



HM TREASURY

1 Horse Guards Road
London
SW1A 2HQ

For enquiries about distribution of this and other DAO letters, please contact Krisztina Szep, Tel: 020-7270-5314 Fax: 020-7451-7622
krisztina.szep@hmtreasury.gsi.gov.uk

DAO(GEN)02/10

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22 December 2010

Dear Accounting Officer

ACCOUNTS DIRECTIONS 2010-11

This letter gives most departments and pension schemes, agencies and trading funds the Treasury's statutory directions for the format and content of their resource accounts, other accounts and trust statements for 2010-11. The accounts directions are annexed and the organisations to which they apply are listed in appendices.

Contact

2. Please address enquiries to Sarah Solomon in the Assurance & Financial Reporting Policy Team (phone 020 7270 4562; email: sarah.solomon@hmtreasury.gsi.gov.uk).

Application

3. This DAO letter applies to those government departments and pension schemes, agencies and trading funds listed in the appendices to the relevant accounts directions. There are separate arrangements for other government departments and some agencies and trading funds, as described in the notes to the respective accounts directions.

4. The statutory deadline for submitting signed resource and other accounts to the Comptroller and Auditor General is 30 November 2011. It is best practice for departments to aim to lay resource accounts and the accounts of agencies and trading funds in parliament before the summer recess. The timetable for preparing resource accounts and for providing information to the Treasury for the preparation of Whole of Government Accounts is set out in the concurrent DFD letter of 22 December 2010 (MS FD (10)48).

5. This DAO letter is effective immediately. The generic directions in DAO(GEN) 04/09 (22 December 2009) are now spent.

Yours sincerely,
Paula Diggle

Paula Diggle
Treasury Officer of Accounts



ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH SECTION 5(2) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000

1. This direction applies to those government departments and pension schemes listed in the attached appendix.

2. These departments and pension schemes shall prepare resource accounts for the year ended 31 March 2011 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by H M Treasury ("the FReM") which is in force for 2010-11.

3. The accounts for government departments shall be prepared so as to:

(a) give a true and fair view of the state of affairs at 31 March 2011 and of the net resource outturn, the application of resources, changes in taxpayers' equity and cash flows for the financial year then ended; and

(b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

4. The accounts for pension schemes shall be prepared so as to:

(a) give a true and fair view of the state of affairs at 31 March 2011 and of the net resource outturn, changes in taxpayers' equity and cash flows for the financial year then ended;

(b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them; and

(c) demonstrate that the contributions payable to the Scheme during the year have been paid in accordance with the Scheme rules and the recommendations of the Actuary.

5. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.

Chris Wobschall

Chris Wobschall

**Head, Assurance and Financial Reporting Policy, Her Majesty's Treasury
22 December 2010**

APPLICATION OF THE ACCOUNTS DIRECTION

This accounts direction applies to the following government departments and pension schemes:

No	Name
	<i>Government Departments</i>
01	Cabinet Office
02	Central Office of Information
03	Charity Commission
04	Crown Estate Office
05	Crown Prosecution Service
06	Department for Business, Innovation and Skills
07	Department for Education
08	Department for Communities and Local Government
09	Department for Culture, Media and Sport
10	Department of Energy and Climate Change
11	Department for International Development
12	Department for Transport
13	Department for Work and Pensions
14	Department of Health
15	Export Credits Guarantee Department
16	Food Standards Agency (Westminster Funded) (*)
17	Foreign and Commonwealth Office
18	Government Actuary's Department
19	Government Equalities Office
20	H M Procurator General and Treasury Solicitor
21	H M Revenue and Customs
22	H M Treasury
23	Home Office
24	Ministry of Defence
25	Ministry of Justice
26	National Archives
27	National Savings and Investments
28	National School of Government
29	Northern Ireland Office
30	Office of Fair Trading
31	Office of Gas and Electricity Markets
32	Office of Qualifications and Examinations Regulation
33	Office of Rail Regulation
34	Office for Standards in Education, Children's Services and Skills
35	Postal Services Commission
36	Serious Fraud Office
37	The Statistics Board
38	UK Trade and Investment
39	United Kingdom Supreme Court
40	Water Services Regulation Authority
	<i>Pension Schemes</i>
41	Armed Forces Retired Pay, Pensions etc
42	Cabinet Office –Civil Superannuation (Principal Civil Service Pension Scheme)
43	Department for International Development: Overseas Superannuation
44	United Kingdom Atomic Energy Authority Pension Schemes
45	Ministry of Justice: Judicial Pension Scheme
46	National Health Service Pension Scheme (England and Wales)
47	Teachers' Pension Scheme (England and Wales)

