU assets under new finance subleases	+	150	150	
Right of use assets never recognised on SoFP as finance sublease was granted simultaneously - lease liability	+	0		
Right of use assets never recognised on SoFP as finance sublease was granted simultaneously - initial direct costs	+	0		
Right of use assets never recognised on SoFP as finance sublease was granted simultaneously - up front payments less lease incentives	+/-	0		
Remeasurements of the headlease liability	+/-	0		
Dilapidation provisions arising on headlease (unlocked on request)	+	0		
Dilapidation provisions on headlease reversed unused (unlocked on request)	-	0		
Dilapidation provisions on headlease - change in discount rate (unlocked on request)	+/-	0		
Impairments charged to operating expenses	-	0		
Impairments charged to the revaluation reserve	-	0		
Reversal of impairments credited to operating expenses	+	0		
Reversal of impairments credited to the revaluation reserve	+	0		
Revaluations *i*	+/-	0		
Reclassifications (limited to this table only)	+/-	0		
Asset re-recognised on SoFP at end of lease term or upon lease termination	-	(605)		(605)
Disposals/derecognition (headlease and sublease simultaneously terminated without bringing back on SoFP)	-	0		
Valuation/gross cost at 31 December 2023	+	150	150	0

Annex 3: Note 29 Reconciliation of liabilities arising from financing activities – examples

Building on the additional guidance provided in section 4, this annex provides examples of how to reflect the most commonly-occurring scenarios in note 29 on TAC 21.

DHSC and other loans

Note 29.1 Reconciliation of liabilities arising from financing activities - 2022/23		Expected sign	A21CY01 Total liabilities from financing activities 2022/23 £000	A21CY14 DHSC loans 2022/23 £000	Maincode Subcode
This disclosure is a requirement of IAS 7 (paragraph 44A)					
Carrying value at 1 April 2022 - brought forward		+	0	0	BOR0440
Cash movements:					
Financing cash flows - principal	i	+/-	0	0	BOR0470
Financing cash flows - interest (for liabilities measured at amortised cost) - excludes contingent rent for PFI	i	-	0	0	BOR0480
Non-cash movements:					
Impact of implementing IFRS 16 on 1 April 2022		+/-	0		BOR0465
Transfers by absorption		+/-	0	0	BOR0500
Additions		+	0		BOR0510
Lease liability remeasurements		+/-	0		BOR0515
Business combinations (not absorption transfers) (unlocked on request)		+/-	0		BOR0520
Interest charge arising in year (application of effective interest rate)	i	+	0		BOR0530
Change in effective interest rate		+/-	0		BOR0540
Changes in fair values		+/-	0		BOR0550
Early termination	i	-	0		BOR0555
Other changes (freetext required)	i	+/-	0		BOR0570
Carrying value at 31 December 2022		+	0	0	BOR0580
Total borrowings (current and non-current) from Note 27 Borrowings				0	
Closing carrying values match total borrowings (current and non-current)				Pass	

Opening balance

The brought forward balance is populated into BOR0440 from the prior year note.

Decreases in the liability

- Repayments of principal – this is populated from the SoCF (note this is a net cash flow)
- Interest payments in the year are populated from the SoCF. It should be allocated between DHSC and other loans.

Increases in the liability

- Drawdown of funds – this is populated from the SoCF (note this is a net cash flow)
- Interest arising in year – this should be entered into BOR0530. This is expected to match the charge in TAC11 unless borrowing costs have been capitalised. A JoC checks this relationship.

Closing balance

The calculated closing balance will consist of the outstanding principal and any accrued and unpaid interest. This is validated against the borrowings note.

Lease / PFI obligations

This disclosure for leases is entered by counterparty which feeds into this summary table. The principles for lease liabilities and PFI liabilities are similar.

