

NHS Foundation Trust FTC Completion Instructions Month 9 2013/14

Updated: December 2013



Contents

1 Introduction	2
1.1 Purpose of this document.....	2
1.2 Purpose of month 9.....	2
1.3 Timetable and submission.....	3
1.4 Disclosures not required to be completed at month 9	4
1.5 Supporting guidance	4
2 Changes for 2013/14.....	5
2.1 Summary of changes	5
2.2 Counterparty analyses	5
2.3 Comparatives for 2012/13	6
2.4 New options for disclosing impairments.....	8
2.5 Analysis of inventory and provisions charges to expenditure.....	9
2.6 Staff costs – counterparties and net accounting	9
2.7 PFI / LIFT / other service concessions.....	10
2.8 Transfers by absorption.....	10
2.9 Other changes.....	10
3 Consolidation of NHS charitable funds.....	12
3.1 Charities – IAS 27 and ONS.....	12
3.2 Monitor’s objectives.....	13
3.3 How to complete the FTC.....	13
3.4 Practical considerations in mapping to accounts (month 12)	17

1 Introduction

1.1 Purpose of this document

The FTC Completion Instructions have been extensively revised for December 2013, with a focus on what you need to know to complete the month 9 FTCs for 2013/14. The emphasis in this document is on:

- what has changed compared to 2012/13;
- explaining Monitor's approach to the consolidation of charitable funds; and
- providing a practical guide to completing the FTCs.

This document no longer explains each tab in the form individually. If you are a new FT you may find it helpful to refer to the 2012/13 FTC Completion Instructions available [here](#), but please be advised that some of the information in this document is now out of date.

1.2 Purpose of month 9

2013/14 is the third year of month 9 FTCs. This is an important exercise which enables:

- NHS foundation trusts to prepare a full set of schedules in advance of the year end and allow them to test their closedown processes;
- NHS foundation trusts consolidating NHS charities for the first time in 2013/14 to restate opening balances and comparatives ahead of month 12 and perform a dry run consolidation;
- Monitor to review data from NHS foundation trusts in advance of the year end; and
- Monitor and the Department of Health to complete a dry-run of the consolidation process for the FT sector and DH Group and pass this to the National Audit Office.

Allowing these consolidations to take place ahead of month 12 reduces the likelihood of late changes to amend the FTC file during the year end accounts preparation period: any omissions in disclosure have a greater chance of being identified at a stage when changes to the month 12 FTC file can be made prior to its issue.

Equally we recognise the additional work involved for NHS foundation trusts. This document therefore gives clarity on some disclosures that can be omitted in the month 9 FTC submission. These are listed in section 1.4 below.

The FTC form has undergone a number of significant structural changes for 2013/14 and Monitor therefore welcomes feedback on any of the changes applied. Please email any comments to ft.accounts@monitor.gov.uk.

NHS foundation trusts are reminded that they are expected to use Excel 2010 to complete this FTC file, as set out in the FT Bulletin in August 2012. Monitor has no current plans to migrate to Excel 2013.

1.3 Timetable and submission

As set out in our letter to NHS foundation trust finance directors on 5 December 2013, month 9 submissions are required to be made in line with the table below.

<p>NHS foundation trusts submit 9 month FTCs to Monitor</p> <p>These FTCs should be prepared using the agreed receivables/payables position, but the NHS foundation trust's own information on income and expenditure. This submission will be used for consolidating the FTCs, and for receivables and payables WGA information. The income and expenditure WGA tabs will not be used in this submission.</p> <p>NHS foundation trusts should ensure there are no validation errors in this form.</p>	<p>Wednesday 22 January 2014 (5pm)</p> <p>This is uploaded to the Monitor Portal as a 'Trust Return' and with the activity name 'FTC 9 months'.</p>
<p>NHS foundation trusts submit month 9 income and expenditure and resubmission of receivables and payables WGA Monitor</p> <p>This submission is made by resubmitting the month 9 FTC file. Only the WGA information will be utilised from this submission (a first submission of income and expenditure and a second submission of receivables and payables). The accounts information will not be used and need not be updated.</p> <p>Validation errors can be ignored in this submission.</p>	<p>Thursday 6 February 2014 (noon)</p> <p>This is uploaded to the Monitor Portal as a 'Trust Return' and with the activity name 'FTC 9 months Resubmission'.</p>
<p>NHS foundation trusts re-submit month 9 income and expenditure WGA (and receivables and payables WGA) to Monitor</p> <p>All NHS foundation trusts are required to make this submission. The accounts information will not be used and need not be updated.</p> <p>Validation errors can be ignored in this submission.</p>	<p>Wednesday 26 February 2014 (noon)</p> <p>This is uploaded to the Monitor Portal as a 'Trust Return' and with the activity name 'FTC 9 months Resubmission'.</p>

A full timetable for the Agreement of Balances process was provided in our letter to Finance Directors and can also be found on Monitor's Accounts Process Website.

