

**WHOLE OF
GOVERNMENT ACCOUNTS**

2005/06 DRY RUN

**WGA RETURN
FOR
LOCAL GOVERNMENT BODIES
IN
ENGLAND**

GUIDANCE NOTES

**2005/06 WGA RETURN GUIDANCE
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INTRODUCTION

Background to Whole of Government Accounts

Preparing Whole of Government Accounts (WGA) will meet the undertaking in the Code for Fiscal Stability to produce consolidated accounts for the whole public sector on the basis of Generally Accepted Accounting Practice (GAAP). Publishing audited WGA will improve the transparency of government's finances.

WGA will increase the completeness of public sector financial data by providing information on items not currently in existing measures of public finance (such as provisions, contingent liabilities and future contract expenditure). In addition the WGA programme will progressively increase the amount of audited data included directly in the UK National Accounts, for example by replacing statistically modelled depreciation data with actual data.

The extension of the WGA programme from Central Government to full WGA is essential if WGA are to provide a complete picture. In particular the inclusion of local government will have a very significant effect on WGA – local government controls over 50% of public sector fixed assets and accounts for about 25% of net public expenditure.

We believe that there can be benefits for local government from WGA. WGA will develop into a source of robust audited financial data for central government. It will also support moves towards a single data set which may ultimately lead to a reduced burden on local authorities as data can be collected once and used for several purposes. This will be available to support policy analysis and resource allocation within local government as well as achieving the wider benefits set out above.

The Dry Run Process

The 2005 PBR reaffirmed the commitment to publish the first WGA balance sheet information for the year ending 31 March 2007. Experience of central government has proved the value of a dry-run process prior to publication and 2005-06 will be the second dry run year for WGA. Our approach is to concentrate the second dry run on further refining the processes and systems by incorporating the knowledge acquired from the first dry run. We remain committed to introducing WGA in a way which minimises the burden on all concerned, but still achieves WGA consistent with Generally Accepted Accounting Practice.

Most of the data we require continue to be the same as the information required for authorities' published accounts with the additional requirement to collect information on major transaction streams and balances within the public sector to allow these to be eliminated on consolidation. Over time we aim to closely integrate WGA data collection with existing Department for Communities & Local Government (DCLG) forms and work in this direction has already begun.

TIMETABLE & AUDIT REQUIREMENTS

Deadline for Completion

The deadline for WGA returns for the 2005/06 Dry Run is

6 October 2006.

This has been set to allow authorities the maximum time up to the statutory accounts publication deadline to prepare their return, but still minimise delays.

Experience of central government shows that integrating the accounts preparation and WGA processes makes completion of WGA returns significantly easier. We strongly recommend that authorities should complete the WGA return at the same time as preparing their statement of accounts. We also encourage authorities that complete their accounts and audit before the statutory deadline to submit their WGA returns as soon as their accounts are ready.

Authorities will be sent a reminder in July 2006.

Audit Requirements

For the 2005/06 Dry Run there is a requirement that the WGA form prepared by local government bodies must be audited.

The form should be submitted to DCLG by 6 October 2006. Most authorities will have received audit sign off of their own accounts and the WGA form by this date. In these cases, the auditors will submit the electronic form to DCLG. A hard copy of the audit report and the Chief Financial Officer sign off will also be mailed to DCLG at the following address:

WGA Returns
Department for Communities & Local Government
Data & Dissemination Team
Zone 5/J6
Eland House
Bressenden Place
London, SW1E 5DU
O20 7944 4068

Those authorities whose audit is not complete by 6 October 2006 should forward their form to DCLG unaudited to meet the submission deadline. For those bodies, once the audit of the form is completed after 6 October, the authority must complete a schedule of any identified material adjustments to the data already submitted. This schedule will be reviewed by the auditor and then submitted to DCLG.

CHANGES & UPDATES IN 2005/06 FORM

Group Accounts & Local Authority Accounts

2005/06 is the first year in which some authorities have prepared their accounts on a group basis. The 2005/06 WGA form will collect group basis accounts as well as authority only accounts.

For the 2005/06 year, authorities should provide data for the WGA return on the basis of whether they have prepared group accounts or authority only accounts. The same form can be used for either circumstance. To accommodate this, the form has an additional worksheet entitled 'Group Account'. Those authorities who have prepared group accounts can enter their income and expense data into the 'Group Account' Worksheet in the form. Alternatively, those authorities who have prepared their accounts on an authority only basis will fill in the form based on the NCS and Consolidated Revenue Account in the same way as was undertaken for 2004/05 and can ignore the 'Group Account' worksheet.

The 'Reserves' worksheet has additional columns in which authorities preparing Group Accounts can enter their data. Authority only accounts can ignore these columns.

FRS17 Liability

The worksheet FRS17 allows the input of the liability information for Funded and Unfunded schemes. Rows 28 to 41 allow for the input of additional pension information. The information requested in 2005/06 is unchanged from that requested in 2004/05. However, the following input format should be followed.

The format required for these cells is as follows:

Example: Rate of increase in salaries:

please input in the following format:

If the rate is 2.5%, please input as 2.5 without the percentage sign

If the rate is 2.326%, please input as 2.326 without the percentage sign

If the rate is 10%, please input as 10 without the percentage sign

Do not enter 2.5% as .025

This format applies for all input in rows 28 to 41.

Rows 34 to 36 will also follow this input format, however, the input required is the Proportion of Scheme Invested In: Equities, Bonds, Other. Therefore, this input should be e.g. 40%; 50%; 10% - entered as 40, 50, 10. The total of the 3 cells should add to 100.

COVERAGE OF THE FORM

Housing Revenue Account

The HRA should be included in the WGA return. Transactions within HRA Net Cost of Services should be included on the Net Cost of Services sheet.

Collection Fund

Council Tax and Business Rates will be picked up from the figures in the authority's Consolidated Revenue Account. In order to correctly account for the amounts actually receivable in year some additional details of the Collection Fund are required. The Collection Fund should be included in the Balance Sheet as usual.

Pensions Fund and Other External Funds

These should not be included in the WGA return except where consolidated into the Authority's group accounts. Transactions between the authority and these funds do not constitute transactions with another public sector body for WGA purposes unless, exceptionally, an external fund has been specifically designated for WGA purposes. However FRS 17 liabilities and expenses should be included as recognised in the authorities own accounts.

Trading Accounts & Trading Operations

Trading organisations included in the authority own accounts should be included in the WGA return.

Where a trading operation within the authority's own accounts provides services to third parties (trading operation types a, b and possibly c in accordance with the classification in Annex D to Section 2 of BVACOP) the full income and expenditure of the operation should be reported. Where the operation trades with other public bodies the transaction streams and any year end balances should be reported as usual. See section 7 for further guidance.

Trading organisations of BVACOP types c – f trade internally. Where the surplus or deficit of the trading operation would lead to material misstatement of Total Cost paragraph 2.34 of BVACOP requires that the surplus is reapportioned to client Divisions of Service. See section 6 for further guidance.

DEFINITIONS

General Guidance

Other than as set out in this Guidance the accounting concepts and practices used in the local government WGA return are as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting (the SORP) and the Best Value Accounting Code of Practice (BVACOP).

Materiality & Input Conventions

For all data input into all sheets, except as noted below, you should apply the materiality that applies in the authority's statement of accounts.

Note that all input is in £'000, except for a small amount of information in relation to FRS 17, which should be input as e.g. 3.55 *without any percentage sign*.

Numbers representing debit amounts should be input as positives and all numbers representing credit amounts should be input as negatives. That is, asset and expense data will normally be positive, while income, reserves and liabilities will normally be negative.

Data on counter-party transaction streams or balances over £1 million should be included in the relevant section of the Counter-Party Data sheet to the nearest £1,000. Counterparty transaction streams should be reported on an accruals basis (i.e. the transaction stream for the year not cash movements during the year).

On the Additional Data sheet apply the following conventions:

- Cells for Contingent Liabilities and Post Balance Sheet Events should be completed only for total amounts over £1 million, to the nearest £1,000 (e.g. a Contingent Liability estimated at £1.5 million should be input as 1,500)
- Cells for capital debtors and creditors need only be completed for total amounts over £500,000, to the nearest £1,000 (e.g. a capital creditor of £500,000 would be included as 500, a capital debtor of £300,000 need not be included).