Note 29.1 Reconciliation of liabilities arising from financing activities - 2023/24		Expected sign	A21CY01	A21CY19A	A21CY20	Maincode
This disclosure is a requirement of IAS 7 (paragraph 44A)			Total liabilities from financing activities 2023/24 £000	Lease liabilities 2023/24 £000	PFI, LIFT and other service concession obligations 2023/24 £000	Subcode
Carrying value at 1 April 2023 - brought forward		+	0	0	0	BOR0440
Cash movements:						
Financing cash flows - principal	i	+/-	0	0	0	BOR0470
Financing cash flows - interest (for liabilities measured at amortised cost) - excludes contingent rent for PFI	i	-	0	0		BOR0480
Non-cash movements:						
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023		+/-	0			BOR0465
Transfers by absorption		+/-	0	0	0	BOR0500
Additions		+	0	0		BOR0510
Lease liability remeasurements		+/-	0	0		BOR0515
Remeasurement of PFI / other service concession liability resulting from change in index or rate (taken to financing costs)		+/-	0			BOR0517
Business combinations (not absorption transfers) (unlocked on request)		+/-	0	0		BOR0520
Interest charge arising in year (application of effective interest rate)	i	+	0	0	0	BOR0530
Change in effective interest rate		+/-	0			BOR0540
Changes in fair values		+/-	0			BOR0550
Early termination	i	-	0	0		BOR0555
Other changes (freetext required)	i	+/-	0	0		BOR0570
Carrying value at 31 December 2023		+	0	0	0	BOR0580

Decreases in the liability

- Repayments of principal – this is populated from the SoCF.
- Interest payments should be entered in BOR0480. Amounts here should **exclude contingent rents paid.**
- Early termination – this should be used when an obligation has ceased ahead of the date in the contract. This is a non-cash movement. If consideration is paid on termination that should first be used to reduce the liability and recorded as repayment of principal in the cash flow.

Increases in the liability

- Additions – new lease liabilities arising in year
- Interest arising in year – for PFI this feeds from the TAC24 breakdown of unitary charge. For leases, this feeds from the lease liability movement note which is completed by counterparty.

  The interest charge arising in year and the interest cash flow will be the same if there is no opening or closing interest accrual.

Liability remeasurements

PFI and lease liabilities are remeasured in line with IFRS 16. This may increase or decrease the liability.

- In-year PFI remeasurements feed directly into finance costs in TAC11.
- Remeasurements of lease liabilities are validated against the movement recognised in the cost of the right of use asset.

Closing balance

The calculated closing balance is the present value of the obligation. This is validated against the borrowings / lease liabilities note.

If any interest is accrued at the year-end, this will also be part of the present value of the lease obligation.

Annex 4: Impairment of non-current assets

Impairments can be charged to the Departmental Expenditure Limit (DEL) or Annually Managed Expenditure (AME). Categories of impairment reversals **must match** the categorisation of the original impairment, e.g. reversal of over specification of assets can only occur when the original impairment for the asset was charged to this category. All impairments must be allocated between the following categories according to their nature:

- **Loss or damage resulting from normal operations (DEL):** all losses of and damage to tangible fixed assets that reduce the recoverable amount to below its book value other than those caused by a catastrophe (see below). Normal operations cover all loss and damage to assets that results from management and staff action (or inaction), or the actions of third parties. It recognises that management has a choice about how to manages assets to reduce the risk of damage, accident or theft.

- **Over specification of assets (gold plating) (DEL):** gold plating is the unnecessary over-specification of assets at the point at which the asset is first constructed or purchased. Care should be taken not to impair assets as being gold plated where they are of a high specification by necessity. The key is that the higher specification must be justifiable; if it is not, impairment should be taken.

- **Abandonment of assets in the course of construction / abandonment of projects (DEL):** the impairment of assets in the course of construction as a result of a management decision to abandon the construction process, i.e. management decides that it no longer requires the facility under construction and the construction costs to date are completely written off or substantially written off to reflect reduced facility. This category includes the abandonment of software assets in the course of construction.

- **Unforeseen obsolescence (AME):** all assets are subject to obsolescence. However, the rate of obsolescence tends to be category specific, e.g. IT assets suffer a faster rate of obsolescence than do buildings. Providers will take account of foreseeable obsolescence when establishing asset lives. Unforeseen obsolescence will generally only occur either as the result of the introduction of a completely new technology or a change in legislation rendering the asset illegal. As such events are exceptionally rare, NHS England should be contacted prior to the use of this category.

- **Loss as the result of a catastrophe (AME):** this is damage to assets as a result of a catastrophe. A catastrophe is defined as: 'such events as will be generally easy to identify, they include major earthquakes, volcanic eruptions, tidal waves, exceptionally severe hurricanes, droughts and other natural disasters; acts of war and other political events; and technological disasters such as major toxic spills or release of radioactive particles into the air'. For the avoidance of doubt, the following are not catastrophes within the meaning of this definition. Prison or street riots; loss or damage due, for example, to an ingress of water that could have been avoided by better maintenance; and relocation to a site where flooding is likely, these are all examples of losses resulting from management action or inaction. Such events are very rare in global terms and exceptionally rare in the UK. NHS England should be contacted prior to using this category.