<http://www.monitor.gov.uk/accountsprocess>

1.4 Disclosures not required to be completed at month 9

Monitor has issued a full FTC form to aid NHS foundation trusts in their planning for the year end. There will be some disclosures not required at month 9. Please note that the following disclosures are not required to be completed in the month 9 FTC file:

Tab	Note	Note name
8	4.3	Early retirements due to ill health
8	Table 4A	Staff sickness absence
9	5.3	Limitation of auditor liability
9	5.4	The late payments of commercial debt Act
10	7	Corporation tax
22	26.2	Early retirements included in NHS payables
25	31.3	Clinical negligence liabilities
25	32	Contingent liabilities / assets
25	Tables 32A and 32B	Contingent assets and liabilities not required to be disclosed under IAS 37 but included for parliamentary reporting and accountability purposes
28	35.1	Capital commitments
28	Table 35A	Other financial commitments

1.5 Supporting guidance

This guidance accompanies the following documents:

- The *NHS Foundation Trust Annual Reporting Manual 2013/14* which provides mandatory guidance on the format of NHS foundation trusts' annual report and accounts in 2013/14.
- The *Supplementary Agreement of Balances Guidance* which is applicable to all bodies in the Department of Health group.

Further details on the agreement of balances process for month 9 will be issued separately. This will include, for example, logistical arrangements for agreeing balances with NHS England.

These documents and subsequent updates are posted to www.monitor.gov.uk/accountsprocess.

NHS foundation trusts are also advised to have regard to Monitor's letter to FT finance directors on 29 August 2013 providing Monitor's observations on common errors in the 2012/13 final accounts process.

2 Changes for 2013/14

2.1 Summary of changes

The following is a summary of the key changes in the month 9 FTC compared to month 12 2012/13.

Area of change	Reference point for detail
Removal of prior year counterparty analysis	Section 2.2 below
Pre-population of prior year comparatives	Section 2.3 below
Consolidation of charitable funds	Section 3 below
New options for disclosing impairments	Section 2.4 below
Analysis of inventory and provisions charges to expenditure	Section 2.5 below
Staff costs – counterparties and net accounting	Section 2.6 below
PFI / LIFT / other service concessions	Section 2.7 below
Modified transfers by absorption	Section 2.8 below
Summary of other changes to the form	Section 2.9 below

A full list of changes made to the FTC since 2012/13 will be published on Monitor's Accounts Process Website in week commencing 16 December 2013.

<http://www.monitor.gov.uk/accountsprocess>

2.2 Counterparty analyses

Prior year counterparty analyses have been removed (as a trial at month 9). Only totals are required for prior year columns.

Current year counterparty columns on income, expenditure, receivables, payables and other liabilities have been updated to reflect the recent NHS reorganisation. Columns are defined as per the Department's reporting requirements.

Note that in November, Monitor released a full list of counterparties for WGA including their classification within the FTC file which can be downloaded from the Accounts Process Website. Full counterparty listings can also be found on the AoB sheets of the FTC.

<http://www.monitor.gov.uk/accountsprocess>

2.3 Comparatives for 2012/13

Pre-population of prior period comparatives

In response to requests from a number of NHS foundation trusts, Monitor has developed a customisation tool to populate prior period comparatives into FTC templates prior to issuing on portals. Comparative figures have been populated from 2012/13 audited FTC submissions. **Whilst testing has been performed centrally by Monitor over the customisation process, it remains each FT's responsibility to review and assure themselves over the accuracy of prior period comparatives.**

In contrast to FIMS forms, comparative figures are not locked in to the FTCs. However Monitor expects that comparative figures should only be amended where:

- a material prior period error requires retrospective correction in line with IAS 8. Immaterial errors in comparatives are not expected to result in restatement and should be adjusted in-year in 2013/14; or
- a change in accounting policy, such as consolidation of NHS Charitable Funds, requires restatement of comparatives under IAS 8; or
- an error is identified in the pre-populated comparatives when compared to 2012/13 audited submissions.