* The Food Standards Agency was required to prepare consolidated accounts for 2007-08 by virtue of an accounts direction issued by H M Treasury on 14 November 2007 under paragraph 4(2) of Schedule 4 of the Food Standards Act 1999. That direction applies to 2007-08 and subsequent financial years.

Notes

1. Separate accounts directions are issued under section 5(2) of the Government Resources and Accounts Act 2000 to:

- The Security and Intelligence Agencies
- Department for the Environment, Food and Rural Affairs

2. Separate accounts directions are issued under section 7 of the Government Resources and Accounts Act 2000 to the Forestry Commission.

3. Although Estimates have been approved for the following bodies, their status precludes H M Treasury from issuing an accounts direction under section 5(2) of the Government Resources and Accounts Act 2000:

- Office of the Parliamentary Commissioner and the Health Service Commissioner for England
- House of Lords
- House of Commons: Members
- House of Commons: Administration
- National Audit Office
- Electoral Commission (although an accounts direction for 2005-06 and subsequent financial years was issued by H M Treasury on 27 February 2006 under paragraph 17(2) of Schedule 1 to the Political Parties, Elections and Referendums Act 2000).

ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH SECTION 7 (2) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000

1. This direction applies to those executive agencies listed in the attached appendix.
2. These executive agencies shall prepare accounts for the year ended 31 March 2011 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by H M Treasury ("the FReM") which is in force for 2010-11.
3. The accounts shall be prepared so as to:
 - (a) give a true and fair view of the state of affairs as at 31 March 2011 and of the income and expenditure (or, as appropriate, net resource outturn), changes in taxpayers' equity and cash flows of the agency for the financial year then ended; and
 - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.



Chris Wobschall
Head, Assurance and Financial Reporting Policy
Her Majesty's Treasury
22 December 2010

APPLICATION OF THE ACCOUNTS DIRECTION

This accounts direction applies to the following executive agencies:

No	Name	Department
01	National Fraud Authority	Attorney General
02	Treasury Solicitor's Department Agency	Attorney General
03	Insolvency Service	BIS
04	National Measurement Office	BIS
05	Planning Inspectorate	DCLG
06	Royal Parks	DCMS
07	Animal Health	DEFRA
08	Centre for the Environment, Fisheries and Aquaculture Science	DEFRA
09	Food and Environment Research Agency (Fera)	DEFRA
10	Rural Payments Agency	DEFRA
11	Veterinary Laboratories Agency	DEFRA
12	Veterinary Medicines Directorate	DEFRA
13	Government Car and Despatch Agency	DfT
14	Highways Agency	DfT
15	Maritime and Coastguard Agency	DfT
16	Vehicle Certification Agency	DfT
17	Wilton Park	FCO
18	Forest Research	Forestry Comm'n
19	Valuation Office	HMRC
20	Asset Protection Agency	HMT
21	UK Debt Management Office	HMT
22	Criminal Records Bureau	HO
23	Identity and Passport Service	HO
24	UK Border Agency	HO
25	Defence Vetting Agency	MOD
26	Ministry of Defence Police and Guarding Agency	MOD
27	People, Pay and Pensions Agency	MOD
28	Service Children's Education	MOD
29	Service Personnel and Veterans Agency	MOD
30	HM Courts Service	MOJ
31	National Offender Management Service	MOJ
32	Office of the Public Guardian	MOJ
33	Tribunals Service	MOJ

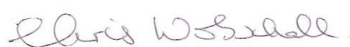
In addition, separate directions have been issued to:

- Jobcentre Plus (DWP) (20 May 2008) – issued in respect of 2007-08 and subsequent financial years.
- Meat Hygiene Service (Food Standards Agency) (11 January 2006) – issued in respect of 2005-06 and subsequent financial years.
- Pension, Disability and Carers Service (22 April 2009) – issued in respect of 2008-09 and subsequent financial years.
- Skills Funding Agency will receive a separate direction.