- **Other impairments (AME):** this category includes impairments that cannot be scored to another impairment category except for downward movements due to change in market prices (see below) and include:

    - Changes in use: this usually occurs where specialised assets no longer required for their original purpose are put to a non-specialised use (e.g. a hardened aircraft hangar used as a store). However, impairment can result from the change of use of any asset including non-specialised assets.

    - Uncompensated seizures: the seizure of assets by governments or institutional units, other than for the settlement of fines or taxes, for which full compensation is not provided.

- **Changes in market price (AME):** any impairments arising from change in market price not posted against the revaluation reserve but instead charged to the income and expenditure accounts should be recorded here. This category will also include:

    - Disposals: write-downs of specialised properties held at depreciated replacement cost to open market value prior to sale. Where a non-specialised property is held for sale, any difference between existing use value and open market value should be treated as accelerated depreciation or profit / loss on sale as appropriate.

    - Write-downs of development land: this occurs where land is purchased for some form of social development. The cost of the land and any clean-up cost can be greater than the disposal value resulting in an impairment.

- Write-downs of newly constructed specialised properties to depreciated replacement cost on the initial professional valuation.

Annex 5: Guidance on consistency between TAC schedules and audited accounts

Introduction

At month 12, audited accounts and TACs are required to be fully consistent[1] including comparatives. This means that, although providers may present figures in their accounts in accordance with local preference, ultimately the core statements and key outturn figures (such as operating surplus / deficit or surplus / deficit for the year) in the accounts and TACs must match and material notes must be consistent. This annex provides examples of consistency between the TACs and the accounts.

The following examples of differences between the TACs and accounts where the two **would still be considered to be fully consistent** (this list is not exhaustive):

- omission of an immaterial disclosure in accounts which is required to be included in TACs for group accounting purposes
- the aggregation of immaterial figures in the TACs to be disclosed as ‘other’ in accounts (see example 1 below)
- the aggregation of similar transactions / balances in the TACs to be disclosed together in accounts (see example 2 below)
- material figures disclosed separately on the face of primary statements in the accounts (see example 3 below)

The following examples of differences between the TACs and accounts **would be considered to be inconsistent** (this is not an exhaustive list):

- incorrect classification of items in the accounts such that they are non-compliant with the DHSC GAM (see example 4 below)
- consolidation of a subsidiary or charity in the provider’s group accounts which is not consolidated in the TACs – TACs must always be prepared on a group basis. The subsidiary must also be listed in Table 16A on TAC15.
- inclusion of an outward transfer in the TACs for a demised provider not included in the final period accounts.
- Differences between exit packages disclosed in TAC09 and those included in the remuneration report in the annual report.

[1] The only exception to this is the presentation of centrally-procured inventories in the inventory note

Example 1 – fully consistent: immaterial figure in the TACs included in ‘other’ in the accounts

Within a note in the TACs, there may be figures which are immaterial to a provider and therefore, would not require a separate row within the accounts.

In the extract from the TACs of the operating expenditure note below the figures for legal fees, insurance and hospitality are immaterial, so within the accounts they are added to the ‘other’ row within the operating expenses note, shown in red. The total operating expenditure figures in the TACs and accounts, however, are consistent.

Note 4.1 Operating expenditure		**Expected sign**	**A08CY01** Group including consolidated charity 2019/20 £000
Legal fees	i	+	117
Insurance		+	141
Research and development - staff costs	i	+	25
Research and development - non-staff	i	+	433
Education and training - staff costs	i	+	0
Education and training - non-staff		+	777
Education and training - notional expenditure funded from apprenticeship fund	i	+	280
Operating lease expenditure (net)	i	+	1,903
Early retirements - staff costs	i	+	0
Early retirements - non-staff		+	0
Redundancy costs - staff costs	i	+	0
Redundancy costs - non-staff		+	0
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) on IFRS basis		+	1,329
Charges to operating expenditure for off-SoFP PFI / LIFT schemes		+	0
Car parking and security		+	502
Hospitality		+	28
Other losses and special payments - staff costs	i	+	0
Other losses and special payments - non-staff		+	29
Grossing up consortium arrangements	i	+	0
Other services (e.g. external payroll)		+	285
Other NHS charitable fund resources expended		+	0
Other		+	537
Total operating expenditure		+	257,657

These figures have been added to ‘other’ within the operating expenses note in the accounts.