VAT

Irrecoverable VAT should be included in the relevant item of expenditure. In line with normal practice, payments from HM Customs & Excise in relation to recoverable VAT should not be recognised as income. Any VAT debtor (or creditor) should be reported as a balance with HM Customs & Excise as normal (see section 7 for further guidance).

VALIDATION & DATA INTEGRITY CHECKS

The WGA Return includes three types of data integrity/validation test, all of which are visible to authorities completing the return:

1. Line signage checks
2. Data integrity checks
3. Balance Sheet validation test

These checks are designed as an aid to both authorities in completing the form and DCLG in preparing the local government sub-consolidation. They will also be of use in auditing WGA Returns.

Line Signage Checks

The WGA Return convention is that numbers representing debit amounts should be input as positives and numbers representing credit amounts should be input as negatives. For many lines it is possible to anticipate the 'natural' balance for the account – for example all expense accounts should be debits and thus positive.

Where we consider that an input cell has a natural signage the return includes a formula that checks for the expected signage. Where the amount input differs from the expected signage this formula generates a warning in a cell near to the input cell. The message reads:

This number should be positive
or
This number should be negative

However we recognise that there may be local circumstances that mean the 'natural' signage is not, in fact correct. Authorities may submit returns with line signage warnings. However *authorities should thoroughly check all signage warnings and correct all "inappropriate failures" before submitting the return.* DCLG or HM Treasury may approach authorities with significant line signage warnings for confirmation that the balance is correct.

Data Integrity Checks

Any set of accounts contains many items where the amount shown in one statement or note should agree to an equivalent amount on another statement or note. For example the AMRA balance reported on the face of the CRA should equal the AMRA balance in the AMRA note. For key figures these relationships are a good test of the integrity of the underlying accounting data. However rounding or other factors can lead to the items not agreeing exactly.

We have therefore included a number of data integrity check boxes for key accounting relationships. Where the amounts that are expected to agree do not agree as input these boxes will provide a warning. For example where the

AMRA balance reported on the face of the CRA does not equal the AMRA balance in the AMRA note the relevant box warns:

Should these two lines be the same amount?

This is the most common message; other wordings are similar. Where the message is not immediately next to the relevant cell the message specifies the cell affected, which also appears in red text.

Authorities may submit returns with data integrity warnings. However *authorities should thoroughly check all data integrity warnings and correct all “inappropriate failures” before submitting the return.* DCLG or HM Treasury may approach authorities with significant data integrity warnings for confirmation that the two figures affected are correct.

Balance Sheet Validation

The WGA Return must be based on the authority’s audited accounts; there should be no differences that effect the balancing of the accounts. Furthermore the Balance Sheet is wholly derived from previous input sheets, and will balance if all items have been input correctly.

The Balance Sheet page includes the key validation check – “does the balance sheet balance?”

If the Balance Sheet is out of Balance the following warning appears:

Balance Sheet does not Balance; do NOT submit to DCLG

If the authority considers it has completed the return and the Balance Sheet is out of balance the return should be checked carefully against the audited accounts and corrected as required.

Authorities must not submit returns if the Balance Sheet is out of balance. Returns that are out of balance will be returned to the authority for correction.

If the balance sheet does balance the following message is displayed:

Balance Sheet balances

This should not be taken as confirmation that the form has been correctly completed in other respects.

TREATMENT OF INTERNAL CHARGES

Background

A key aim of local authority accounting statements is to highlight the Total Cost of individual services. As such it is normal for overheads to be recharged to services and for these charges to be recorded by those services according to the origin of the recharge (e.g. finance department recharge). Recharges typically come from support departments and trading operations, but may be between two 'front-line' services.

It is the basic principle of consolidation that charges within the group should be eliminated leaving only the income and expenditure with the "outside world" in the consolidated statements. GAAP also requires certain disclosures (e.g. of staff costs) that require the 'true' total of an item to be shown not including recharges (i.e. disclosure of staff costs including finance staff as a staff cost not as a recharge). WGA also aims to produce useful data for policy and National Accounts purposes, which require data in this format.

For all of these reasons it is necessary that internal recharges are disregarded in preparing WGA, with all income and expenditure being accounted for according to its nature (i.e. a "subjective classification"). Naturally materiality and cost-benefit considerations under FRS 18 apply.

Overall Approach

For the 2005/06 Dry Run the process will remain the same as for 2004/05 in that all items above Net Cost of Services should be analysed by the nature of the expenditure according to the BVACOP Recommended Subjective Analysis (RSA).

Conceptually this is straightforward. It is not necessary to "reverse out" recharges between services. A 'cross-tab' of all cost centres above NCS would show income and expenditure for both front-line and support services. Direct costs to support service cost centres would be recorded by their nature, as this is the information support service managers require. A total for each BVACOP RSA Group should then provide the necessary data on external transactions, after recharge expenses have been off-set against income. **No analysis between services is required.**

One difficulty is that there is 'leakage' into and out of NCS because of recharges from and to trading operations. As noted in section 3 this does not materially affect the Total Cost of NCS. For 2005/06 we will continue to accept that the income and expenditure of trading operations will not be stated according to its nature. **Accordingly there is no requirement on authorities to remove recharges from/to trading operations.** However an authority who can easily remove recharges from/to trading operations is encouraged to do so.

TRANSACTIONS BETWEEN THE AUTHORITY AND OTHER PUBLIC BODIES

Overview of Counter Party Identification Codes (CPID)

Consolidated Accounts require transaction streams and balances between the bodies comprising the consolidation to be cancelled out (or eliminated) in order to present the overall financial position as if it were a single entity. Accordingly, Whole of Government Accounts (WGA) require transaction streams and balances between the bodies comprising the public sector to be eliminated. WGA eliminations are facilitated by the identification of transaction streams and balances and the subsequent attachment of a Counter Party Identification (CPID) code to those transaction streams or balances. Transaction streams are defined as a stream of income or expense transactions conducted with a particular body over the year, recognised on an accruals basis. Balances are defined as those amounts outstanding as a debtor or creditor with a particular body at year end.

For example: Local Authority A may have received grant income from Department X over the year as follows:

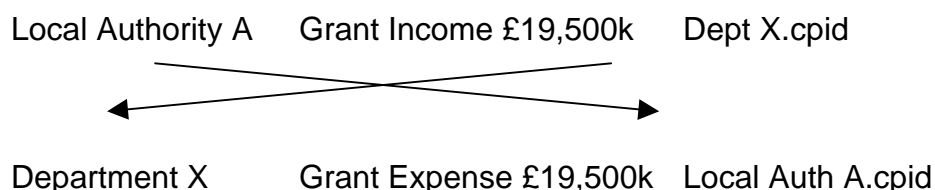
May	£4,000k
September	£6,000k
January	£5,400k
March	£2,600k

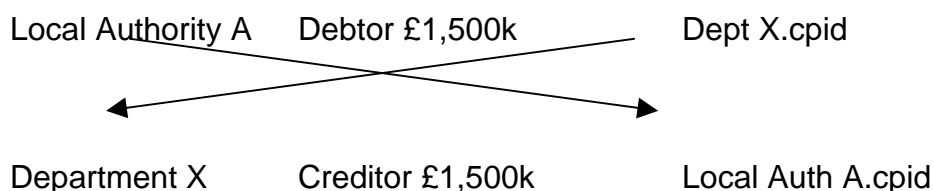
In this case the total transaction stream for the year with Department X for grant income is £18,000k.

Additionally at year end, Local Authority A may be owed £1,500k from Department X for grant income which is unpaid at the balance date, that is, Local Authority A would have a debtor on the balance sheet owing from Department X for £1,500k.

In both the above cases, Local Authority A would record the CPID code of Department X against the grant income line for £19,500k and also against the Short Term Debtors line for £1,500k. A specific sheet within the L Pack will capture this information. See Section 7 to complete this task.

At the WGA level, the consolidation system will search for a matching transaction and balance, and once found, these will be eliminated. For example: given the above case, the consolidation system will search for a grant expense recorded by Department X for £19,500k with the CPID of Local Authority A and a creditor for £1,500k with the CPID of Local Authority A.





Once the match is found, the consolidation system will automatically reverse the above entries to complete the elimination.

The importance of recording CPID information cannot be overstressed as it is the only way in which intra group transactions and balances can be identified and eliminated.

Details of transaction streams and balances with other public sector bodies need to be supplied. A complete list of public sector bodies to be considered is available on the WGA and DCLG websites.

