



# HM TREASURY

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## DAO(GEN)05/11

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20 December 2011

Dear Accounting Officer

### ACCOUNTS DIRECTIONS 2011-12

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 (as part of annual report and accounts), other accounts and trust statements for 2011-12. 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 Financial Reporting Policy workstream (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 remaining 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 2012. It is best practice for departments to aim to lay resource accounts and the accounts of agencies and trading funds in parliament by 30 June 2012 and by no later than the parliamentary 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 20 December 2011 (MS FD (11)33).

5. This DAO letter is effective immediately. The generic directions in DAO(GEN) 02/10 (22 December 2010) 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 2012 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 2011-12.

3. If the Treasury has made an order for the year under section 4A(3) and (4) of the Government Resources and Accounts Act 2000, a department must detail the same information for each body designated in the Order under its name. This means that the department must also detail in its accounts the resources acquired, held or disposed of during the year by each of its designated bodies, and each such body's use of resources during the year.

4. The Treasury made the following designation order for financial year 2011-12: the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2011 (S.I. 2011/723). The list of bodies designated in the Schedule to that Order has been amended by the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2011 (S.I. 2011/3004). The amendments designate some additional bodies and remove some bodies from the list.

5. The accounts of Government departments, with the details outlined above (for itself and its designated bodies) shall be prepared so as to:

(a) give a true and fair view of the state of affairs at 31 March 2012 and of the net resource outturn, the application of resources, 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.

6. 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 2012 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.

7. 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.

A handwritten signature in blue ink that reads "Chris Wobschall".

**Chris Wobschall**

**Deputy Director, Assurance and Financial Reporting Policy, Her Majesty's Treasury**

**20 December 2011**

**APPLICATION OF THE ACCOUNTS DIRECTION**

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

No	Name
	<b><i>Government Departments</i></b>
01	Cabinet Office
02	Charity Commission
03	Crown Estate Office
04	Crown Prosecution Service
05	Department for Communities and Local Government
06	Department for Culture, Media and Sport
07	Department of Energy and Climate Change
08	Department for Environment, Food and Rural Affairs
09	Department for International Development
10	Department for Transport
11	Department for Work and Pensions
12	Department of Health
13	Export Credits Guarantee Department
14	Food Standards Agency (Westminster Funded) (*)
15	Foreign and Commonwealth Office
16	Government Actuary's Department
17	H M Procurator General and Treasury Solicitor
18	H M Revenue and Customs
19	Home Office
20	Ministry of Defence
21	Ministry of Justice
22	National Archives
23	National Savings and Investments
24	Northern Ireland Office
25	Office of Fair Trading
26	Office of Gas and Electricity Markets
27	Office of Qualifications and Examinations Regulation
28	Office of Rail Regulation
29	Office for Standards in Education, Children's Services and Skills
30	Scotland Office and Office of the Advocate General
31	Serious Fraud Office
32	The Statistics Board
33	UK Trade and Investment
34	United Kingdom Supreme Court
35	Wales Office
36	Water Services Regulation Authority
	<b><i>Pension Schemes</i></b>
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:

- Department for Business, Information and Skills
- Department for Education
- The Security and Intelligence Agencies
- HM Treasury
- Postal Services Commission

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 HM 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 2012 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 2011-12.
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 2012 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**  
**Deputy Director, Assurance and Financial Reporting Policy**  
**Her Majesty's Treasury**  
**20 December 2011**

**APPLICATION OF THE ACCOUNTS DIRECTION**

This accounts direction applies to the following executive agencies:

No	Name	Department
01	Treasury Solicitor's Department Agency	Attorney General
02	Insolvency Service	BIS
03	National Measurement Office	BIS
04	UK Space Agency	BIS
05	Planning Inspectorate	DCLG
06	Royal Parks	DCMS
07	Animal Health and Veterinary Laboratories Agency	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 Medicines Directorate	DEFRA
12	Standards and Testing Agency	DFE
13	Driver and Vehicle Licensing Agency	DfT
14	Government Car and Despatch Agency	DfT
15	Highways Agency	DfT
16	Maritime and Coastguard Agency	DfT
17	Vehicle Certification Agency	DfT
18	Wilton Park	FCO
19	Forest Research	Forestry Comm'n
20	Valuation Office	HMRC
21	Asset Protection Agency	HMT
22	UK Debt Management Office	HMT
23	Criminal Records Bureau	HO
24	Identity and Passport Service	HO
25	National Fraud Authority	HO
26	UK Border Agency	HO
27	Ministry of Defence Police and Guarding Agency	MOD
28	Service Children's Education	MOD
29	HM Courts and Tribunals Service	MOJ
30	National Offender Management Service	MOJ
31	Office of the Public Guardian	MOJ

In addition, a separate direction has been issued to the Meat Hygiene Service (Food Standards Agency) (11 January 2006) – issued in respect of 2005-06 and subsequent financial years.