Costs of the same nature can be grouped together within the accounts e.g. R&D or education and training costs.

Example 2 – fully consistent: expenses of the same nature grouped together in the accounts

In the same extract from the TACs, research and development costs are split out between staff and non-staff costs. However, in the note within the accounts, staff and non-staff costs can be grouped together as research and development rather than shown individually. The same approach can be used for education and training costs, shown in green.

Example 3 – fully consistent: material figure in the TACs disclosed separately in the accounts

There may be figures grouped together in the TACs which are material to a provider and separately disclosed within the accounts. For example, a provider could have a material one-off provision associated with a legal claim. Within the TACs this expense is included in provisions arising in operating expenses, but within the accounts, this would still be included within operating expenses but the provider could also choose to disclose this claim separately in the operating expenditure note or on the face of the SoCI, as shown in the extract below.

Note 4.1 Operating expenditure	Expected sign	A08CY01 Group including consolidated charity 2019/20 £000
Provisions arising / released in year	+/-	1,190
Change in provisions discount rate	+/-	31
Total operating expenditure	+	**257,657**

Consolidated Statement of Comprehensive Income		
		2019/20
	Note	£000
Operating income from patient care activities	3	245,147
Other operating income	4	12,456
Operating expenses	7, 9	(256,557)
Operating expenses: provision arising for XX legal claim	7	(1,100)
Operating surplus/(deficit) from continuing operations		**1,046**

Provisions in TAC Op Exp note includes one-off legal claim provision of £1.1m disclosed separately on the SoCI in the accounts which the Trust considers to be material. The total value of operating expenses remains consistent.

Example 4 – not consistent: incorrect classification in the accounts

Example 3 above details where a provider may choose to disclose a figure separately in the SoCI but is still consistent overall. Where a provider chooses to do this, they must ensure this remains both compliant with the DHSC GAM and consistent with the TACs (which are generally set up to ensure compliance). For example, if a provider discloses their impairments separately on the face of the SoCI but takes it out of operating surplus/deficit to disclose it as non-operating, this is neither consistent with the TACs, nor compliant with the presentation requirements of the DHSC GAM.

Note 4.1 Operating expenditure		Expected sign	A08CY01 Group including consolidated charity 2019/20 £000
Impairments net of (reversals)	i	+/-	1,963
Total operating expenditure		+	257,657

The accounts and TACs are inconsistent as they disclose different values for total operating expenses and operating surplus / deficit.

Consolidated Statement of Comprehensive Income

	Note	2019/20 £000
Operating income from patient care activities	3	245,147
Other operating income	4	12,456
Operating expenses	7, 9	(255,694)
Operating surplus/(deficit) from continuing operations		**1,909**
Finance income	12	96
Finance expenses	13	(7,106)
PDC dividends payable		(1,584)
Net finance costs		**(8,594)**
Impairments		1,963
Other gains / (losses)	14	-
Share of profit / (losses) of associates / joint arrangements	24	-
Gains / (losses) arising from transfers by absorption	48	-
Corporation tax expense		-
Surplus / (deficit) for the year from continuing operations		**(4,722)**

Impairments are required by the GAM to be included in operating expenditure and therefore within the disclosed operating surplus / deficit. Here they have been incorrectly disclosed below operating surplus/deficit and included as non-operating costs.

Consistency between TACs and audited accounts for demised providers

For organisations that demise prior to the end of the accounting period, final period accounts are prepared up the date of immediately preceding the outward transfer of services. TACs are prepared up to 31 March and therefore include this outward transfer. This is not an inconsistency.

As detailed in Section 5 of these instructions, the demised provider must record the outward transfer of assets and liabilities at the date of demise on 'TAC30 Transfers'. The balances on 'TAC03 SoFP' will be nil with the exception of any surplus PDC which has not transferred (offset by the I&E reserve).

To check consistency between the TACs and accounts for demised organisations, assets and liabilities disclosed at the point of transfer on 'TAC30 Transfers' should be compared to the closing SoFP in the provider's final period accounts. Only where these do not agree should this be considered inconsistent.