Some changes to the FTC form in 2013/14 have added additional detail to existing notes. Monitor therefore does not have all the information for the prior year comparative. Comparatives have been populated into the pre-existing rows, and FTs should review the following notes and amend splits accordingly where appropriate:

	Sheet	Details
1	11. Finance	Additional lines have been included for finance costs on LIFT schemes. All prior period costs have been allocated to PFI. FTs with LIFT schemes should review and amend where appropriate.
2	11. Finance	Loans from the Department of Health have been split between capital loans and working capital loans. All prior period costs have been populated as relating to capital loans. FTs with outstanding DH working capital loans should review and amend where appropriate.
3	7. Op Exp	A new row has been added for the change in provisions discount rate(s). Prior period remains free entry. FTs may wish to review and amend for consistent presentation with current year.
4	8. Staff	The format of recharges in relation to staff costs (accounted net) has been simplified in the staff costs note. All such recharges should be included in the 'external to government' column of the counterparty analysis and not included in Agreement of Balances by either party. In populating comparatives, the split between recharges from DH group bodies and non-group bodies has been maintained. FTs should review the split between Permanent and Other.

	Sheet	Details
5	8. Staff	Staff numbers for bank and agency have been split to achieve greater consistency with DH reporting. Comparatives are populated as agency staff. FTs should review this split for consistency with current year.
6	23. Borrowings	PFI/LIFT obligations are now populated directly from the PFI/LIFT disclosure note on sheet 29. In 2012/13 a small number of FTs had inconsistencies between these two notes in relation to their split between current and non-current. This may have changed the short term / long term split feeding through to the SoFP. Please review the present split of current and non-current and amend the PFI/LIFT note on sheet 29 where necessary
7	23. Borrowings	Loans from the Department of Health have been split between capital loans and working capital loans. All prior year balances have been populated as relating to capital loans. FTs with outstanding DH working capital loans should review and amend where appropriate.
8	34. Pensions	The pensions disclosures have been revised for the provisions of IAS 19 (revised). FTs may need to restate this note in applying this standard retrospectively.
9	34. Pensions	Note 41.3 (costs recognised in the SOCI) is now formula driven from the assets and liabilities movements notes to improve internal consistency and reduce instances of this note being populated in error. This may have resulted in prior year figures being altered for a number of FTs. These alternations reflect the amendments made to correct these inconsistencies in the consolidated accounts.
10	24. Other liabilities	Following the change in counterparty analysis, 31 March 2013 deferred income closing balances for PCTs and SHAs have been populated into a dedicated legacy bodies column at 1 April 2013. FTs should allocate such balances to successor bodies or external to government in-year in 13/14 using the dedicated row provided.
11	24. Other liabilities	The 'net pension liability' rows in are intended to be used for on-SoFP pension liabilities only. In 2012/13, the validation to enforce this did not function. This has now been fixed and results in a number of FTs failing validation 95. FTs are not being asked to amend this, and submissions will be accepted with fails on validation 95. This relates to the prior year only (as a compensating adjustment was made by Monitor in the prior year consolidation). Validation 94 for the current year should be passed. FTs are able to amend the prior year if they wish.

Where prior year validation errors have arisen due to rounding differences, Monitor has not adjusted these and trusts should review and amend accordingly.

Where current year figures are populated from SoFP movement notes, some figures will appear in current year columns of your customised FTC. This is not an error. These figures will update as current year notes are completed.

1 April 2012 comparatives

A third column has been included on the SoFP and related notes due to the sector-wide change in accounting policy for consolidation of NHS charities. These opening balances are

required from all FTs, but as noted above have been populated by Monitor therefore where not consolidating a charitable fund, no additional work is required.

2.4 New options for disclosing impairments

Additional functionality has been included in rows 51 & 52 and 64 & 65 of tab 12.

Impairments to allow FTs to specify whether they wish to present their impairments through cost or accumulated depreciation. This is in response to the number of FTC to accounts inconsistencies arising from different presentation of impairments in PPE notes. Where FTs do not wish to differ from the presentation previously used in the FTCs, the default on this additional functionality remains in line with previous years.