The best way for an authority to identify balances and transaction streams will depend on factors such as the way the authority's systems are structured. However from contacts with "pilot" authorities and other feedback we have identified a number of useful starting points:

- The SORP requires that the Related Parties note include transactions with the rest of the public sector. The working papers for this note may be of use.
- Authorities adopting the full BVACOP Recommended Subjective Analysis should find the Third Party Payments group useful as it is structured by sector.
- DCLG's RG form includes a list of specific and special grants by government department.
- Certain items, such as PWLB debt or NI payments have fixed counterparties; these are built into the return.
- Authorities will of course also find searching their debtors and creditors ledgers a robust method of identifying counterparties although the transactions shown on these ledgers as occurring in the year will need adjusting to an accruals basis for WGA purposes.

Thresholds

Because of the higher than expected quality of the data submitted for 2004/05 and the commitment to not introduce additional burdens, it has been decided that no formal agreement will be necessary for 2005/06 between Local Government, Central Government, Health Trusts or Public Corporations. For 2005/06, the same procedure as 2004/05 will be undertaken. That is, amounts greater than £1 million with other public sector bodies must be reported but no agreement will be required.

If a body has a number of flows or balances with a particular counterparty, the £1m threshold will apply to the total if they all fall under the one line in the form. Conversely, if an Authority were to have a number of transactions or balances with a particular body totalling >£1m but they were reported on

different lines within the form and the amount relating to each line was <£1m, then these need not be reported.

Although no formal agreement is required for transactions streams and balances between Local Government and e.g. central government, it is expected that Authorities would have taken steps to assure themselves of the integrity and correctness of material balances owing to or from other local authorities reported in their own accounts. For WGA purposes, we will rely on the authority's own assurance and if a significant difference in balances appears between two Authorities, we may contact both Authorities to enquire as to the nature of the discrepancy.

Transaction streams and balances greater than £1 million will be required to be reported via the WGA Return and will be identified by assigning a unique identification code to the data. A separate sheet in the Excel workbook is provided for this. See Section 9 for instructions on completing counter party information.

The 2nd dry run data will be reviewed to assess if data quality has diminished in any way and depending on the outcome of this, balance agreement may or may not be adopted for 2006/07. HM Treasury and DCLG are continuing to investigate ways in which the agreement process can be simplified and expanded on what currently exists.

Joint Committees & Similar Joint Arrangements

Where a joint committee has been designated for inclusion in WGA, transaction streams and balances between the authority and the joint committee should be treated in the same way as other transactions within WGA. Otherwise it should be treated as outside the public sector for the purposes of dry run WGA.

Agency arrangements & delegated functions

If an authority is acting as agent of another public body, or is the principal in an agency arrangement, it should report all income and expenditure in relation to the agency as recognised in its accounts and report any relevant transactions streams and balances over £1million between the two bodies.

Accountable Body in Partnerships

Authorities acting as 'accountable body' in partnership arrangements such as the SRB Partnerships should report income and expenditure recognised in their accounts in line with the SORP and LAAP Bulletin 50 (available at <http://www.cipfa.org.uk/pt/download/laap50.pdf>).

Contributions to Expenditure

Authorities should report contributions made to / received from another local authority as recognised in the authority's accounts and report any relevant transactions streams and balances over £1million between the two bodies.

Parishes and Similar Bodies

Town and Parish Councils and Internal Drainage Boards are not included within WGA on materiality grounds. Accordingly authorities should treat transactions with these bodies as though they were transactions outside the public sector and should not report them on the Counter-party Data Sheet.

Government Offices for the Regions

Transactions and balances with government offices for the regions should be treated as a transaction and/or balance with the Department for Communities & Local Government. That is, DPM085.cpid should be attached to these transactions and balances.

PAGE BY PAGE GUIDANCE

Net Cost of Services

This sheet is to be used by those authorities who have prepared their accounts on an authority only basis. Authorities who have prepared Group Accounts do not use this sheet.

The categories included on this sheet generally follow the structure of “Groups” in the BVACOP Recommended Subjective Analysis. Where necessary we have included additional detail, as explained below.

All income and expenditure within Net Cost of Services (NCS) in the authority’s Consolidated Revenue Account should be included, i.e. including both the General Fund and Housing Revenue Account. The input for each line should include income and expenditure for all front-line and support services in according to its nature.

For additional guidance see section 5.

Employee Costs (BVACOP Group 1)

Include all employee costs charged to Net Cost of Services.

Details of Employers National Insurance Costs are required to allow the transaction with HM Inland Revenue to be identified. NB – Employee National Insurance Contributions are a transaction between the employee and HM Inland Revenue, i.e. they are ‘external’ to WGA. They should not be included in the intra-group transaction with HM Inland Revenue.

Separate identification of transactions with unfunded centrally administered pension schemes (such as the Teachers’ scheme) will allow Employers Contributions to the relevant pension’s agency to be separately identified. NB – Employee Contributions are a transaction between the employee and pension scheme, i.e. they are ‘external’ to WGA. They should not be included in the intra-group transaction with the pension scheme.

Premises Costs (Group 2)

Transport Costs (Group 3)

Supplies and Services (Group 4)

Include all expenses charged under these Groups. For 2005/06 these Groups are treated as a single item in WGA; authorities are not required to produce a detailed analysis between these Groups.

Third Party Payments (Group 5)

A third party payment is a payment to an outside provider (or an internal delivery service unit of the authority defined as a trading operation in accordance with Section 2 Annex D of BVACOP) in return for the provision of a service.

Recharges from internal trading operations should be included in line 28. Recharges from support services that are not defined as internal trading operations should be included in Support Services (Group 7) in accordance with BVACOP.

Analysing this Group into the BVACOP Sub-Groups representing the various parts of the public sector should help local authorities identify those transactions that are “internal” to WGA. Authorities may be able to use this analysis in identifying counter-party transactions for elimination purposes. Details of transactions with internal units are required for the reasons set out in Section 4.

Transfer Payments (Group 6)

Transfer payments are payments to individuals for which no goods or services are received by the authority. Include all transfer payments made by the authority whether chargeable to the General fund or HRA.

Support Services (Group 7)

Recharges from support services allocated or apportioned to front line services in accordance with the SORP and BVACOP. It is not necessary for authorities to analyse which support service ‘originated’ the debit.

Include all recharged expenses from support services here. Recharges from internal trading operations should be included in line 21 in accordance with BVACOP.

Some authorities may operate a policy of coding the ‘recharge credit’ to the support service cost centre to this Group. This is acceptable for WGA purposes.

Capital Charges (Group 8)

All impacts of capital items on NCS should be included here. This includes the Cost of Capital Charge (Asset Rent) to services required by the SORP and any losses on the impairment of assets charged to services.

The SORP does not require impairments to be charged to AMRA and many authorities adopt a policy of charging impairments direct to services. This line should be used by authorities that charge impairments direct to Net Cost of Services. We will adjust centrally for any impairments charged to trading operations.

The SORP requires the impairment of intangible assets to be charged direct to AMRA. A small number of authorities may adopt a policy of charging impairment of tangible fixed assets to AMRA and the form allows for this. Such authorities should refer to the AMRA details sheet.

MRP and other capital appropriations should be included in the Consolidated Revenue Account sheet.

Income (Group 9)

All income credited to NCS should be included in this Group.

Government grants recognised within NCS should be identified as counter-party transactions. Analysing income down to Sub-group level will help authorities identify transactions internal to the WGA group.

Generally recharge income will be shown in this Group. It is important that this figure be separately identified for the reasons set out in Section 5.

Capital Financing Costs (Group 10)

In accordance with the SORP these items are included below NCS and should **not** be included on this sheet.

Net Cost of Services

This automatically generated total should be the same as the Net Cost of Services shown in the authority's own accounts.

CONSOLIDATED REVENUE ACCOUNT

This sheet is to be used by those authorities who have prepared their accounts on an authority only basis. Authorities who have prepared Group Accounts do not use this sheet.

All items included in the Consolidated Revenue Account should be reported here, in accordance with the authority's statutory accounts. This includes transactions on the Housing Revenue Account (HRA) and General Fund Services.

Levies

This should include levies made on the authority and net expenses funding for other public sector bodies charged to the authority. Most bodies whose funding is included in this line will be included in WGA and the authority should also report the details of amounts over £1million on the Counterparty Data sheet.