## 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 2012 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 2011-12.
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 2012 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**  
**Deputy Director, Assurance and Financial Reporting Policy**  
**Her Majesty's Treasury**  
**20 December 2011**

**APPLICATION OF THE ACCOUNTS DIRECTION**

This accounts direction applies to the following trading funds:

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

A separate Accounts Direction will be issued under section 4(6)(a) of the Government Trading Funds Act 1973 to the Central Office of Information.

## ANNEX D

### **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 2012 for the revenue and other income, as directed by the Treasury, 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 2011-12.
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 and other income 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 enable 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.

A handwritten signature in black ink that reads "Chris Wobschall". The signature is written in a cursive style with a small dot at the end.

**Chris Wobschall**  
**Deputy Director, Assurance and Financial Reporting Policy**  
**HM Treasury**  
**20 December 2011**

Trust Statement for the year ended 31 March 2012

1. The Trust Statement shall include:

- a Foreword by the Principal Accounting Officer;
- a Statement of the Principal Accounting Officer's Responsibilities;
- a Governance Statement;
- a Statement of Revenue, Other Income 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
		Fines and Penalties	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 2012 for the revenue and other income, as directed by the Treasury, 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 2011-12.
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 and other income 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 enable 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.

A handwritten signature in cursive script, appearing to read "Chris Wobschall".

**Chris Wobschall**  
**Deputy Director, Assurance and Financial Reporting Policy**  
**HM Treasury**  
**20 December 2011**

Trust Statement for the year ended 31 March 2012

1. The Trust Statement shall include:

- a Foreword by the Principal Accounting Officer;
- a Statement of the Principal Accounting Officer's Responsibilities;
- a Governance Statement;
- a Statement of Revenue, Other Income 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 Authorisations	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 2012 for the revenue and other income, as directed by the Treasury, 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 2011-12.
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 and other income 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 enable 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.

A handwritten signature in cursive script, appearing to read "Chris Wobschall".

**Chris Wobschall**  
**Deputy Director, Assurance and Financial Reporting Policy**  
**HM Treasury**  
**20 December 2011**

Trust Statement for the year ended 31 March 2012

1. The Trust Statement shall include:

- a Foreword by the Principal Accounting Officer;
- a Statement of the Principal Accounting Officer's Responsibilities;
- a Governance Statement;
- a Statement of Revenue, Other Income 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	HM Courts and Tribunals Service
02	Home Office	Civil Penalties and Immigration Penalties	UK Border Agency

**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 executive agencies listed in appendix 2.
2. The agency shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2012 for the revenue and other income, as directed by the Treasury, 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 2011-12.
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 and other income 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 enable 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 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.

A handwritten signature in blue ink that reads "Chris Wobschall".

**Chris Wobschall**  
**Deputy Director, Assurance and Financial Reporting Policy**  
**HM Treasury**  
**20 December 2011**

Trust Statement for the year ended 31 March 2012

1. The Trust Statement shall include:

- a Foreword by the Principal Accounting Officer;
- a Statement of the Principal Accounting Officer's Responsibilities;
- a Governance Statement;
- a Statement of Revenue, Other Income 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	Vehicle Excise Duty (VED) and VED enforcement i.e. fines and penalties	DVLA

**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 2012 for the revenue and other income, as directed by the Treasury, 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 2011-12.
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 and other income 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 enable 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.

A handwritten signature in blue ink that reads "Chris Wobschall".

**Chris Wobschall**  
**Deputy Director, Assurance and Financial Reporting Policy**  
**HM Treasury**  
**20 December 2011**

Trust Statement for the year ended 31 March 2012

1. The Trust Statement shall include:

- a Foreword by the Principal Accounting Officer;
- a Statement of the Principal Accounting Officer's Responsibilities;
- a Governance Statement;
- a Statement of Revenue, Other Income 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	Graduated Fixed Penalty Deposit Scheme	VOSA
02	BIS	Late filing penalties	Companies House