Table 10A Impairments workings (excludes consolidated charitable funds - for impairments to charitable fund assets, enter these on tab 41X)
For Alignment purposes only

This table facilitates the population of impairment figures throughout the FTC. This table should not be replicated within F

Impairments for period ending 31 December 2013	12C	12D	12E	12F	12H	12I	12J	12L
	Total	PPE			Intangibles			
		Operating income	Operating expenses	Revaluation Reserve	Operating income	Operating expenses	Revaluation Reserve	Operating income
Impairments	£000	£000	£000	£000	£000	£000	£000	£000
Loss or damage from normal operations	0							
Loss as a result of catastrophe	0							
Abandonment of assets in course of construction	0							
Unforeseen obsolescence	0							
Over specification of assets	0							
Other [complete free text below]	0							
Changes in market price	0							
TOTAL GROSS IMPAIRMENT	0		0	0		0	0	

The following rows allow you to specify whether you wish to recognise your impairment within the cost or depreciation section of your PPE or intangibles note to aid consistence (impairments through cost and intangibles through depreciation)

To be disclosed within:	12C	12D	12E	12F	12H	12I	12J	12L
Cost or Valuation	0			0			0	
Depreciation / Amortisation	0		0			0		

Following the change above, the current year PPE and Intangibles notes on sheets 14 and 13 contain new lines to allow the correction of historical presentational differences between accounts and FTCs arising as a result of impairments. This allows the trust to move previous amounts between cost and depreciation. These lines will appear in FTCs this year only and should not be (and will not need to be) duplicated in an FT's own accounts (given their purpose is to align FTCs with accounts).

	14A	14B	14C	14D	14E	14F
Note 12.1 Property, Plant and Equipment - 2013/14	Total	Land	Buildings excluding dwellings	Dwellings	Assets Under Construction and Payments on Account	Plant & machinery
	£000	£000	£000	£000	£000	£000
Valuation/Gross cost at 1 April 2013 - as previously stated	318,389	26,447	171,828	1,749	8,902	64,354
Correction of historic presentational difference between cost and depreciation (this line is not expected to appear in FT accounts)	0					
Prior period adjustments*	0					
Merger adjustments	0					
Valuation/Gross cost at 1 April 2013 - restated	318,389	26,447	171,828	1,749	8,902	64,354
Valuation/Gross cost at start of period for new FTs	0					
Transfers by absorption - MODIFIED	0					

As a result of this change, Monitor will not expect any further FTC to accounts consistency differences to arise on these notes.

2.5 Analysis of inventory and provisions charges to expenditure

In reporting to the Department of Health, the Department requires that inventory charges and provisions charges be recorded on specific lines within operating expenditure, rather than allocated to detailed lines within that note as NHS foundation trusts are currently able to. NHS FTs have fed back to Monitor that they would not want this change to be imposed on them.

Additional tables have been included on sheets 19 and 25 for NHS foundation trusts to analyse where 'inventories consumed' and 'provisions arising in year' have been charged within operating expenses. This analysis will enable Monitor to meet the Department's requirement within the consolidated accounts without imposing a mandated format on foundation trusts.

FTs should use this table to identify where inventories have been recognised in expenses

Table 21A Breakdown of inventories recognised in expenses	19P	19Q	Maincode	Expected Sign
	2013/14	2012/13		
	£000	£000	Subcode	
Total inventories consumed (per note 21.1)	0		390	
Charged to:				
Drugs inventories consumed	0		400	+
Inventories consumed (excluding drugs)	0		410	+
Supplies and services - clinical	0		420	+
Supplies and services - non clinical			430	+
Other			440	+
TOTAL	0	0	450	+

Figure drawn from 7.0p Exp

Figure drawn from 7.0p Exp

Balancing figure

2.6 Staff costs – counterparties and net accounting

The Department of Health now 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.

The detail lines for income received against staff costs accounted for on a net basis have been removed. A counterparty analysis is also no longer expected for this income. Both parties to the recharge arrangement should account for the income/expenditure as 'external to government' (as with an agency arrangement).

2.7 PFI / LIFT / other service concessions

The disclosure notes on sheets 29 and 30 for PFI and other service concession arrangement obligations have been revised to separately identify PFI schemes, LIFT schemes and Other Service Concession Arrangements. This replaces the previous split by scheme.

Additional information is now also collected in relation to schemes with an outstanding obligation greater than £500m.