Income from levies or net expenses funding arrangements should be included in LA Levy Income (line 35).

Local Precepts

Include precepts from all local precepting bodies such as Town, Parish and Community Councils.

These bodies are excluded from WGA on materiality grounds and it is not necessary for authorities to identify transactions with these bodies on the Counterparty Data Sheet.

Trading Operation Income

Trading Operation Expenditure

Include the results of all trading operations, after any internal reappportionment required by BVACOP.

The SORP requires that the face of the Consolidated Revenue Account report the net trading outcome. For 2005/06 we do not require a subjective analysis of the surplus/deficit. However collecting the gross income and expenditure will allow us to provide some detail of authorities trading performance and will also facilitate the adjustment of internal recharges from support services included within Net Cost of Services and avoid some double counting (e.g. of FRS 17 costs).

Dividends receivable - Associates & Joint Ventures

Dividends receivable - Subsidiaries

Dividends receivable - Other

Include dividends receivable from all local authority investments in shares (other than the return on pension scheme assets reported under FRS 17).

Other Interest Receivable & Similar Income

Include all interest and other investment income not received as dividends.

The total of this line and the Dividends Receivable lines should equal the "Interest and Other Investment Income" line on the face of the authority's CRA prepared in accordance with the SORP

Pensions Interest Cost

Expected Return On Pensions Assets

Include the total of each of these items charged to the CRA in accordance with the SORP.

Premiums and Discounts (Amortised & Written Off in the Year Incurred)

The amount of any deferred premiums and discounts amortised for the year, and the amount of any premiums and discounts incurred and written off during the year, where these are charged direct to the CRA.

Where an authority charges premiums and discounts written off via the AMRA the amounts may be shown on the AMRA Details sheet.

Note that this line (along with any amounts routed via the AMRA) should equal the amount shown as written off during the year in the Premiums and Discounts Note.

The SORP allows premiums and discounts on rescheduled debt to be deferred in certain circumstances. However this is not compatible with the implementation of FRS 4 *Capital Instruments* in WGA. Thus to meet the legal requirement for WGA to be prepared in accordance with GAAP, HM Treasury will need to adjust for deferred charges at the consolidated level. Adjustments to the CRA data are required for the amount amortised and charged to revenue in year.

Where the debt rescheduled is with the Public Works Loan Board (PWLB) or other public sector body the premium or discount should also be reported as a counter-party transaction. However because we only collect closing balance data for the balance of debt it is not necessary to report the actual debt repaid as a counter-party transaction.

AMRA Balance

Include the AMRA balance as shown on the face of the authority's CRA. The amount shown here should equal the balance shown on the AMRA details sheet.

Other Corporate Income

All other income included within Net Operating Expenditure in the authority's accounts.

Other Corporate Expenditure

All other expenditure included within Net Operating Expenditure in the authority's accounts.

Net Operating Expenditure

This automatically generated total should be the same as the Net Operating Expenditure shown in the authority's own accounts

Minimum Revenue Provision

The statutory amount charged to the CRA and credited to the Capital Financing Account in relation to MRP. Any additional voluntary set aside should also be included here, if separately identifiable.

MRP Depreciation Reversal

Depreciation credited to the CRA and charged to the Capital Financing Account in accordance with proper practices, which was replaced by MRP.

Capital Expenditure Charged to Revenue

Any contribution to capital expenditure charged to the CRA and credited to the Capital Financing Account in accordance with proper practices.

Our assumption is that this will reflect the usage of revenue resources for capital financing in year. Revenue resources earmarked in reserves for future capital purposes remain legally revenue reserves and we expect that these will be included in Transfers to/from Earmarked Reserves.

Appropriations to the Pension Reserve

Any contribution to or from the pension reserve which equal the net change recognised in the consolidated revenue account.

Other Appropriations

All other appropriations, whether related to capital accounting or revenue not included either in the above transactions or in the transfers to specified reserves below.

Transfers to/from HRA/MRR

All appropriations to/from the HRA including the transfer of the HRA balance included within Net Operating Expenditure. Also any appropriations between the CRA and the Major Repairs Reserve.

Transfers to/from Schools Balances

The net effect of schools expenditure included in Net Operating Expenditure as appropriated to Schools Balances.

Transfers to/from Earmarked Reserves

All transfers of resources to revenue reserves for specific purposes, whether required by statute or elective.

Revenue resources earmarked in reserves for future capital purposes remain legally revenue reserves and we expect that these will be here.

Distributed Surplus/Deficit on Collection Fund

Include the surplus/deficit on the previous year's Collection Fund that was receivable/payable from/to Billing Authorities (or the Collection Fund in the case of Billing Authorities) for the year, as shown in the authority's Consolidated Revenue Account.

Council Tax Income or Precepts/demands on Collection Fund

Include the amount of Council Tax recognised in the Consolidated Revenue Account.

LA Levy Income

The amount of grant receivable for the year should be reported as a transaction stream on the Counterparty Data sheet. Any balance outstanding at the year end should be reported as a debtor (creditor if overpaid).

Redistributed Non-Domestic Rates

Revenue Support Grant

The amount of grant receivable for the year should be reported as a transaction stream on the Counterparty Data sheet. Any balance outstanding at the year end should be reported as a debtor (creditor if overpaid).

Police Grant

The amount of grant receivable for the year should be reported as a transaction stream on the Counterparty Data sheet. Any balance outstanding at the year end should be reported as a debtor (creditor if overpaid).

General GLA Grant

Greater London Authority and Functional Body use only.

The amount of grant receivable for the year should be reported as a transaction stream on the Counterparty Data sheet. Any balance outstanding at the year end should be reported as a debtor (creditor if overpaid).

Other General Grant

Include any other general (unhypothecated) grant receivable from central government not included in the above and recognised in the authority's CRA below Net Operating Expenditure.

The amount of grant receivable for the year should be reported as a transaction stream on the Counterparty Data sheet. Any balance outstanding at the year end should be reported as a debtor (creditor if overpaid).

GROUP ACCOUNTS

This sheet is to be used by those authorities who have prepared their accounts on a Group Accounts basis. Authorities who have prepared authority only Accounts do not use this sheet.

This worksheet follows the format of the Net Cost of Services and Consolidated Revenue Account sheets with some additional information relevant to Group Accounts.

Share of Operating Result of Associates & Joint Ventures
Profit/Loss on Disposal of Assets
Share of Exceptional Items of Associates & Joint Ventures

Include the total of each of these items in accordance with the SORP. These items will feature above Net Cost of Services and should be input with any amounts recorded in the Authority's own Group Accounts.

Share of Interest Payable of Associates & Joint Ventures
Gains/Loss on Repurchase or Early Settlement of Borrowing
Share of Interest & Investment Income of Associates & Joint Ventures
Share of Pension Interest Cost & Expected returns of Associates & Joint Ventures
Taxation Payable of Group Entities
Share of Taxation Cost of Associates & Joint Ventures
Minority Interest Share of Profits or Losses of Subsidiaries

Include the total of each of these items in accordance with the SORP. These items will feature above Net Expenditure Before Reserve Movements and should be input with any amounts recorded in the Authority's own Group Accounts.

Contributions to/from Reserves – Subsidiary Entities
Contributions to/from Reserves – Associates & Joint Ventures

Include the total of each of these items in accordance with the SORP. These items will feature above Amount to be met from government grants and local taxpayers and should be input with any amounts recorded in the Authority's own Group Accounts.

AMRA DETAILS

Those authorities preparing Group Accounts will not use AMRA and consequently no input is required by those authorities. AMRA details will only be required by those authorities preparing Authority only accounts.

The 2005 SORP requires that finance costs and depreciation should be charged to, and capital charges to services credited to, the Asset Management Revenue Account. This also applies to amortisation and impairment of intangible assets.

Note C to the CRA format in the SORP requires disclosure of the nature and amount of all material transactions on the AMRA. It should be possible to complete this sheet from the detail included in that note in the authority's accounts.

Depreciation

This should be the amount of depreciation charged to AMRA, which is expected to equal the writing down of fixed assets due to depreciation during the year.

Impairment

The SORP does not require impairments of Tangible Fixed Assets to be charged to AMRA and many authorities adopt a policy of charging impairments direct to services. This line has been included to allow any authorities that adopt a policy of charging impairments to complete the WGA return in the way that reflects their accounts.

Authorities that charge impairment of tangible assets direct to services should not repeat the impairment charge here; use the "Loss on impairment of assets" line on the NCS Subjective Analysis Sheet.

