



Department
of Health

NHS Manual for Accounts 2013-14

1 Introduction

You may re-use the text of this document (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/

© Crown copyright

Published to gov.uk, in PDF format only.

www.gov.uk/dh

NHS Manual for Accounts

2013-14

1 Introduction

Contents

Introduction	5
The FReM	5
The Manual for Accounts: structure and relationship to other guidance	6
Changes to earlier versions	6
Accounts submission and audit	7
NHS trusts.....	7
NHS FTs and CCGs.....	7
Annex 1 - Accounts Directions	8
Annex 1 (cont) - Accounts Directions (structure)	9

Chapter 1: Introduction

Introduction

- 1.1 The Department of Health Manual for Accounts (MFA) sets the accounting policies to be followed by members of the Department's consolidation group and provides principles-based guidance to NHS bodies on how to prepare and complete their annual report and accounts. The Group is defined in law by Designation Orders ([SI 2012 No. 717](#)) made under the [Government Resources and Accounts Act](#) 2000 (GRAA). The GRAA requires Group bodies to:
- prepare such financial information in relation to the year as HM Treasury may request,
 - present the information in such form as HM Treasury may direct,
 - arrange for the information to be audited, and
 - deliver the information to HM Treasury, in such manner and by such date in the next year as HM Treasury may direct.
- 1.2 Compliance with this Manual, together with organisation-specific guidance and Directions issued by Monitor and NHS England, will allow the Department to prepare consolidated accounts that meet Treasury reporting requirements for the Departmental Group.
- 1.3 Annex 1 below summarises the current statutory requirements on Accounts Directions and guidance for the various NHS organisations.

The FReM

- 1.4 The MFA has been drafted to meet [Government Financial Reporting Manual](#) (FReM) requirements. The FReM is the technical accounting guide for the preparation of Departmental Accounts. The FReM follows IFRS and Companies Act requirements, but in several important areas interprets and adapts Standards to better meet Government's reporting requirements. The FReM also details additional disclosures for the public sector. The MFA provides guidance that addresses the NHS' requirements in more detail than the FReM, but readers must refer to both documents.
- 1.5 While not directly applicable to NHS Trusts and NHS Foundation Trusts, the FReM makes reference to this MFA and to the Foundation Trust Annual reporting manual (the ARM) as the source of detailed guidance for these bodies.
- 1.6 The MFA follows the FReM except for a small number of divergences that have been formally agreed between the Department and Treasury. Divergences for 2013-14 relate to accounting for the transfer of assets and liabilities under transition at 1 April 2013 (Chapter 3.16).

- 1.7 Treasury is required to consult an independent body, the Financial Reporting Advisory Board (FRAB), when preparing the FReM. (The MFA and FT ARM are also reviewed by the FRAB).

The Manual for Accounts: structure and relationship to other guidance.

- 1.8 The MFA is not an accounting textbook and does not repeat IFRS requirements where these can be applied without specific interpretation for the NHS. The MFA assumes that the user will be conversant with current accounting standards. The manual:
- Forms part of Accounts Directions issued to reporting bodies by the Secretary of State
 - Mandates particular accounting treatments where Standards permit a choice, to ensure consistency within the sector
 - Draws attention to interpretations and adaptations of Standards set out in Treasury's Financial Reporting Manual (FReM), usually repeating the required departures from Standards
 - Highlights further NHS-specific departures from the FReM, as agreed with Treasury
 - Specifies contents and layout of Accounts and Annual Report scope and contents, to ensure that these documents meet Treasury expectations and provide consistent data for national summaries and consolidations
 - Provides detailed accounting guidance in complex and technical areas (e.g. PFI and group reconstruction) where IFRS requirements' are difficult to apply in the NHS context.
- 1.9 This Manual will be supplemented, as necessary, by numbered updates over the course of the year. Updates will be posted to the finance manual 'finman' website at www.info.doh.gov.uk/doh/finman.nsf. Any updates issued in this way should be treated as having the same status as guidance issued in this Manual. Users should check the 'finman' site regularly for new guidance under '*What's New*' and '*Frequently Asked Questions*'.

Changes to earlier versions

- 1.10 For 2013-14, the manual has been extensively revised to define Group accounting policies and applications in its core chapters.
- 1.11 Detailed guidance in the following areas has been removed and will be made available either on the "finman" website or by Monitor and NHS England to their sub-consolidation group bodies:
- Detailed model accounts format: a generic reporting format based on the ALB consolidation schedules content is provided in the Manual. NHS trust-specific accounts pro-formas (linked to the "FMA" consolidation forms will be issued when the year-end FMA formats are complete.