Some tables relating to off-SoFP PFI schemes have been removed.

2.8 Transfers by absorption

For 2013/14, HM Treasury has approved an amendment to absorption accounting within the NHS as a result of the reorganisation of the NHS on 1 April 2013. Where an NHS foundation trust recognises a transfer directly from a body which ceased to exist on 1 April 2013 (for example a Primary Care Trust), modified absorption accounting applies. The net credit on transfer of assets and liabilities is recognised in reserves rather than within income/expenses. Please refer to the [FT Annual Reporting Manual](#) for more details and guidance.

To differentiate between transfers accounted for under modified absorption accounting and other in-year transfers, the 'Transfers by absorption' lines throughout the FTC have been split in two. FTs should use the relevant line(s) (modified or normal) as required.

Tab 36. *Transfers* has been updated to separately reconcile modified and normal absorption transfers and permits the inclusion of up to 5 transfers. If your FT has participated in more than 5 transfers by absorption, please contact ft.accounts@monitor.gov.uk.

2.9 Other changes

In addition to the changes explained in the detail above, a number of further key changes have also been made to the FTC form for month 9 as follows:

- **Validations** – Following simplifications throughout the FTC form and a review of obsolete checks, validation checks have been reduced by a quarter.
- **Operating lease commitments** - Counterparty analyses will now be collected for operating lease commitments (both as a lessor and lessee) in addition to the analysis already collected for operating lease income/expenditure.
- **On-SoFP pension disclosures** – Disclosures on tab 34. *Pensions* have been updated to reflect the provisions of IAS 19 (revised). Please refer to the [FT Annual Reporting Manual](#) for more details of the accounting standard change.
- **Deferred income** - The deferred income movements table on sheet 24 has been adapted to reflect the differences between closing counterparties as at 31 March 2013 and opening counterparties as at 1 April 2013. Opening deferred income from

PCTs and SHAs will be populated into a dedicated 'legacy bodies' column and an additional row is provided for reallocation of such balances. The closing balance on this column is validated to nil.

- **Impairments** – FTs are advised that the formulae calculating the DEL/AME split of FTs have been corrected. This affects the prior year numbers, but requires no action by FTs.

A full list of changes made to the FTC since 2012/13 will be published on Monitor's Accounts Process Website in week commencing 16 December 2013.

<http://www.monitor.gov.uk/accountsprocess>

3 Consolidation of NHS charitable funds

IMPORTANT

NHS charitable funds are considered external to government and do not form part of agreement of balances. Therefore:

- any charitable funds numbers in accounts tabs are 'external to government';
- if you transact with another NHS body's charitable funds, you will exclude these amounts from the balance with that counterparty on the WGA tabs; and
- you will exclude charitable funds from any agreement of balances schedules you send.

3.1 Charities – IAS 27 and ONS

IAS 27 application from 2013/14

When International Financial Reporting Standards (IFRS) were adopted in the NHS, HM Treasury approved a dispensation whereby NHS bodies did not apply International Accounting Standard (IAS) 27 Consolidated and Separate Financial Statements to their NHS charitable funds. This dispensation does not apply from 1 April 2013. NHS foundation trusts will be consolidating their NHS charities into their accounts for the first time in 2013/14 where the control tests in IAS 27 are met.

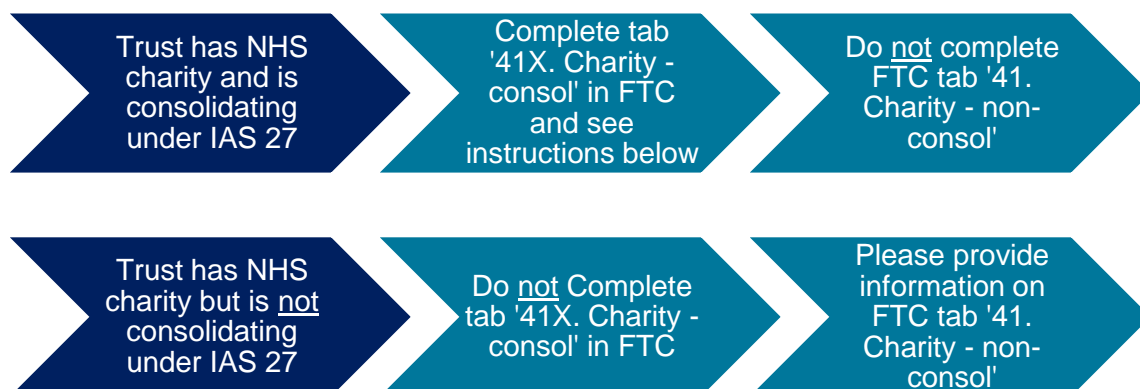
The FTC file should be consistent with the FT's group accounts. If an NHS foundation trust does not consolidate its charity in its accounts, then it will not consolidate the charity into the FTCs.