ANNEX C

ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH SECTION 4(6)(a) OF THE GOVERNMENT TRADING FUNDS ACT 1973

1. This direction applies to the trading funds listed in the attached appendix.
2. These trading funds shall prepare accounts for the year ended 31 March 2011 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by H M Treasury ("the FReM") which is in force for 2010-11.
3. The accounts shall be prepared so as:
 - (a) to give a true and fair view of the state of affairs as at 31 March 2011 and of the income and expenditure, changes in taxpayers' equity, and cash flows of the trading fund for the year then ended; and
 - (b) to provide disclosure of any material income or expenditure that has not been applied to the purposes intended by Parliament, or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.



Chris Wobschall
Head, Assurance and Financial Reporting Policy
Her Majesty's Treasury
22 December 2010

APPLICATION OF THE ACCOUNTS DIRECTION

This accounts direction applies to the following trading funds:

	Name
01	Central Office of Information
02	Companies House
03	Defence Science and Technology Laboratory
04	Driver and Vehicle Licensing Agency
05	Driving Standards Agency
06	Defence Support Group
07	FCO Services
08	Fire Service College
09	HM Land Registry
10	Met Office
11	Medicines and Healthcare Products Regulatory Agency
12	OGCbuying.solutions
13	Ordnance Survey
14	UK Intellectual Property Office
15	Royal Mint
16	UK Hydrographic Office
17	Queen Elizabeth II Conference Centre
18	Vehicle and Operator Services Agency

ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 7(2) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000.

1. This direction applies to those government departments listed in appendix 2.
2. The Department shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2011 for the revenue and other income collected by the department as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ("FReM") which is in force for 2010-11.
3. The Statement shall be prepared, as prescribed in appendix 1, so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties by the Department as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
4. The statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
5. When preparing the Statement, the Department shall comply with the guidance given in the FReM (Chapter 13). The Department shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.
5. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
6. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to ensure compliance with the administrative deadline for laying the audited accounts before Parliament before the Summer Recess.
7. The Trust Statement, together with this direction (but with the exception of the related appendices) and the Report produced by the Comptroller and Auditor General under

section 7(2) of the Government Resources and Accounts Act 2000 shall be laid before Parliament at the same time as the Department's Resource Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.



Chris Wobschall
Head, Assurance and Financial Reporting Policy
HM Treasury
22 December 2010

Trust Statement for the year ended 31 March 2011

1. The Trust Statement shall include:

- a Foreword by the Principal Accounting Officer;
- a Statement of the Principal Accounting Officer's Responsibilities;
- a Statement on Internal Control;
- a Statement of Revenue and Expenditure;
- a Statement of Financial Position;
- a Cash Flow Statement; and
- such notes as may be necessary to present a true and fair view.

2. The Notes shall include among other items:

- the accounting policies, including the policy for revenue recognition and estimation techniques and forecasting techniques together with statements explaining any significant uncertainty surrounding estimates and forecasts;
- a breakdown of material items within the accounts;
- any assets, including intangible assets and contingent liabilities;
- summaries of losses, write-offs and remissions;
- post balance sheet events; and
- any other notes agreed with HM Treasury and the National Audit Office.

Appendix 2 to Annex D

No	Sponsoring Department	Income stream	Responsible Entity
01	DCLG	National Non- Domestic Rates	DCLG
02	DECC	Petroleum licenses	DECC
		EU Emissions Allowance	DECC
03	Office of Fair Trading	Competition Act penalties	OFT
		Merger fees	OFT
04	Ofgem	Fossil Fuel Levy	OFGEM
		Fines and penalties	OFGEM
05	Water Services Regulatory Authority	Fines and penalties	OFWAT
06	DWP	Financial Assistance Scheme	DWP

ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 2 OF THE EXCHEQUER AND AUDIT DEPARTMENTS ACT 1921.

