

**WHOLE OF
GOVERNMENT ACCOUNTS
2006-07**

**WGA 'L PACK' FOR
LOCAL GOVERNMENT BODIES
IN SCOTLAND**

GUIDANCE NOTES

2006-07 WGA L PACK GUIDANCE

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INTRODUCTION

Background to Whole of Government Accounts

1. 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.

1.2. 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.

1.3. 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.

1.4. 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.

1.5. It has been announced in the 2007 Budget that WGA will be produced on an International Financial Reporting Standards basis for 2008-09. Treasury, Scottish Executive, LASAAC and CIPFA are discussing the implications for Scottish LAs of this decision. Regardless you should continue to produce the L Pack in accordance with the current SORP and this guidance.

1.6. This results in further dry runs being undertaken for 06-07 and 07-08. This will enable us to further refine the collection packs, bed in a number of changes (including the new SORP and some of the suggestions that authorities have kindly shared with us), allow time for authorities to improve the completeness and accuracy of their submissions and for us to fully consolidate LA into WGA.

1.7. 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.

1.8. Most of the data we require continues 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 the aim is to integrate WGA data collection with existing Scottish Executive data collection requirements and work in this direction has already begun.

TIMETABLE & AUDIT REQUIREMENTS

Deadline for Completion

2. The deadline for the submission of unaudited 2006-07 WGA L Packs to the Scottish Executive is 29 September 2007 and for the submission of the audited WGA L Packs is 31 October 2007.

Audit Requirements

2.1. The Government Resources and Accounts Act 2000, the legislation that makes provision for WGA, requires that bodies submitting WGA data should have their submissions audited. To this end local authorities should submit their L packs to their appointed auditors in time to enable the auditors to complete their audit by 31 October. Once auditors have completed their audit they will e-mail the audited L Packs, audit reports and details of material adjustments (over £1m) to the Scottish Executive at:

<mailto:Hazel.black@scotland.gsi.gov.uk>

CHANGES & UPDATES IN 2006-07 L PACK

2006 SORP

3. The new SORP has resulted in significant changes to local authority accounts. These are reflected in the abolition of the AMRA, change in names of the primary statements, the inclusion of a statement of movement in general fund balance in single entity accounts, and some detailed changes to reserve movements.

Group Accounts & Local Authority Accounts

3.1. The 2005-06 dry run process highlighted that authorities completing group accounts found the L Pack layout unclear, with inconsistent interpretations of how to enter data, and which sheets within the workbook needed to be completed. This year those entries that are required to be entered by Group's only are marked in a blue font and can only be used if "Group" has been selected from the drop down list on the Overview sheet.

Password Protection

3.2. In 2005-06, some authorities amended the layout of the form, by inserting or deleting rows or columns, by inserting additional sheets, or by entering data into greyed out cells. This resulted in the corruption of the data generated by the L Pack. As a consequence a significant amount of manual processing was required to correct errors. To minimise the potential impact of unauthorised amendments to the L Pack it is now 'password protected', with only the white data entry cells available to edit.

Data Integrity Checks and Validations

3.3. This year, alongside all data integrity checks are cells in which authorities are asked to enter explanations for these warnings. Auditors have been asked to pay particular attention to these checks and any explanations provided. A separate validations sheet is also now visible – this lists three fundamental errors that must be corrected before the data can be loaded onto the consolidation database.

Additional Data Requirements

3.4. In order to produce the notes to the accounts some additional information is now required. This includes summary details of commitments, contingent assets and liabilities. We believe that all this information will be readily available.

COVERAGE OF THE L PACK

Housing Revenue Account

4. 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.

Council Tax and Business Rates

4.1. Council Tax and Business Rates will be picked up from the figures in the authority's Income and Expenditure Account. In order to correctly account for the amounts actually receivable in year some additional details of the Council Tax and Business Rates are required.

Pensions Fund and Other External Funds

4.2. 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, such as the Teachers' Pension Scheme, 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

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

4.4. 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 Section 4 Chapter 9 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.

4.5. 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 reappportioned to client Divisions of Service. See section 7 for further guidance.

Section 5

DEFINITIONS

General Guidance

5. 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 in the UK 2006 (the SORP) and the Best Value Accounting Code of Practice (BVACOP).

Materiality & Input Conventions

5.1. 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.

5.2. 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*. Do not enter pound signs or decimal places.

5.3. 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.

5.4. 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).

5.5. 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

5.7. 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 8 for further guidance).