Department of Health consolidation under ONS definitions

For 2012/13, a change in the definition of the consolidation boundary by ONS meant that the Department of Health was required to consolidate all NHS charitable funds into the departmental accounts. This is regardless of any local control or otherwise under IAS 27. This continues to be the case in 2013/14.

Therefore even where you do not consolidate your charity under IAS 27, the Department of Health and Monitor request that you provide summarised information to assist the Department in performing their consolidation under the ONS definition.

Charity tabs in FTC template



If you are not consolidating (either due to control tests or on materiality grounds), please provide information on tab '41. *Charity – non-consol*' wherever possible. Monitor acknowledges that in some instances the charity might not provide this information to the trust.

In the unlikely scenario that you have more than one NHS charity and are consolidating one/some but not others, then please complete both tabs 41X and 41 as appropriate. Please also advise Monitor by email to FT.Accounts@monitor.gov.uk.

The remainder of this chapter concentrates on how to perform local consolidation of charities under IAS 27.

3.2 Monitor's objectives

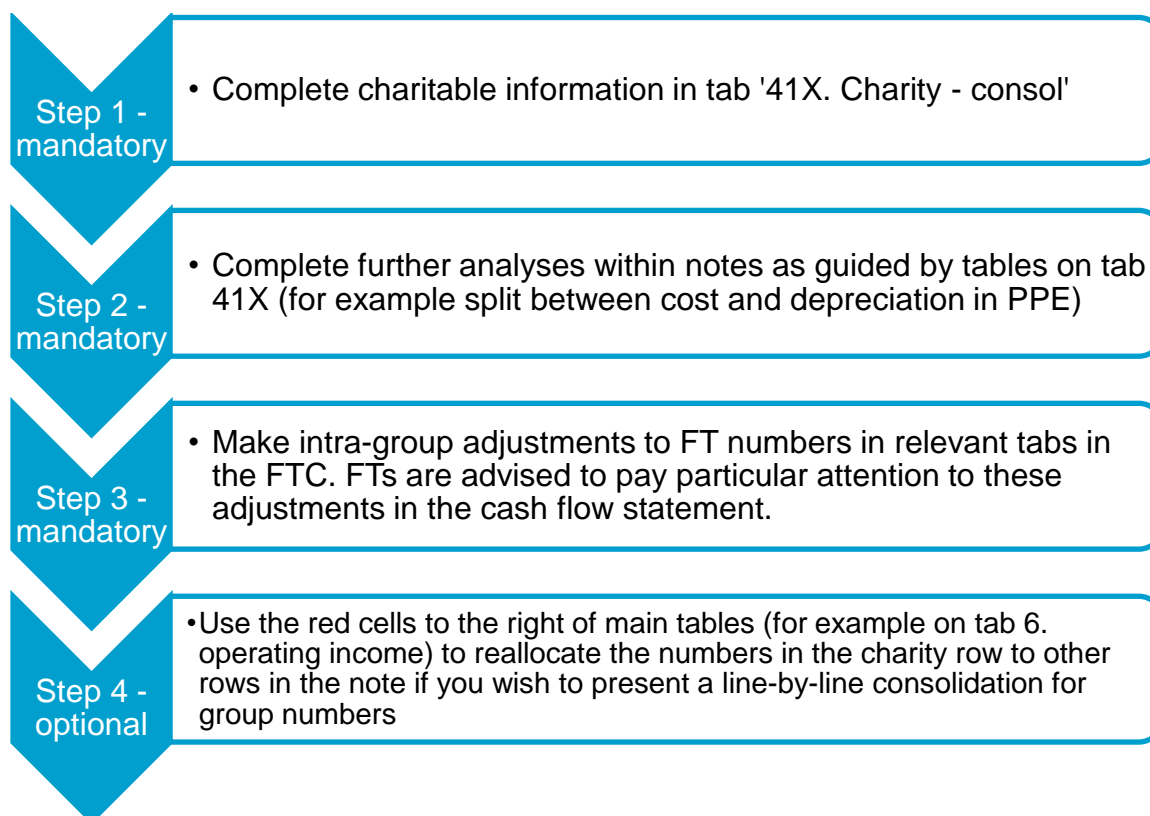
In preparing the Consolidated NHS Foundation Trust Accounts for 2013/14, Monitor will consolidate the accounts of NHS foundation trusts, including local consolidation of charitable funds where this is performed under IAS 27. Some NHS foundation trusts already prepare group accounts, due to other subsidiaries they already have.