1. This direction applies to those government departments listed in appendix 2.
2. The Department shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2011 for the revenue and other income collected by the department as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ("FReM") which is in force for 2010-11.
3. The Statement shall be prepared, as prescribed in appendix 1, so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties by the Department as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
4. The statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
5. When preparing the Statement, the Department shall comply with the guidance given in the FReM (Chapter 13). The Department shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.
5. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
6. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to ensure compliance with the administrative deadline for laying the audited accounts before Parliament before the Summer Recess.
7. The Trust Statement, together with this direction (but with the exception of the related appendices) and the Report produced by the Comptroller and Auditor General under

section 2 of the Exchequer and Audit Departments Act 1921 shall be laid before Parliament at the same time as the Department's Resource Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.

Chris Wobschall

Chris Wobschall
Head, Assurance and Financial Reporting Policy
HM Treasury
22 December 2010

Trust Statement for the year ended 31 March 2011

1. The Trust Statement shall include:

- a Foreword by the Principal Accounting Officer;
- a Statement of the Principal Accounting Officer's Responsibilities;
- a Statement on Internal Control;
- a Statement of Revenue and Expenditure;
- a Statement of Financial Position;
- a Cash Flow Statement; and
- such notes as may be necessary to present a true and fair view.

2. The Notes shall include among other items:

- the accounting policies, including the policy for revenue recognition and estimation techniques and forecasting techniques together with statements explaining any significant uncertainty surrounding estimates and forecasts;
- a breakdown of material items within the accounts;
- any assets, including intangible assets and contingent liabilities;
- summaries of losses, write-offs and remissions;
- post balance sheet events; and
- any other notes agreed with HM Treasury and the National Audit Office.

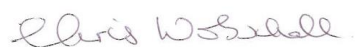
Appendix 2 to Annex E

No	Sponsoring Department	Income stream	Responsible Entity
01	HMRC	Tax and National Insurance revenues	HMRC
		Fines and penalties	HMRC
		Student loan repayments	HMRC
		Proceeds, less duty, on sale of seized goods	HMRC
		Customs duties relating to Single European Authorisati	HMRC

ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 7(2) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000.

1. This direction applies to those executive agencies listed in appendix 2.
2. The agency shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2011 for the revenue and other income collected by the agency as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ("FReM") which is in force for 2010-11.
3. The Statement shall be prepared, as prescribed in appendix 1, so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties by the agency as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
4. The statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
5. When preparing the Statement, the agency shall comply with the guidance given in the FReM (Chapter 13). The agency shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.
6. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
7. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to ensure compliance with the administrative deadline for laying the audited accounts before Parliament before the Summer Recess.
8. The Trust Statement, together with this direction (but with the exception of the related appendices) and the Report produced by the Comptroller and Auditor General, under

section 7(2) of the Government Resources and Accounts Act 2000 shall be laid before Parliament at the same time as the Department's Resource Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.



Chris Wobschall
Head, Assurance and Financial Reporting Policy
HM Treasury
22 December 2010

Trust Statement for the year ended 31 March 2011

1. The Trust Statement shall include:

- a Foreword by the Principal Accounting Officer;
- a Statement of the Principal Accounting Officer's Responsibilities;
- a Statement on Internal Control;
- a Statement of Revenue and Expenditure;
- a Statement of Financial Position;
- a Cash Flow Statement; and
- such notes as may be necessary to present a true and fair view.

2. The Notes shall include among other items:

- the accounting policies, including the policy for revenue recognition and estimation techniques and forecasting techniques together with statements explaining any significant uncertainty surrounding estimates and forecasts;
- a breakdown of material items within the accounts;
- any assets, including intangible assets and contingent liabilities;
- summaries of losses, write-offs and remissions;
- post balance sheet events; and
- any other notes agreed with HM Treasury and the National Audit Office.

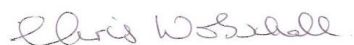
Appendix 2 to Annex F

No	Sponsoring Department	Income stream	Responsible Entity
01	Ministry of Justice	Fines, penalties, costs awarded by the Courts, compensation ordered by the Courts and confiscation orders	Court Service
02	Department for Transport	Ships' registration	Maritime and Coastguard Agency

ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 4(6)(a) OF THE GOVERNMENT TRADING FUNDS ACT 1973.