Section 6

VALIDATION & DATA INTEGRITY CHECKS

6. The L Pack includes three types of data integrity/validation test, all of which are visible to authorities completing the return:

- (i). Line signage checks
- (ii). Data integrity checks
- (iii). Balance Sheet validation test

Line Signage Checks

6.1. The L Pack 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.

6.2. 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

6.3. 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.* The Scottish Executive may approach authorities with significant line signage warnings for confirmation that the balance is correct.

Data Integrity Checks

6.4. 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 expected return of assets reported on the face of the Income and Expenditure Account should equal the expected return on assets as reported in the FRS 17 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.

6.5. 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 expected return on assets figure differs between the I&E account and the FRS 17 note, the relevant box warns:

Should these two lines be the same amount?

6.7. 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.

6.8. Along with the above warning, a message appears as follows:

Do not submit to SE unless explanation is entered below

6.9. Authorities are requested to insert a brief explanation in the cell below this message.

6.10. Authorities may submit returns with data integrity warnings. However *authorities should check all data integrity warnings and correct all “inappropriate failures” before submitting the return.* The Scottish Executive may approach authorities with significant data integrity warnings for confirmation that the two figures affected are correct.

Balance Sheet Validation

6.11. The L Pack must be based on the authority’s 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.

6.12. 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 SE

6.13. 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.

6.14. 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.

6.15. 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

7. 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.

7.1. 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.

7.2. 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

7.3. The process will remain the same as for previous years, 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).

7.4. 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.

7.5. One difficulty is that there is 'leakage' into and out of NCS because of recharges from and to trading operations. As noted in section 4 this does not materially affect the Total Cost of NCS. 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 if an authority can easily remove recharges from/to trading operations we would encourage it to do so.

TRANSACTIONS BETWEEN THE AUTHORITY AND OTHER PUBLIC BODIES

Overview of Counter Party Identification Codes (CPID)

8. 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.

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

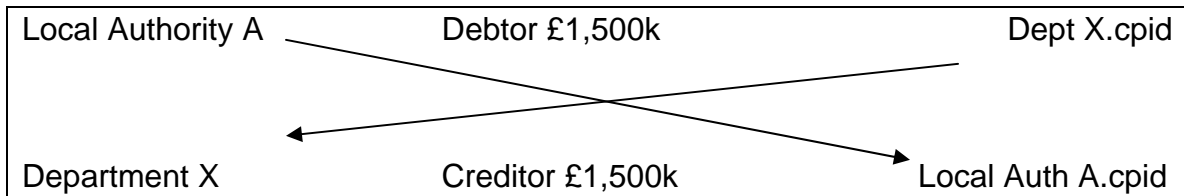
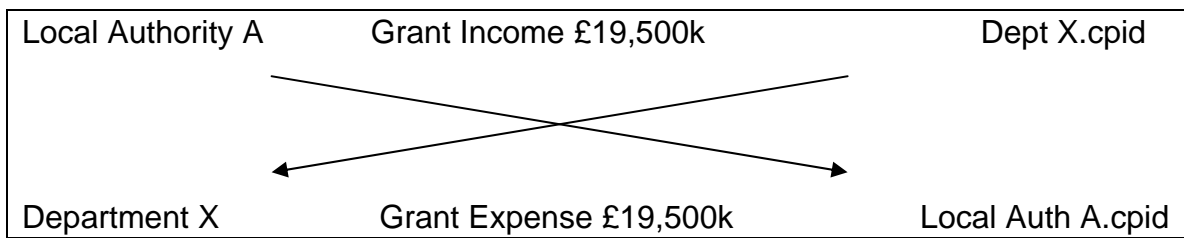
May	£4,000k
September	£6,000k
January	£5,400k
March	£2,600k

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

8.3. 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.

8.4. 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.

8.5. 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.



8.6. 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.

8.7. 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 included in the L Pack (see worksheet “CPID (16)” for details of bodies and their reference numbers).

8.8. Please note, as a general rule, bodies such as housing associations, charities and universities are outside the scope of WGA.

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. Useful starting points include:

- 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.
- 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 / accounts receivable and creditors / accounts payable 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

8.9. For 2006-07, the same approach as during 2005-06 will be taken, that is, no formal agreement is necessary between Local Government, Central Government or Public Corporations. Amounts greater than £1 million with other public sector bodies must be reported but no agreement will be required.