External Interest Payable

The actual amount of any external interest payable should be included here in accordance with the authority's own accounts. Payments to the Public Works Loan Board, or other local authorities, should be included here and report any relevant transactions streams and balances over £1million between the two bodies on the Counterparty data sheet.

Where an authority charges premiums and discounts written off directly to the CRA the amounts may be shown on the Consolidated Revenue Account sheet.

Note that this line (along with any amounts routed directly to the CRA) should equal the amount shown as written off during the year in the Premiums and Discounts Note.

Where the debt rescheduled is with the Public Works Loan Board (PWLB) or other public sector body, the premium or discount should also be reported as a counter-party transaction. However because we only collect closing

Section 9

balance data for the balance of debt it is not necessary to report the actual debt repaid as a counter-party transaction.

Government Grants Deferred

The 2005 SORP (paragraph 3.33) requires that the value of government grants deferred written-off in year should be credited to the AMRA. This amount should be included here.

Charges to Services

The amount charged to services (including Trading Operations) in accordance with paragraph 3.124 should be included here.

INTANGIBLE ASSETS

Classification of Intangible Assets

The SORP states that local authorities will not have capitalised development expenditure, and goodwill will not apply in the authority only statements. Accordingly we expect that authorities intangible assets will consist mainly of purchased software licences (or conceivably internally developed software), other purchased franchises, licences and patents.

Valuation of Intangible Assets

Intangible fixed assets should be valued in accordance with the SORP as included in the authority's accounts.

Movements in the value, other than amortisation, should be grouped as follows:

- *Additions* should include all purchases of intangible fixed assets and, if relevant, on recognition of any internally generated assets with readily ascertainable market value.
- *Disposals* represent the writing out of the gross book value on the sale of intangible assets or their transfer to another party. It does not include the writing-off of assets which no longer have readily ascertainable market value.
- *Impairments* include all diminutions of value below the previous carrying value of the asset, other than amortisation; this includes the writing-off of assets which no longer have readily ascertainable market value.
- *Reclassifications* are likely to be between classes of intangible asset.
- *Revaluations* of intangible assets are likely to be rare as these are only admissible in the SORP where there is a readily ascertainable market value. Where an authority does revalue an asset this should be included here.
- *Other Movements* may be used for any other movements in the unamortised value of the asset. If an authority is unable to distinguish movements the undifferentiated movement should be included here.

Amortisation of Intangible Assets

It is likely that most intangible assets in local government will have finite lives and thus be subject to amortisation.

Authorities will adopt different policies about amortisation in the year of acquisition and disposal, amortisation methods or asset lives. It is neither practical nor desirable to specify the amortisation policy to be followed for specific assets. For WGA authorities should use the policies that apply in their statutory accounts.

WGA draws a distinction between the amount of amortisation due to the historical cost and current value of the asset. This allows WGA to be prepared to include an Accumulated Income and Expenditure Reserve incorporating only realised gains and losses in accordance with GAAP.

We recognise that analysing amortisation between these elements is not usual practice within local government as all amortisation is transferred to the Capital Financing Account. Authorities that can easily produce an analysis between the current and historical cost elements of amortisation are encouraged to provide this information.

Where possible authorities should include any existing amortisation of deferred charges as the opening balance. The total amortisation charge for the year should be analysed as follows:

- *Charge for the Year.* Ideally this is the charge for the year based on the un-revalued cost of the asset. Where it is not practicable to analyse between the historic cost depreciation and current value depreciation both elements may be credited here.
- *Disposals.* The written-out balance of accumulated amortisation for all disposals should be debited here.
- *Reclassifications* The reclassified balance of accumulated amortisation should be debited here.
- *Revaluations.* Ideally this is the element of the charge for the year based on the revalued element of the book value of the asset. Where it is not practicable to analyse between the historic cost depreciation and current value depreciation both elements may be credited here.
- *Other Movements* may be used for any other movements in the amount of amortisation.

TANGIBLE FIXED ASSETS

Classification of Tangible Fixed Assets

The asset classes available in the return follow Balance Sheet Format in the SORP. Authorities should include all tangible fixed assets in the relevant class in line with their accounts.

Valuation of Tangible Fixed Assets

Tangible fixed assets should be valued in accordance with the SORP, as included in the authority's accounts.

Movements in the value, other than depreciation, should be grouped as follows:

- *Additions* should include all purchases of tangible fixed assets and, recognition of any internally constructed assets.
- *Disposals* represent the writing out of the gross book value on the sale of tangible fixed assets or their transfer to another party. It does not include the writing-off of assets which no longer have readily ascertainable market value.
- *Impairments* include all diminutions of value below the previous carrying value of the asset, other than depreciation and revaluations; this includes the writing-off of assets.
- *Reclassifications* should be between classes of tangible asset.
- *Revaluations* both upwards and downwards should be included here.
- *Other Movements* may be used for any other movements in the un-depreciated value of the asset. If an authority is unable to distinguish movements the undifferentiated movement should be included here.

Depreciation of Tangible Fixed Assets

Authorities will adopt different policies about depreciation in the year of acquisition and disposal, depreciation methods or asset lives. It is neither practical nor desirable to specify the depreciation policy to be followed for specific assets. For WGA, authorities should use the policies that apply in their statutory accounts.

WGA draws a distinction between the amount of depreciation due to the historical cost and current value of the asset. This allows WGA to be prepared to include an Accumulated Income and Expenditure Reserve incorporating only realised gains and losses in accordance with GAAP.

We recognise that analysing depreciation between these elements is not usual practice within local government as all depreciation is transferred to the Capital Financing Account. Authorities that can easily produce an analysis between the current and historical cost elements of depreciation are encouraged to provide this information.

The total depreciation charge for the year should be analysed as follows:

- *Charge for the Year.* Ideally this is the charge for the year based on the un-revalued cost of the asset. Where it is not practicable to analyse between the historic cost depreciation and current value depreciation both elements may be credited here.
- *Disposals.* The written-out balance of accumulated depreciation for all disposals should be debited here.
- *Reclassifications* The reclassified balance of accumulated depreciation should be debited here.
- *Revaluations.* Ideally this is the element of the charge for the year based on the revalued element of the book value of the asset. Where it is not practicable to analyse between the historic cost depreciation and current value depreciation both elements may be credited here.
- *Other Movements* may be used for any other movements in the amount of depreciation.

Asset Financing

GAAP requires that WGA disclose, for each class of asset, the net book value of public sector assets financed by PFI and conventional finance leases. Again for 2005/06 dry run WGA, only a relatively limited amount of information is required. This should be available from notes (e) and (f) to the authority's Balance Sheet in accordance with the 2005 SORP.

PREMIUMS & DISCOUNTS AND INVESTMENTS

These next 2 pages address two separate issues – deferred premiums and discounts and local authority investments (other than investment properties which are on the fixed assets page).

Premiums and Discounts

Background

The 2005 SORP requires local authorities to recognise gains and losses on the repurchase or early settlement of debt over the life of the replacement borrowing where the repurchase or early settlement “was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole.” This accounting policy is not in accordance with FRS 4 as implemented in WGA; however it is possible to adjust for this on consolidation.

Where the specific circumstances set out in the SORP are not met authorities will have premiums and discounts written off as incurred. These transactions are likely to be included either with external interest payable or corporate income and expenditure see pages (17 and 21).

Deferred Premiums and Discounts

The balance of deferred premiums and discounts may be included in an authority’s statutory accounts as a separate line, as part of prepayments or in some other category. In order to adjust we need the relevant information shown separately:

- *Balance brought forward* should be the opening balance of premiums and discounts deferred in accordance with the SORP.
- *Additional Premiums/Discounts Deferred in Year* should be included in the relevant line. If an authority has accounted for a collection of different premiums and discounts as a single net transaction this may be included in whichever line is appropriate.

Where the debt rescheduled is with the Public Works Loan Board (PWLB) or other public sector body the premium or discount should also be reported as a counter-party transaction. However because we only collect closing balance data for the balance of debt it is not necessary to report the actual debt repaid as a counter-party transaction.

Investments

Fixed Asset Investments

Fixed Asset Investments should be analysed as follows:

- *Shares held in Subsidiaries / Joint Ventures and associates.* This analysis is required for disclosure purposes. The information required should be available from note (m) to the Balance Sheet in the 2005 SORP.
- *Other Fixed Asset Investments* should include all other fixed asset investments except investment properties.