1. This direction applies to those Trading Funds listed in the appendix 2.
2. The Trading Fund shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2011 for the revenue and other income collected by the Trading Fund as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ("FReM") which is in force for 2010-11.
3. The Statement shall be prepared, as prescribed in appendix 1, so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties by the Trading Fund as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
4. The statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
5. When preparing the Statement, the Trading Fund shall comply with the guidance given in the FReM (Chapter 13). The Trading Fund shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.
6. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
7. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to ensure compliance with the administrative deadline for laying the audited accounts before Parliament before the Summer Recess.

8. The Trust Statement, together with this direction (but with the exception of the related appendices) and the Report produced by the Comptroller and Auditor General, under section 4(6)(a) of the Government Trading Funds Act 1973 shall be laid before Parliament at the same time as the Trading Fund's Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.



Chris Wobschall
Head, Assurance and Financial Reporting Policy
HM Treasury
22 December 2010

Trust Statement for the year ended 31 March 2011

1. The Trust Statement shall include:

- a Foreword by the Principal Accounting Officer;
- a Statement of the Principal Accounting Officer's Responsibilities;
- a Statement on Internal Control;
- a Statement of Revenue and Expenditure;
- a Statement of Financial Position;
- a Cash Flow Statement; and
- such notes as may be necessary to present a true and fair view.

2. The Notes shall include among other items:

- the accounting policies, including the policy for revenue recognition and estimation techniques and forecasting techniques together with statements explaining any significant uncertainty surrounding estimates and forecasts;
- a breakdown of material items within the accounts;
- any assets, including intangible assets and contingent liabilities;
- summaries of losses, write-offs and remissions;
- post balance sheet events; and
- any other notes agreed with HM Treasury and the National Audit Office.

Appendix 2 to Annex G

No	Sponsoring Department	Income stream	Responsible Entity
01	Department for Transport	Graduated Fixed Penalty Deposit Scheme	VOSA
02	BIS	Late fining penalties	Companies House

ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 2 OF THE EXCHEQUER AND AUDIT DEPARTMENTS ACT 1921

9. This direction applies to those Trading Funds listed in the appendix 2.

10. The Trading Fund shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2011 for the revenue and other income collected by the Trading Fund as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ("FReM") which is in force for 2010-11.

11. The Statement shall be prepared, as prescribed in appendix 1, so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties by the Trading Fund as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.

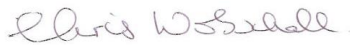
12. The statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

13. When preparing the Statement, the Trading Fund shall comply with the guidance given in the FReM (Chapter 13). The Trading Fund shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.

14. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.

15. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to ensure compliance with the administrative deadline for laying the audited accounts before Parliament before the Summer Recess.

16. The Trust Statement, together with this direction (but with the exception of the related appendices) and the Report produced by the Comptroller and Auditor General, under section 2 of the Exchequer and Audit Departments Act 1921 shall be laid before Parliament at the same time as the Trading Fund's Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.



Chris Wobschall
Head, Assurance and Financial Reporting Policy
HM Treasury
22 December 2010

Trust Statement for the year ended 31 March 2011

1. The Trust Statement shall include:

- a Foreword by the Principal Accounting Officer;
- a Statement of the Principal Accounting Officer's Responsibilities;
- a Statement on Internal Control;
- a Statement of Revenue and Expenditure;
- a Statement of Financial Position;
- a Cash Flow Statement; and
- such notes as may be necessary to present a true and fair view.

2. The Notes shall include among other items:

- the accounting policies, including the policy for revenue recognition and estimation techniques and forecasting techniques together with statements explaining any significant uncertainty surrounding estimates and forecasts;
- a breakdown of material items within the accounts;
- any assets, including intangible assets and contingent liabilities;
- summaries of losses, write-offs and remissions;
- post balance sheet events; and
- any other notes agreed with HM Treasury and the National Audit Office.

Appendix 2 to Annex H

No	Sponsoring Department	Income stream	Responsible Entity
01	Department for Transport	Vehicle Excise Duty (VED) and VED enforcement i.e. fines and penalties	DVLA