8.10. 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. To summarise, only flows/balances with one counterparty only that total over £1 million and fall under one line in the CPID data sheet only need to be reported. A more detailed level of reporting is permissible, if the authority's ledger systems are designed in such a way as to make this easier.

8.11. 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.

8.12. 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 sheet is provided for this. See Section 9 for instructions on completing counter party information.

Joint Committees & Similar Joint Arrangements

8.13. Transactions and balances with joint committees such as Police Authorities should be treated in the same way as other transactions with other bodies that are within WGA.

Agency arrangements & delegated functions

8.14. 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.

Contributions to Expenditure

8.15. 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.

DETAILED L PACK GUIDANCE

This section provides a detailed description of all the worksheets contained in the L Pack and where appropriate guidance on how they should be completed. The worksheets are numbered for ease of reference.

OVERVIEW (sheet 1)

Please fill in the white cells in the overview sheet by selecting the name of your local authority from the drop down menu. Select group or single entity from the drop down list – this determines whether ‘Group Account Only’ cells are available for you to enter data. The ‘Audit of L pack status’ box will enable us to track progress easily. It gives you three choices:

- This L Pack has been audited. It includes audit amendments to the unaudited L Pack submitted previously. Details are noted on worksheet 20;
- This L Pack has been audited and there are no audit adjustments; and
- This L Pack has not been audited.

Please select the choice which applies to you. If your L Pack has been audited and it includes audit amendments that were made to the unaudited pack that you submitted to the Scottish Executive by 29 September please provide details of these amendments in worksheet 20.

The overview sheet also includes the sign off certificate to be completed by the Director of Finance or an Equivalent Level Officer. Please type the name and designation of the person completing the certificate and attach the L Pack to the e-mail to the Scottish Executive. The e-mail must be from the person who is the named local authority contact.

INCOME AND EXPENDITURE ACCOUNT: NET COST OF SERVICES – SUBJECTIVE ANALYSIS (sheet 2)

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 Income and Expenditure 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 – Employees' 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 Revenues and Customs.

Separate identification of transactions with unfunded centrally administered pension schemes (such as the Teachers' scheme) will allow Employers' Contributions to the relevant pension agency to be separately identified.

NB – Employees' Contributions are a transaction between the employees and the 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)

Business Rates should be disclosed separately in order that an appropriate adjustment can be made – please note there is no need for the counterparty to be disclosed.

Transport Costs (Group 3)

Supplies and Services (Group 4)

Include all expenses charged under these Groups. 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 within 'Independent Units Within the Council'. Recharges from support services that are not defined as internal trading operations should be included in Support Services (Group 7) in accordance with BVACOP.

Payments to NHS bodies should be recorded in the relevant cell, and counter party data entered in the counter party data sheet for payments greater than £1 million. .

Levies have been separately analysed within this group to assist in the automatic eliminations process. The SORP is not prescriptive, and levies can be shown above or below the net cost of services line. Therefore there are cells to accommodate levies both above and below the NCS line. WGA packs should be completed in line with authorities' accounts, with the relevant counter party data for amounts over £1 million entered in the counter party data sheet. Income from levies or net expenses funding arrangements should be included in LA Levy Income.

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 7.

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 Items (Group 8)

The impacts of capital items on NCS should be included here. These have been sub-divided into the following categories:

- Depreciation; this includes amortisation of intangible assets
- Impairment; do not include impairments due to a change in market value
- Government Grants Deferred
- Deferred Charges; include deferred charges amortised in the year.

Income (Group 9)

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

Government grants recognised within NCS should be identified as counterparty transactions.

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 7.

Other Items (Group Accounts only)

Include the total recorded in the Authority's own Group Accounts for each of these items.

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.

INCOME AND EXPENDITURE ACCOUNT: NET OPERATING EXPENDITURE AND SURPLUS/DEFICIT FOR THE YEAR (sheet 3)

All items included in the Income and Expenditure 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.

LA Requisition Income

This should include requisitions made on the authority and net expenses funding for other public sector bodies charged to the authority, which are disclosed below the net cost of services line within the authority's accounts. 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.

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 I&E Account report the net trading outcome. A subjective analysis of the surplus/deficit is not required. 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 I&E 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 I&E in accordance with the SORP. It is expected that the pensions interest cost would be a debit (i.e.: a positive value) and the expected return on assets a credit.

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

The amount of any deferred premiums and discounts amortised for the year (where premiums/discounts have been deferred), and the amount of any premiums and discounts incurred and written off during the year, where these are charged direct to the I&E.

Note that this line 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 I&E 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.