Current Asset Investments

Current asset investments should be analysed as follows:

- *Listed investments* include those investments listed on a recognised stock exchange.
- *Liquid Deposits* is the same as liquid resources as defined in the 2005 SORP Glossary. Overnight and short-term deposits with brokers should be included in this line.
- *Other Current Asset Investments* includes all other unlisted non-fixed asset investments.

CURRENT ASSETS

This sheet should be used for all current assets other than current asset investments and any deferred premiums.

Stocks and Work-in-Progress

The SORP does not require stocks and work-in-progress to be further sub-analysed, although this is a standard disclosure under GAAP where the amounts are material. Authorities for which it is impractical to report separately the individual classes of current asset in this section may put the whole balance to whichever best represents the balance of their stocks and work in progress.

Debtors

Analysis of debtors between tax and non-tax items is necessary to provide useable data on the level of uncollected tax. Debtors should be included net of provision for doubtful debts.

Cash Holdings

Include only positive cash balances with the authority's bankers. Overdrafts should be included in Creditors within one year – bank and other borrowings.

LIABILITIES AND PROVISIONS

This sheet should be used for all current liabilities and any deferred discounts.

Creditors – Amounts falling due within one year

Current liabilities should be analysed as follows:

- *PWLB Borrowing.* Separate analysis of LA borrowing from the PWLB should facilitate authorities' identification of balances and transactions within the public sector. Authorities will be able to identify this item from the Residual Maturity Letter provided by PWLB after the end of the year. The balance should be included here and disclosed on the Counterparty data sheet (this is completed automatically but may be overwritten if required). Repayments of debt and new borrowings are not recognised as income and expenditure and should not be reported as transactions on the Counterparty sheet.
- *Bank and other borrowings.* Bank and other borrowings including overdrafts should be included here. Include borrowing from commercial lenders and other public sector bodies. Where borrowing is from another public sector body the balance should be included here and disclosed on the Counterparty data sheet. Where relevant, borrowing from the pension fund should be treated as borrowing from the private sector as the fund itself is outside the WGA boundary. Repayments of debt and new borrowings are not recognised as income and expenditure and should not be reported as transactions on the Counterparty sheet.
- *Trade creditors.* This should include all balances arising from contractual commitments in respect of normal day to day acquisition of goods and services, other than those payable after one year. Where Trade and Other Creditors cannot be separately identified the unanalysed balance should be included here.
- *Amounts owed to joint ventures and associates.* This analysis is required for disclosure purposes. Details of any balances should be available to authorities either from preparing their own group accounts or in the working papers to their related party transactions notes.
- *Other tax and social security payable.* This balance should include all amounts payable in respect of employers and employees contributions and taxation. The relevant amount should be included here and disclosed on the Counterparty data sheet (this is completed automatically but may be overwritten if required).
- *Other creditors.* This should include all balances arising from contractual commitments that are not related to normal day to day acquisition of goods and services, and are payable within one year. Examples include unpaid salaries and capital creditors. Where Trade and Other Creditors cannot be separately identified the unanalysed balance should be included in Trade Creditors.
- *Receipts in Advance* should be included here where separately identifiable. Otherwise they may be included within Other Creditors (or Trade Creditors if necessary). Receipts in advance from other

public sector bodies should be included here and disclosed on the Counterparty data sheet.

Creditors – Amounts falling due after one year

Long-term liabilities should be analysed as follows:

- *PWLB Borrowing* Separate analysis of LA borrowing from the PWLB should facilitate authorities' identification of balances and transactions within the public sector. Authorities will be able to identify this item from the annual listings provided by PWLB. The balance should be included here and disclosed on the Counterparty data sheet (this is completed automatically but may be overwritten if required). Repayments of debt and new borrowings are not recognised as income and expenditure and should not be reported as transactions on the Counterparty sheet.
- *Bank and other borrowings.* Bank and other borrowings should include borrowing from commercial lenders and other public sector bodies. Where borrowing is from another public sector body the balance should be included here and disclosed on the Counterparty data sheet. Borrowing from the pension fund, where relevant should be treated as borrowing from the private sector as the fund itself is outside the WGA boundary. Repayments of debt and new borrowings are not recognised as income and expenditure and should not be reported as transactions on the Counterparty sheet.
- *Trade Creditors.* This should include all balances arising from contractual commitments in respect of normal day to day acquisition of goods and services, other than those payable within one year. Where Trade and Other Creditors cannot be separately identified the unanalysed balance should be included here.
- *Other creditors.* This should include all balances arising from contractual commitments that are not related to normal day to day acquisition of goods and services that are not payable within one year. Where Trade and Other Creditors cannot be separately identified the unanalysed balance should be included in Trade Creditors.

Provisions

Movements in provisions are required for disclosure and to calculate cash flow at the consolidated level. For these reasons it is important that the amount provided in year and the utilisation of provision are accurate.

Authorities may have recognised long-term provisions (other than for pensions), i.e. those for which the net present value is materially different from the undiscounted value of the provision. For such liabilities the increase in the provision from the unwinding of discount should be separately disclosed.

Deferred Income other than Government Grants

Deferred income other than government grants may come from a number of sources, such as developer's contributions. Some authorities may include these items in reserves, however it should be relatively simple to adjust by mapping the relevant accounts to these lines; the movements in will be

unaffected. Amounts received in the year should be included as increases and amounts applied shown as released.

Government Grants Deferred

In accordance with GAAP the SORP requires that authorities recognise capital grants as deferred income to be written-down over the lives of the associated assets.

For WGA purposes the original grant is a transaction within the group and should therefore be removed on consolidation. However in accordance with GAAP the grant-paying body will have recognised an expense on paying the grant and there is thus no balance against which the deferred income can be eliminated. Details of the movements in the balance of government grants deferred are required to allow the balance to be adjusted on consolidation.

FRS 17

Public sector pensions have been an area of considerable public interest since the introduction of FRS 17, and WGA will reflect this by providing the fullest possible FRS 17 disclosures.

The analysis of movements in the FRS 17 liability is required for disclosure purposes, and to allow the FRS 17 cost recognised in WGA to be properly analysed between the Income & Expenditure Account and Statement of Total Recognised Gains and Losses. An analysis of FRS 17 costs and liabilities between unfunded and funded schemes is required for policy and disclosure purposes.

All schemes should be accounted for as required by the SORP. Thus the Teachers' scheme should be accounted for on a "defined contribution" basis. The material unfunded schemes are the Police and Fire-fighters schemes, with LGPS as the main funded scheme. Any other schemes that are locally material should also be included.

The definition of all items on this sheet is in accordance with the SORP. The amounts included for each scheme should reflect the amounts included in the authority's own accounts.

All FRS 17 liability / asset movements and disclosure items required for WGA can be drawn from the notes to the authority's accounts (Consolidated Revenue Account note (n), Balance Sheet note (w) and Statement of Total Movements in Reserves note (c)).

Note

Some additional information is required. This occurs on rows 28 to 41. The format required for these cells is as follows:

Example: Rate of increase in salaries:

please input in the following format:

If the rate is 2.5%, please input as 2.5 without the percentage sign

If the rate is 2.326%, please input as 2.326 without the percentage sign

If the rate is 10%, please input as 10 without the percentage sign

Do not enter 2.5% as .025

This format applies for all input in rows 28 to 41.

Rows 34 to 36 will also follow this input format, however, the input required is the Proportion of Scheme Invested In: Equities, Bonds, Other. Therefore, this input should be e.g. 40%; 50%; 10% - entered as 40, 50, 10. The total of the 3 cells should add to 100.

RESERVES

Local authorities maintain a number of specialised reserves to meet accounting needs related to the capital and revenue control regimes. While these reserves are necessary adaptations to GAAP in a local authority context, they are generally not required at a WGA level. We will therefore adjust local authority reserves to a GAAP basis, where possible, on consolidation.

General Guidance

Movements in reserves should be included in the most appropriate line. This is particularly important where the appropriation represents a movement that is an adaptation from GAAP.

Transfers between reserves should be included in the relevant line of the reserves sheet, wherever possible.

Any movements that cannot be separately identified, or for which a specific line has not been provided, may be included in Other Movements.