- Detailed accounts completion guidance. Guidance that assists in completing both the FMA and accounts documents has been removed from the manual and can be found with Quarterly FMA completion guidance on the website.
- Agreement of balances (AoB) guidance. Detailed guidance will be posted on the DH website as required. Guidance will be common to each type of entity within the consolidation group and will be agreed with Monitor and NHS England.
- Losses and special payments guidance. This is drawn from Treasury's "[Managing Public Money](#)" and will be placed with AoB and other detailed completion guidance on the website.

1.12 The following items will be available on the "finman" website (or Treasury website in the case of Treasury guidance). These do not form part of the Manual for Accounts, but form part of a wider body of guidance, as represented by the "finman" website:

- Quarterly monitoring guidance: produced for the FMA forms, this guidance is specifically intended to facilitate completion of the quarterly returns. This guidance will draw on MFA guidance and the two sets of guidance will be consistent with each other. The MFA is intended to set accounting policy, whereas quarterly guidance provides the means of ensuring (a) internal consistency of reporting, and (b) consistency across the NHS, such that figures can be reliably consolidated at the national level.
- For 2013-14 detailed accounts completion guidance for NHS Trusts is also provided alongside the quarterly monitoring (FMA) guidance.
- *Treasury valuation guidance*.
- Treasury public sector spending and reporting: <http://www.hm-treasury.gov.uk>

Accounts submission and audit

NHS trusts

1.13 A detailed accounts submission process, showing deadlines and procedures for handling statutory accounts and summarisation schedules, will be posted the DH website later in the year. The Department will need to receive copies of Trust FMA forms and local audited accounts as the Department itself consolidates trust financial data.

NHS FTs and CCGs

1.14 Monitor and NHS England will issue the relevant guidance to these bodies, setting timescales and procedures that permit sub-consolidations to be carried out in time to meet the national consolidation timetable.

Annex 1 - Accounts Directions

NATIONAL HEALTH SERVICE ACT 2006

DIRECTIONS BY THE SECRETARY OF STATE IN RESPECT OF NATIONAL HEALTH SERVICE TRUSTS' ACCOUNTS

The Secretary of State for Health, with the approval of the Treasury, in exercise of powers conferred on him by section 232 (schedule 15,3(1)) of the National Health Service Act 2006 and of all other powers enabling him in that behalf, hereby gives the following Directions:

Application and interpretation

1.-(1) These Directions apply to NHS trusts in England.

(2) In these Directions:

"The Accounts" means the accounts of a National Health Service trust for the financial year;

"the financial year" means the period from 1st April in any one calendar year to 31st March in the next calendar year;

"the trust" means the National Health Service trust in question.

Form of Accounts

2.-(1) The Accounts submitted under section 232 schedule 15 of the 2006 Act shall show, and give a true and fair view of the trust's gains and losses, cash flows and financial state at the end of the financial year.

(2) The Accounts shall meet the accounting requirements of the NHS trusts Manual for Accounts in force for the relevant financial year, which shall be agreed with the Treasury.

Statement of directors' responsibilities

3. The statement of directors' responsibilities in respect of the Accounts shall be signed and dated by the Chief Executive and Finance Director of the trust.

Signed by the authority of the Secretary of State for Health

Member of the Senior Civil Service, Department of Health

Annex 1 (cont) - Accounts Directions (structure)

Entity	Accounts Direction Determination by:	Accounts Direction Approved by:
NHS England (own accounts and consolidation of CCG accounts)	Department of Health (Secretary of State)	Treasury
Monitor (own accounts and consolidation of FT accounts)	Department of Health (Secretary of State)	Treasury
NHS Trusts	Department of Health (Secretary of State)	Treasury
NHS Foundation Trusts	Monitor	Department of Health (Secretary of State)
CCGs	NHS England	Department of Health (Secretary of State)
ALBs	Department of Health (Secretary of State)	Treasury

NHS Trust accounts: [National Health Service Act 2006 c. 41 Schedule 15: Preparation of annual accounts](#)

FT accounts: paragraph 24 of Schedule 7 to the National Health Service Act 2006 amended: [Health and Social Care Act 2012 c. 7 part 4: Governance and management Section 154](#)

Consolidated FT accounts (s.17) and Monitor's own accounts (s.18): [Health and Social Care Act 2012 c. 7 Schedule 8: Accounts of NHS foundation trusts](#)

NHS England: [Health and Social Care Act 2012 c. 7 Schedule 1 s.16: Annual Accounts](#)

CCG accounts: [Health and Social Care Act 2012 c. 7 Schedule 2 s.17](#)