As set out in the FT Annual Reporting Manual 2013/14, NHS foundation trusts preparing group accounts will have 'group' and 'trust' columns in their accounts. For some foundation trusts, the 'group' column will include other subsidiaries, alongside the charitable funds. The FTC template has always captured 'group' numbers and will continue to do so. In designing the form of the FTC template, capturing 'group without charities' was not feasible as this would not enable auditors to confirm consistency between accounts and FTCs for all bodies.

The Department of Health intends to consolidate all charities as a separate exercise for its compliance with the ONS definition of the departmental group. Monitor needs to be able to report consolidated FT sector numbers to the Department excluding charity numbers. Rather than require NHS foundation trusts to additionally provide 'group excluding charity' numbers throughout to Monitor, Monitor has designed the FTC template to enable Monitor to de-consolidate charities, while seeking to simplify the process for NHS foundation trusts as much as possible.

3.3 How to complete the FTC

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



Step 1 – complete charity information in tab '41X. Charity – consol'

Tab 41X has been designed to collect both charitable fund information (in a simplified format) on a gross (un-consolidated) basis as well as the elimination adjustments. Post-elimination charitable fund numbers then feed from this tab throughout the FTC in dedicated charitable fund columns / rows (identifiable by blue highlighting). This format enables deconsolidation by Monitor at a group level, as explained in section 3.2 above.

Table A – Consolidated charitable funds information

Provide the name and the registered charity number of all charities consolidated within the FT's annual accounts.

Where a legacy PCT charitable fund is consolidated from 1 April 2013, please note this after the name of the charity. Where multiple charities are consolidated, gross charity figures (pre-elimination adjustments) should be added together in the following tables.

Table B – Statement of comprehensive income / Statement of financial activities

- Charitable funds numbers should be initially entered gross (prior to elimination adjustments for business with the FT) but after restatement for alignment of accounting policies, in columns C and G.
- The elimination adjustments (only the charity side of these adjustments) should then be included in columns E and H.
- Any gain on transfer to be recognised under absorption accounting in the group accounts should be entered in column D. This is expected to be rarely used (if at all) and in relation to transfers from PCTs.

- Net charity numbers (after elimination adjustments) are then calculated in columns F and I which are populated into dedicated rows and columns in the operating income and expenditure notes and SOCITE.
- Note the text to the right of the table – red text indicates some manual input is required within the related note. (Step 2 of the consolidation process)

Table C – Statement of financial position / Balance sheet

- Three years of charitable funds balance sheet should be provided to enable restatement under IAS 8. Gross charitable funds figures should be entered in columns C, F and I.
- Elimination adjustments should be entered in columns D, G and J.
- Calculated net charitable fund balances are populated into dedicated rows and columns of related notes.
- Refer to text to the right hand side of the table – red text indicates some manual input is required within the note. (Step 2 of the consolidation process)

Table D – Movement in Charitable Funds reserve

- This is a simplified SOCIE (current year only). Where possible, movements are populated from previous tables however FTs should review the split between restricted and unrestricted reserves and clear the check with validates closing reserves against the SOFP.

Table E – Cash flow statement

Monitor recognises that charitable funds meeting the definition of a ‘small company’ are not ordinarily required to produce a cash flow statement. This table has therefore been designed to facilitate the foundation trust in producing simplified cash flows which are then populated directly into the consolidated cash flow statement.

Cash flows should be entered based on gross charitable funds activities (prior to eliminations) in columns C and F, then adjusted for the impact of elimination adjustments (e.g. movement in payables) in columns D and G. Cash flows post elimination are then fed directly into the consolidated cash flow statement in dedicated charitable fund rows.