Fixed Asset Restatement Account

The Fixed Asset Restatement Account (FARA) includes transactions that are an adaptation of GAAP for local government. In particular assets disposed during the year are written out to this account at their written down value. Because GAAP requires that the gain or loss on disposal is included within income/expenditure it is necessary to adjust for this at WGA level.

It is therefore important that authorities provide the correct written down value of assets disposed in the year debited to FARA. The movement in FARA attributable to revaluations and impairments is also important for ensuring compliance with GAAP. These items should not be included in other movements; it should be possible to identify these items from the authority's own Statement of Movements in Reserves.

Capital Financing Account

The Capital Financing Account (CFA) is not a GAAP concept. For adjustment purposes the capital accounting appropriations should be separately identified. Capital accounting appropriations include:

- *CERA/RCCO*. Revenue account financing of capital expenditure is known by a number of names (Capital Expenditure on the Revenue Account, Revenue Contribution to Capital Outlay, etc). This should be included here
- *MRP*. The Minimum Revenue Provision should be included here. Any additional voluntary set aside should also be included here if it can be readily identified from any other movements.
- *MRP Depreciation Reversal*. This line should be used for the debit to CFA / credit to the Consolidated Revenue Account (CRA) in respect of depreciation. Separate reporting of this item will facilitate our adjustment.

- *Proceeds on Disposals.* We expect that authorities will initially credit proceeds on disposal to Useable Capital Receipts, transferring amounts to CFA as they are applied or set aside. If the authority puts amounts set aside direct to CFA this line should be used for these amounts.
- *Amortisation of Government Grants Deferred.* For consistency with the treatment of depreciation some authorities transfer the impact of government grants deferred written-down during the year to CFA. Where an authority adopts this approach and the amount is separately identifiable it should be included here.
- *Transfer to/from Other Reserves and Other movements.* Treat any appropriations from CRA and the transfer of capital receipts applied from UCR as transfers from other reserves. All other movements should be included in line with the general guidance above.

Useable Capital Receipts

- *Proceeds on Disposals.* We expect that authorities will initially credit proceeds on disposal to this line
- *Transfer to/from Other Reserves.* Transfers of amounts applied, or set aside should be included in this line.
- *Transfer to/from Other Reserves and Other movements.* All other movements should be included in line with the general guidance above.

Housing Revenue Account Balance

The form is designed on the assumption that the Housing Revenue Account (HRA) Balance, the Housing Repairs Account (HRepA) Balance, and the Major Repairs Reserve (MRR) together form a coherent whole. Where an authority does not account for these together it will be acceptable for the reserves to appear in whichever group on this sheet is most appropriate.

- *Net Surplus/Deficit for the year.* The transfer from the CRA of the HRA balance should be included here.
- *CERA/RCCO.* Item 2 Debit capital contributions should be included here.
- *Transfer to/from Other Reserves and Other movements.* Transfers between the HRA and the Major Repairs Reserve should be included here, and should thus net to zero. All other movements should be included in line with the general guidance above.

Schools Balances

- *Net Surplus/Deficit for the year.* The transfer from the CRA of schools balances should be included here.
- *Transfer to/from Other Reserves and Other movements.* All other movements should be included in line with the general guidance above.

Other Earmarked Reserves

This group is designed for those earmarked reserves (statutory or discretionary) that the authority discloses separately from the General Fund balance.

There is no requirement for this column to be completed if the authority does not separately account for such reserves in its own published accounts; it is purely for convenience in completing the WGA return. Amounts may be included in the General Fund column if that is more convenient.

- *Net Surplus/Deficit for the year.* The transfer from the CRA to the specific earmarked reserve should be included here if separately identifiable.
- *CERA/RCCO.* We do not expect authorities to charge CERA to specific earmarked reserves rather than to the CRA. Where however an authority does so it should disclose the amount in this line.
- *Transfer to/from Other Reserves and Other movements.* All other movements should be included in line with the general guidance above.

General, County or Police Fund

All residual transactions on the CRA should be reflected in this reserve. Any appropriations etc not reflected in the surplus deficit for the year should be included in Transfer to/from Other Reserves or Other movements in line with the general guidance above.

Collection Fund – BILLING AUTHORITIES ONLY

Income from Council Tax and NNDR is recognised in authorities' accounts as it is distributed (from the Collection Fund or the Pool as appropriate). However income is recognised in the Collection Fund statement as it falls due, i.e. as it actually accrues as income to the public sector as a whole. The data requested here will allow us to adjust from the CRA basis to a consolidated basis.

The Net Surplus/Deficit for the Year should be the net amount as reported in the Collection Fund Statement.

FRS 17 Reserve

The movements in the FRS 17 reserve should mirror those in the authority's own accounts.

Group Accounts Only

Provision has been made for authorities preparing group accounts, to enter their particular reserves in this section.

Revaluation Reserve

The movements in the reserve should mirror those in the authority's own group accounts and should include the opening balance, any transfers to/from the reserve and any other movements.

Reserves of Group Entities

The movements in the reserve should mirror those in the authority's own group accounts and should include the opening balance plus a total for any other movements.

Minority Interest

The balance of this account can be placed against the opening balance line in the sheet.

BALANCE SHEET

This page requires no input; it is automatically completed from the Balance Sheet notes on the preceding pages.

If the Balance Sheet is out of Balance the following warning appears:

Balance Sheet does not Balance; do NOT submit to DCLG

If the authority considers it has completed the return and the Balance Sheet is out of balance the return should be checked carefully against the audited accounts and corrected as required.

Authorities must not submit returns if the Balance Sheet is out of balance. Returns that are out of balance will be returned to the authority for correction.

If the balance sheet does balance the following message is displayed:

Balance Sheet balances

This should not be taken as confirmation that the form has been correctly completed in other respects.

Counter Party Data Sheet

The counter party data sheet facilitates the recording of CPID information. Not all data lines in the WGA form will require CPID information. Data lines may:

1. Not require CPIDs as they are outside the government boundary e.g. local precepts or they are 'book' entries only e.g. capital charges. These lines are not featured on the Counter Party Data sheet
2. Carry a default CPID e.g. PWLB Borrowing will always carry a CPID of PWL846.cpid (public works loans board). These are automatically generated, shaded in grey and do not require any input.
3. Require a CPID breakdown. Lines have been made available in the worksheet for users to consider if CPID input is necessary.

Amounts entered previously in other worksheets against each of the relevant lines have been linked through to the Counter Party Data sheet. Users are required to split out any components of these totals which may relate to other public sector bodies. When completing this sheet, consider all lines which may require input and ascertain if your entity holds any part of this balance or transaction stream with another government body. If so, enter the amount in Column C and the appropriate CPID code in Column D if it has not already been hard coded. The adjoining cell in Column E will be automatically populated with the CPID description when a CPID code is input in Column D.

<u>Local Authority Number 1</u> <u>Counter-Party Data</u> <u>31-Mar-05</u>				
Account Description	Total Amount £'000	CPID Amount £'000	CPID Code	CPID Description
Employers NIC	14500	14500	IRT813	Inland Revenue taxes and duties
Total Premises Related Expenditure	0			
Total Transport Related Expenditure	0			
Total Purchases of Supplies & Services	0			
Total Premises, Transport & Supplies expenditure	350000	140000	DPM085	Office of the Deputy Prime Minister
		60000	SCT075	Scottish Executive
		14000	NAW090	National Assembly for Wales
Third Party Payments - Other Local Authorities	85000	10000	E6037	Warwickshire Police Authority
		25000	E3221	Shropshire County Council
		50000	E0834	North Cornwall District Council

Some lines are automatically generated

Enter any appropriate breakdown of transaction streams/balances

The organization description will populate automatically when cpid code is entered

If there are no counterparties relevant to a particular line, then the line should be left blank. The total breakdown in Column C for each of the relevant lines does not need to equal the total amount in Column B, except in the following cases:

- Employers NIC
- Redistributed Non Domestic Rates
- PWLB Borrowing due within one year
- PWLB Borrowing due after one year

Amounts entered in column C will follow the same sign convention as the total in column B. e.g. if the Total Premises, Transport & Supplies expenditure in column B is a debit £100,000, then any CPID amounts recorded will also be debit, i.e. they will be entered as positive numbers. The reverse will apply if the lines relate to credit balances, as these will be entered as negative.

If the CPID breakdown total in Column C is greater than the line balance in Column B, then an error message will highlight in Column F stating 'CPID split incorrect'. If an invalid CPID is entered in column D then #NA will appear in column E.