Annex 6: Guidance on applying IFRS 15

A4.1 Introduction

This annex is a summarised version of the guidance given in 2018/19 to support implementation of the IFRS 15. It should be used alongside the DHSC GAM and the standard itself. Guidance issued by the provider accounts team in 2018/19 to help providers understand the disclosure requirements in the standard is available here.

A4.2 Classifying revenue

Although IFRS 15 is titled *Revenue from contracts with customers*, it specifies that contracts may be written, oral or implied by customary business practices. The absence of a formal written contract does not take the revenue out of the scope of this standard. For the avoidance of doubt, the following revenue streams **do** fall within the scope of IFRS 15:

- Injury cost recovery income – as stated in the GAM.
- Cash revenue streams such as car parking income and catering where the oral or implied contract is entered into at the point of cash being taken.

Guidance on disclosures required by IFRS 15 and included in the TAC schedules is provided in section 4.1.6.

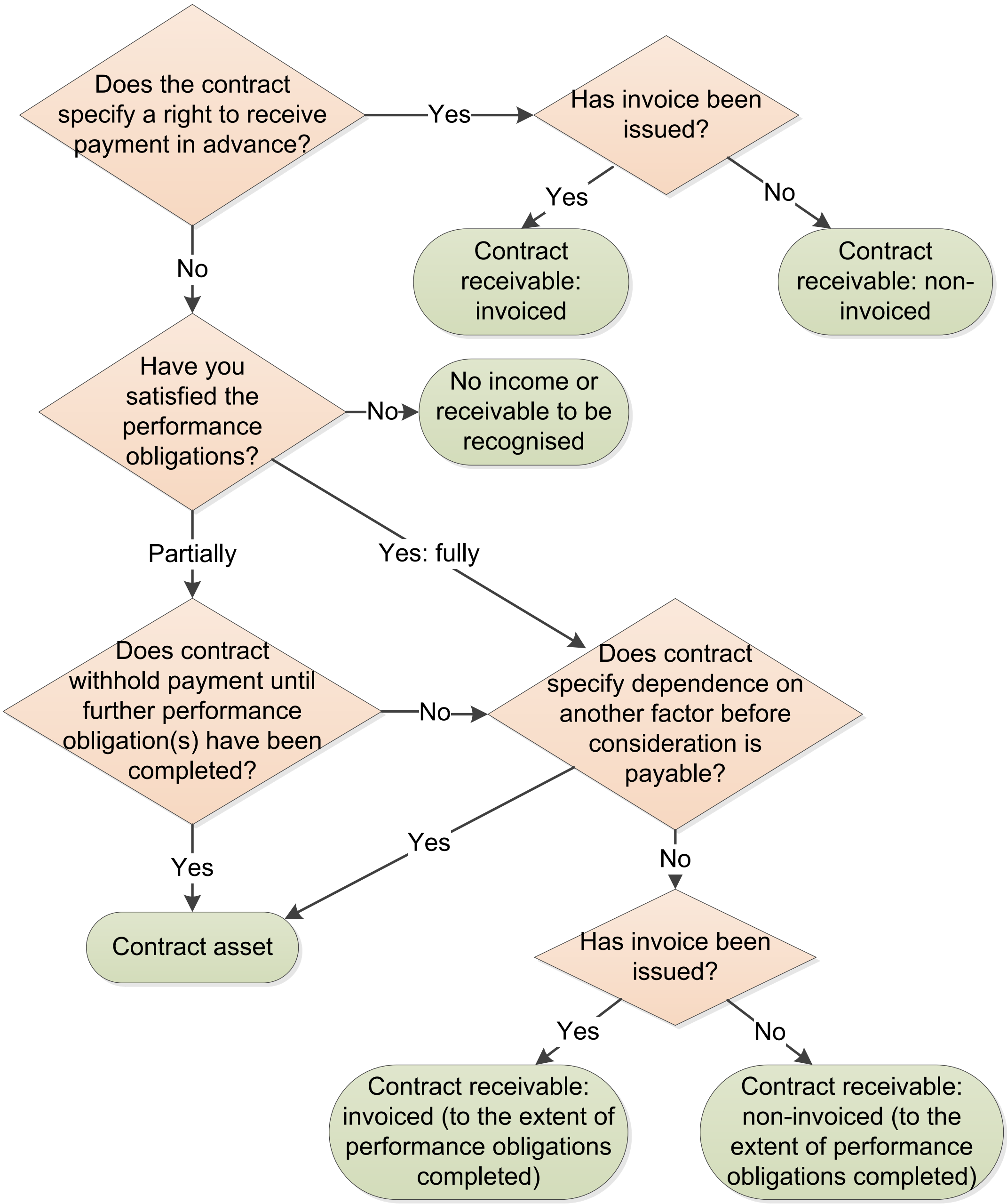
A4.3 Classifying receivables

Receivables are separated into those relating to IFRS 15 contract revenue and those that do not. We recommend the easiest approach is likely to be to identify receivables that specifically do not relate to revenue recognised under IFRS 15. These will include:

- receivables where the income is recognised in accordance with another standard (eg lease receivables and accrued grants and donations accounted for under IAS 20),
- any interest receivables where not already recognised in the carrying value of an investment,
- receivables where the associated gain or loss is not an item of revenue (eg proceeds on disposal of PPE),
- receivables relating to taxes paid and PDC dividends; and
- receivables where the counterparty is not considered a customer by the standard (eg prepayments or credit balances reclassified from payables –

these relate to refunds of expenditure so the counterparty is not the customer).

Section 4.1.20 defines the difference between contract receivables and contract assets. The following decision tree may further assist with disclosure classifications:



A4.4 IFRS 15 and the NHS standard contract

For more guidance on how IFRS 15 applies to the NHS Standard Contract, please see the separate guidance issued by DHSC and the provider accounts team in

January 2019. This is available at https://www.england.nhs.uk/financial-accounting-and-reporting/financial-reporting/ (entry dated 29 January 2019).

A4.5 Frequently asked questions

Below are questions and answers asked in the application of IFRS 15. If there is any doubt, a reading of IFRS 15 and the GAM should take precedence.

Q1: How should we deal with contract challenges from commissioners?

A1: *Previously under IAS 18, where the provider has accrued income at the year end which has not been agreed and/or paid by commissioners, the provider would need to supply evidence to its auditors to show the recoverability of its receivable, and thus also support its revenue position. This principle has not changed. If the provider has evidence that it is entitled to the revenue, it should continue to recognise the revenue. It should then make separate considerations about whether any required impairment of the receivable is required under IFRS 9.*