Table F - Transfers of PCT charitable funds

Where an FT has gained control of legacy PCT charitable funds on 1 April 2013 and this meets the definition of a subsidiary for the FT, this should be accounted for as an absorption transfer within the FT’s group accounts. A gain on transfer may be recognised (within the group accounts only) at 1 April 2013 and financial activity of the PCT charitable fund should be consolidated for 2013/14 only (i.e. no restatement of prior periods). By completing this note, assets and liabilities transferred will be automatically populated into movements note throughout the FTC.

Table G

As explained in section 3.2 above, Monitor will de-consolidate charities for reporting to the Department of Health. Intra-group adjustments will be reversed using the information provided on tab 41X. For intra-group income in the NHS foundation trust, Monitor needs to know where this income is recorded in the trust accounts, in order to allow these

adjustments to be made. This table asks FTs to analyse the charity's expenditure with the FT into where this income is recorded.

Checks

A number of checks have been included to ensure the internal consistency of charitable funds figures prior to elimination adjustments and also to ensure the consistency of movement notes with the information provided on Sheet 41X.

All checks must be passed in order to clear validation 152 on the validations sheet.

Step 2 – Complete further analyses within notes as guided by tables on tab 41X

The information provided on tab 41X is then fed automatically into dedicated charitable funds rows/columns throughout the rest of the FTC template. These are coloured blue for ease of identification.

Some information is entered in a summarised form in tab 41X and further analysis will be required in the corresponding group accounts note. For example, the net book value of PPE needs to be split into cost and accumulated depreciation in the PPE note. Narrative in column L/N on tab 41X identifies where this analysis is required.

Step 3 - Make intra-group adjustments to FT numbers in relevant tabs in the FTC

The completion of tab 41X allows charity numbers after intra-group eliminations to be fed to the rest of the FTC. Numbers in the remainder of the FTC for the FT therefore need to be adjusted to remove intra-group transactions. For example income from donations received by the FT from the charity will need to be eliminated. It is therefore very important that the analysis referred to above in Step 1 in Table G is completed so that Monitor can understand where this income arises for the FT.

Monitor advises FTs to not overlook the intra-group adjustments needed to be made to FT numbers in the cash flow statement, e.g. movements in working capital.

Step 4 – Optional - Use the red cells to the right of main tables to reallocate the numbers in the charity row in FTC notes

Monitor does not expect the overall consolidation of charitable funds in the NHS foundation trust sector to be material to the consolidated NHS foundation trust accounts. Monitor currently intends to use dedicated rows/columns for charitable fund balances, as shown in the FTCs. However Monitor is conscious that for some FTs, consolidated charitable funds may be material to the local group accounts being prepared. FTs may wish to prepare a full line-by-line consolidation within notes in their accounts.

During the testing of the FTC template, some FTs fed back to us that they like to link their accounts to the FTC template and would not welcome having to do this reallocation within

their accounts spreadsheet. The red columns to the right of relevant notes (for example income, expenditure, receivables, payables) have been added to allow FTs to reallocate the charity number in that note to other rows. It then calculates a revised total that FTs can use for linking to their accounts. Completion of these columns is optional and is provided only for the benefit of FTs who have requested this. We welcome any feedback on this functionality.

3.4 Practical considerations in mapping to accounts (month 12)

Group numbers

Step 4 of part 3.3 above explains Monitor's approach to enabling FTs to record their group numbers in the FTC, which allows FTs to link their accounts spreadsheet to the FTCs.

Trust numbers

As explained throughout section 3 of this document, Monitor needs to collect Group numbers in the FTC. Monitor considered adding 'Trust' columns to the FTC throughout, but this would create additional burden for FTs in providing information that Monitor does not need. The FTC therefore does not contain 'Trust' numbers.

In testing the FTC file, some FTs fed back to us that they like to fully link their accounts template to the FTC and seek to minimise the adjustments made in their accounts spreadsheet file. This will only be an issue at month 12. As an example, Monitor has added additional optional columns (the blue columns) tab 20 *Receivables* to enable FTs to record 'Trust' numbers in the FTC. This is purely for the purpose of being able to link to these numbers from accounts spreadsheets. Completion is optional and will not be used by Monitor.

Feedback on the usefulness of this is welcomed to FT.Accounts@monitor.gov.uk . If considered useful, Monitor will add these optional blue columns to relevant notes in the month 12 FTC file.