The complete list of CPIDs is available from the WGA and DCLG websites, and also in the form under the CPID worksheet tab.

For a description of the individual lines input in other worksheets, refer to the relevant specific page guidance.

Line 9: Employers NIC

The amount entered on the Net Cost of Services worksheet is picked up and the appropriate CPID for Inland Revenue Taxes & Duties is automatically attached. No input required.

Line 10: Contributions – centrally administered unfunded schemes

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the total in Column B.

Line 16: Total Premises, Transport & Supplies expenditure

The total related expenditure for premises, transport and supplies & services has been added together. In Column C, enter the amount of any transaction streams with other public sector bodies which may contribute to these totals. In Column D, attach the CPID code of the relevant body.

Line 36: Third Party Payments – Joint Authorities

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the total in Column B.

Line 46: Third Party Payments – Other Local Authorities

In Columns C & D, enter the amounts and related CPID codes which comprise the total in Column B. As the payments are made to Other Local Authorities, any amounts > £1m should be fully split out by amount and authority CPID code.

Line 66: Third Party Payments – Health Authorities

In Columns C & D, enter the amounts and related CPID codes which comprise the total in Column B. As the payments are made to Health Authorities, any amounts > £1m should be fully split out by amount and Health authority CPID code. Health Authorities includes NHS Trusts, Foundation Trusts, Primary Care Trusts and Strategic Health Authorities. NHS Trusts and Foundation Trusts have an individual counter party identifier code. Primary Care Trusts and Strategic Health Authorities are agencies of the Department of Health and will therefore carry the cpid: DOH033.cpid. In Wales, the local health boards are part of the Assembly and thus will carry the cpid: NAW090.

Line 76: Third Party Payments – Government Departments

In Columns C & D, enter the amounts and related CPID codes which comprise the total in Column B. As the payments are made to Government Departments, any amounts > £1m should be fully split out by amount and Government Department authority CPID code.

Line 86: Third Party Payments – Other establishments

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the total in Column B.

Line 96: Government Grants Income

In Columns C & D, enter the amounts and related CPID codes which comprise the total in Column B. As the income is from Government, any amounts > £1m should be fully split out by amount and Government body CPID code.

Line 118: Other grants reimbursements & contributions

Line 128: Other Operating Income

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the total in Column B.

Line 133: Share of operating result of associates & joint ventures

For authorities preparing Group Accounts only

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the total in Column B.

Line 138: Share of exceptional items of associates & joint ventures

For authorities preparing Group Accounts only

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the total in Column B.

Line 144: Levies

Line 154: Other Interest Receivable

Line 164: Other Corporate Income

Line 174: Other Corporate Expense

Line 184: Interest Payable

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the individual totals in Column B.

Line 189: Share of Interest Payable of Associates & Joint Ventures

For authorities preparing Group Accounts only

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the total in Column B.

Line 194: (Gains)/loss on re-purchase or early settlement of borrowing

For authorities preparing Group Accounts only

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the total in Column B.

Line 199: Share of Interest & Investment Income of Associates & Joint Ventures

For authorities preparing Group Accounts only

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the total in Column B.

Line 204: Taxation Payable of Group Entities

For authorities preparing Group Accounts only

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the total in Column B.

Line 209: Share of Taxation Cost of Associates & Joint Ventures

For authorities preparing Group Accounts only

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the total in Column B.

Line 214: Minority Interest Share of Profits or Losses of Subsidiaries

For authorities preparing Group Accounts only

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the total in Column B.

Line 219: Redistributed Non Domestic Rates

The amount entered on the Consolidated Revenue Account worksheet is picked up and the CPID for Department for Communities & Local Government is automatically applied. No input required.

Line 220: AMRA External Interest Payable

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the individual total in Column B

Line 230: Revenue Support Grant

Line 231: Police Grant

The amount entered on the Consolidated Revenue Account worksheet is picked up and the appropriate CPIDs are automatically applied. No input required.

Line 232: General GLA Grant

Enter the amount in column C which relate to the Department for Communities & Local Government and the Department for Transport.

Line 234: Other General Grant

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the individual total in Column B

Line 245: Other Fixed Asset Investments

Line 255: Liquid Deposits

Line 265: Other Current Asset Investments

Line 275: Debtors – Other (due within one year)

Line 295: Deposits & Advances due after more than one year

Line 305: Other Long Term Debtors

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the individual totals in Column B.

Line 315: PWLB Borrowing due within one year

The amount entered against PWLB Borrowing has been picked up and the appropriate CPID for Public Works Loans Board is automatically recorded. No input required.

Line 316: Bank & Other Borrowings due within one year

Section 9

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the total in Column B.

Line 321: Trade Creditors due within one year

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the total in Column B.

Line 341: Other Tax & Social Security payable within one year

CPID codes for Inland Revenue taxes and Customs & Excise taxes have been hard coded. Enter any applicable amounts against each of these in column C plus any other taxes payable.

Line 346: Other Creditors due within one year

Line 356: Receipts in Advance due within one year

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the individual totals in Column B.

Line 366: PWLB due after one year

The amount entered against PWLB Borrowing has been picked up and the appropriate CPID for Public Works Loans Board is automatically recorded. No input required.

Line 367: Bank & Other Borrowings due after one year

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the individual totals in Column B.

Line 377: Trade Creditors due after one year

Line 387: Other Creditors due after one year

Line 397: Deferred Income – Increased

Line 402: Deferred grants receivable in year

In Columns C & D, enter amounts and related CPID codes, if any, which contribute to the individual totals in Column B.

ADDITIONAL DATA SHEET

This sheet is used to collect data for disclosure or adjustments that cannot be collected as part of the balanced WGA account.

Maturity Profile of Debt

The maturity of public sector debt is clearly an important issue for users of published accounts, especially in relation to treasury management needs for the public sector. To make this disclosure meaningful it is necessary to provide the data on an eliminated basis.

Rather than ask authorities to break down the reported counter-party transaction by each disclosure group it is easier to ask for a summary statement. We recognise that authorities are not required to analyse their own debt maturity note by the creditor's economic sector. For 2005/06 only a good approximation is required.

Narrative Disclosures

Given the scale of WGA we do not anticipate local authorities having significant Post Balance Sheet Events or Contingent Liabilities. However these are areas of acute interest in public sector accounts.

Authorities need only disclose total balances for these items over £1m. Please adopt the usual signage conventions; contingent liabilities should be negative, post balance sheet events should be treated as debits or credits depending on their effect. If it is necessary for these items to be included within WGA narrative disclosures we will contact the relevant authorities for further details.

Adjustment Data – Capital Creditors & Debtors

It is a requirement of GAAP based accounts that a cash flow statement be prepared. Adjusting creditors and debtors for any accrual capital transactions allows for a correct cash capital transactions number to be produced for cash flow purposes.

Adjustment Data – Billing Authorities Only

Income from Council Tax and NNDR is recognised in authorities' accounts as it is distributed (from the Collection Fund or the Pool as appropriate). However income is recognised in the Collection Fund statement as it falls due, i.e. as it actually accrues as income to the public sector as a whole. The data requested here will allow us to adjust from the CRA basis to a consolidated basis.

Although the cost of collection allowance represents income to the Billing authority from the Collection Fund this is an internal transaction within WGA. Collecting this figure as shown in the authority's accounts will allow us to adjust accordingly.

Bad debts written off are required separately for Council Tax and NNDR to allow the correct amount of each tax to be recognised in WGA.

OTHER SOURCES OF GUIDANCE & CONTACTS

Other Sources of Guidance

For guidance on the accounting practices to be adopted in completing this form authorities should refer to the 2005/06 SORP and 2005 BVACOP in the first instance. Authorities may also find the 2005/06 SORP Guidance Notes useful.

Contacts

Queries about the timetable and completion of the form should be addressed to:

Department for Communities & Local Government
E-Mail: wga.returns@communities.gsi.gov.uk.

General queries about the WGA programme should be addressed to the WGA team at the address below.

WGA Team Inbox, HM Treasury
E-Mail: WGA.Team@HM-Treasury.gov.uk

Authorities that subscribe to the CIPFA/IPF Finance Advisory Network may contact their Regional FAN advisor. CIPFA members may also contact the CIPFA Technical Enquiry Service for Guidance on the application of the SORP or BVACOP on:

Phone: 0207 5435888
E-Mail: technical.enquiry@cipfa.org