Paragraph 51 of IFRS 15 defines when an amount of consideration is variable. Paragraph 52 adds that consideration is variable if the customer has a valid expectation from the entity's [provider's] customary business practices, published policies or specific statements that the entity [provider] will accept an amount of consideration that is less than the price stated in the contract.

A logical application of this is that if the commissioner's contract challenges are valid, then the provider should apply the accounting requirements for variable consideration. Paragraph 53 says that the entity shall estimate the amount of variable consideration using either the expected value of the consideration, or the most likely amount. (This is a brief summarisation of the paragraph.) Therefore if the commissioner's challenges are considered valid by the provider and it no longer expects to be entitled to that portion of the revenue, the provider would de-recognise the revenue under IFRS 15.

Q2: We are recognising revenue from a contract but we have concerns that the customer may not be able to afford what we expect to bill. Does this mean we should not recognise the revenue?

A2: *Paragraph 47 of IFRS 15 defines that the transaction price for revenue recognition as being the amount of consideration (cash or other assets) to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer. This says 'expects to be entitled' rather than 'expects to collect'. If the provider is entitled to the revenue, it should recognise the revenue. Any concerns about the customer's ability to pay fall within the impairment provisions of IFRS 9, as adapted by the DHSC GAM.*

Q3: We have income stream x that feels like it should be IFRS 15, but we don't have a formal contract and it is not clear how we apply the five steps of IFRS 15.

A3: *A revenue stream will fall under IFRS 15 if it does not fall under a different standard. The five-step model in IFRS 15 ultimately defines how revenue is accounted for. They are not a set of criteria to determine whether IFRS 15 applies. Also remember that the DHSC GAM explains that the definition of a contract is expanded to include legislation and regulations which enables an entity to obtain revenue that is not classified as a tax.*

Paragraph 9 of IFRS 15 sets out the criteria to be met in defining a contract that falls under IFRS 15. Where a revenue stream does not fall under another standard but there is not a contract meeting the definition of such under IFRS 15, paragraph 15 of the standard is then important. It states:

15 When a contract with a customer does not meet the criteria in paragraph 9 and an entity receives consideration from the customer, the entity shall recognise the consideration received as revenue only when either of the following events has occurred:

(a) the entity has no remaining obligations to transfer goods or services to the customer and all, or substantially all, of the consideration promised by the customer has been received by the entity and is non-refundable; or

(b) the contract has been terminated and the consideration received from the customer is non-refundable.

This means that income can be recognised as revenue when all, or substantially all, of the promised funding has been received by the Trust. If, for example, the funding for the current financial year is received in monthly instalments and the twelfth payment is received after the year end, we believe it would be appropriate to accrue the associated revenue into the current reporting period by application of this paragraph. It should also be remembered where entities receive revenue through taxation, fines and penalties which is wholly non-refundable and leads to no obligations, entities are not required to wait until all, or substantially all, of the promised revenue has been received to recognise the revenue. In these instances, entities should recognise revenue when an equivalent to a taxable event has occurred, the revenue can be measured reliably, and it is probable that the assisted economic benefits from the taxable event will flow to the collecting entity. All these elements are required to be satisfied.

Q4: We were awarded income from an education body at the end of the financial year telling us that the monies are to be used by the end of June in the subsequent financial year for delivering specific courses. There is no condition saying the money is repayable if not delivered by 31 March given the courses are to be delivered by 30 June. The paying body expects us to recognise the income in the current financial year as they will be recognising the expenditure and we will need to do this otherwise we will have an agreement of balances mismatch. However, under IFRS 15 we have assessed that the performance obligation is the delivery of the courses. If we do not deliver the courses before the end of this financial year we believe this is a contract liability under IFRS 15 and we would need to defer the income at the year end. Which approach takes precedence?

A4: *DHSC group counterparties are asked to work together to avoid agreement of balances mismatches and the same should apply in this case. However where disagreement remains, following accounting standards for the preparation of the entity's own accounts takes precedent over avoiding an agreement of balances mismatch. That being said, it is not expected to be the case that both parties to a transaction accurately apply accounting standards and come to a different treatment, even though IFRS 15 is a revenue standard without an equivalent standard for expenditure recognition. In this example, the entity is correct to identify the performance obligation and should defer the revenue. The entity must take steps to communicate this position to the paying body so that they can adopt equivalent treatment: they might not know about the entity's planned timing for this without being told. If following this the paying body continues to recognise expenditure in the current year, the entity will accurately have an agreement of balances mismatch.*

Q5: Does research income fall under the scope of IFRS 15?

A5: *Under many research contracts, the Trust has obligations to deliver to the funder in exchange for the consideration provided. We expect that these will fall under IFRS 15.*

This might be less clear for some research grants, and where these are from government IAS 20 considerations apply. IAS 20 includes 'grants related to income' (i.e. revenue grants) in its scope and it defines government grants as "transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity".

Research income can be recognised using IFRS 15 or another standard and the TAC schedules reflect this by having a research line for IFRS 15 and non IFRS 15 research income. Providers will need to consider the standards and the contract in detail, it may be helpful to consider whether the Trust feels it is 'transferring a promised good or service' to the grant-paying body (customer), in the language of IFRS 15.

Q6: What considerations should be made for research contracts that do fall under IFRS 15?

A6: *As ever with applying IFRS 15, the key steps are identifying the performance obligations (the promises to transfer goods/services to the customer) and then whether those performance obligations are settled at a point in time or over time.*

For example: A provider shared an example of a research contract where it was considered the only performance obligation was the delivery of completed research at the end of three years. Upon review of the contract we felt that paragraph 35c was met, being a condition meaning the performance obligation is considered satisfied over time: "the entity's performance does not create an asset with an alternative use to the entity (see paragraph 36) and the entity has an enforceable right to payment for performance completed to date (see paragraph 37)." The contract including a schedule of the types of activity that would be reimbursable and the research was overall specific to the contract. The contract required annual reports of work completed and expenditure incurred – in this case these were not judged as performance obligations in their own right. But the contract did say that provided the activity undertaken was in line with the schedule, then upon receipt of these reports the Trust would be paid annually. The Trust therefore recognised revenue each year as part of satisfying the ultimate performance obligation over the three years.

Q7: Under current regulations, where we invoice overseas patients where there is no reciprocal arrangement, there is a risk-share with the ICB. How much of this falls under IFRS 15?

A7: *All of it. As explained in the DHSC GAM, the definition of a contract under IFRS 15 is extended to incorporate legislation and regulations which enables an entity to obtain revenue that is not classified as a tax. The risk-share arrangements for overseas visitors income are set out in regulations, and therefore fall under IFRS 15. In applying IFRS 15 to overseas visitor charging, the visitor is the customer. More guidance on the applicable regulations is available here and here (including specific guidance on accounting entries). In applying IFRS 15 to overseas visitor charging, the visitor is the customer.*

Q8: Should the accrual for partially completed spells be considered a contract receivable or a contract asset?

A8: *While consideration will normally flow after the patient is discharged, the provider is entitled to revenue in exchange for the work already done which is the purpose of the partially completed spell accrual. It should normally therefore be a contract receivable.*

Annex 7: Agreement of balances for leases

The agreement of balances process includes invoices relating to leasing activity within the year. Income and receivables statements issued (or received and reconciled) should therefore include invoices for lease payments relating to the current year regardless of how that lease arrangement is accounted for locally. Accruals statements issued by receivable bodies (ie including activity as a lessor) should include accrued income for operating leases as well as any finance lease receipts that relate to the current year but have not yet been invoiced.

The reconciliation between agreement of balances information (agreed invoices) and accounts counterparty information has been updated for IFRS 16.

For receivables and payables (borrowings):

The closing balance on lease liabilities and finance lease receivables is split as follows on TAC18 (note 22.1) and TAC21 (note 28.1):

2 Note 28.1 Lease liabilities - maturity analysis	Expected sign	A21CY01 Total 31 Dec 2022 £000	A21CY02A Leased from other NHS providers 31 Dec 2022 £000	A21CY04 Leased from DHSC 31 Dec 2022 £000	L 3
Undiscounted future lease payments payable in:	+				
- not later than one year;	+	0			
- later than one year and not later than five years;	+	0			
- later than five years.	+	0			
Total gross future lease payments	+	0	0	0	
Finance charges allocated to future periods	-	0			
Net lease liabilities	+	0	0	0	
Of which:					
- Current - invoiced / due but not yet paid (included in AoB)	+	0			
- Current - not yet invoiced / not relating to current year (excluded from AoB)	+	0			
- Non-Current (excluded from AoB)	+	0	0	0	

The amount that is invoiced or due but not yet paid should relate to unpaid lease payments covering the current year. Where these have been invoiced (or accrued) they should remain disclosed in lease receivable / lease liability on the SoFP and not moved to accruals or other receivables. They are separated out here and included in the agreement of balances reconciliation as they are expected to be included in the notified or accrued totals in your AoB schedules.

The amounts that are ‘non-current’ or ‘current – not yet invoiced’ relate to future years’ lease payments and are out of scope for agreement of balances. Amounts that have been invoiced and are current liabilities but do not relate to the current year will also be excluded from agreement of balances.

For income and expenditure:

Depreciation, interest charges and provisions expenditure will continue to be excluded from agreement of balances as they are not trading transactions. The counterparty totals at the bottom of TAC07 (for lessors) include amounts invoiced and accrued for operating leases and variable lease payments for finance leases. TAC08 (for lessees) includes amounts invoiced and accrued for low value, short term and variable lease payments.

When reconciling to the AoB tabs, in-year lease payments for on-SoFP leases (lessee) and finance leases (lessor) are also added. These amounts are calculated from (1) the cash payments made or received in year per the movement notes on TAC18 and TAC21 and (2) the movement in the portion of the current receivables / liability that relates to the current year (invoiced or accrued) that is not yet paid.

As this is the first year of this change to the reconciliation process, TAC18 and TAC21 additionally ask providers to split out the current lease liability / finance lease receivable as at the period end in order to calculate the movement.

Table 28A Additional analysis of prior year current lease liabilities (for agreement of balances)	Expected sign	A21PY01 Total 31 Dec 2022 £000	A21PY02A Leased from other NHS providers 31 Dec 2022 £000	A21PY04 Leased from DHSC 31 Dec 2022 £000	A21P Lease UKH MH 31 De £0
Carrying value at 31 March 2022 - as submitted in 21/22 TACs	+	0			
Of which:					
- Current - invoiced but not paid (included in AoB)	+	0			
- Current - not invoiced at year end / not relating to 2021/22	+	0	0	0	

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