Gains/Losses on Disposal of Fixed Assets

Include gains and losses as shown on the face of the authority's I&E. Please see Module 5 of the SORP Guidance Notes for the detailed accounting treatment.

Interest Payable

This represents all interest payable on debt, including payments to other local authorities of interest on transferred debt. 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.

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.

Group Accounts Only

Include the total of each of the following items in accordance with the SORP.

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

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.

Net Operating Expenditure

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

Council Tax Income

Include the amount of Council Tax recognised in the Income and Expenditure Account.

LA Requisition 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).

Other General Grant

Include any other general (unhypothecated) grant receivable from central government not included in the above and recognised in the authority's I&E 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).

Surplus/Deficit for the Year

This automatically generated total should be the same as the surplus/deficit shown in the authority's own accounts

TANGIBLE FIXED ASSETS (sheet 4)

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. Disposals of assets under construction are not recognised within the SORP, so the relevant cell has been greyed out.
- *Impairments* include all diminutions of value below the previous carrying value of the asset, other than depreciation; this includes the writing-off of assets. Investment properties **are not subject to impairment**; as per SSAP 19 they are held at the balance sheet at market value, and downward movements in value should be classified within revaluations.
- *Reclassifications* should be between classes of tangible asset (note that for 2006/07, reclassification in and out of the 'investment property' column' is permitted).
- *Revaluations* both upwards and downwards should be included here. Note that as per the SORP, infrastructure and community assets are held at depreciated historic cost and **should not be revalued upwards**.
- *Other Movements* may be used for any other movements in the undepreciated 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. Only a relatively limited amount of information is required. This should be available from notes to the core financial statements. The totals of the asset financing section should equal the NBV of fixed assets as at 31 March 2007.

INTANGIBLE ASSETS (sheet 5)

Classification of Intangible Assets

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

For those authorities producing Group accounts companies may have additional categories of intangible asset within their accounts. Two additional columns have been added to the note:

- Development Expenditure,
- Goodwill.

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.

PREMIUMS & DISCOUNTS AND INVESTMENTS (sheet 6)

These 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 2006 SORP (para 3.91) 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.

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/equity held in Subsidiaries / Joint Ventures and associates.* This analysis is required for disclosure purposes. The information required should be available from the notes to the core financial statements.
- *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 2006 SORP Glossary. Overnight and short-term deposits with brokers should be included in this line. Careful consideration should be given as to whether any counter party data is necessary to accurately reflect the authorities' data as at 31 March 2007.
- *Other Current Asset Investments* includes all other unlisted non-fixed asset investments.

CURRENT ASSETS (sheet 7)

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 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 (sheet 8)

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).
- *Government Grants Unapplied.* This balance should include amounts relating to government grants unapplied at year end where material. The

relevant counter party data for balances greater than £1 million should be entered in the counter party data sheet.

- *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, and unapplied developer's contributions where appropriate. 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.
- *Deferred Liability – Transferred Debt.* Transferred debt arising from local government reorganisation has been separated out on to a separate line within long term debtors, because of the materiality of these balances, and so as to highlight the need for values to be entered into the counter party data sheet.

- *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 Income and Other 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 (sheet 9)

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 Local Government Pension Scheme 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.

Signage

A significant number of errors were noted in relation to incorrect signage of FRS 17 entries. The validation cells have been made more prominent, but for information, the expected signs are listed below:

Entries on the FRS 17 Note (Movements on the FRS 17 Liability/Asset):

Current Service Cost:	Negative (credit)
Past Service Cost:	Negative (credit)
Gains/Losses on settlements and curtailments	Positive or Negative
Interest Cost	Negative (credit)
Payment of Pensions	Positive (debit)
Expected Return on assets	Positive (debit)

Entries on the Income and Expenditure Account

Pension Interest Cost	Positive (debit)
Expected Return on Pensions Assets	Negative (credit)

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 (sheet 10)

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.

Brought Forward Balances

The balances brought forward from 05-06 should be entered here.

Statement of Movement on the General Fund Balance

Recognising that the Statement of Movement on the General Fund Balance reflects movements between the General Fund and other reserves we have chosen to include this statement within this sheet. Each line reflects the SORP guidance and should net to nil.

Depreciation of Fixed Assets and Amortisation of Intangible Fixed Assets

All amounts of depreciation charged to the I&E account should be reversed out here, with a corresponding entry in the capital financing account. Amortisation of intangible fixed assets should also be reversed out in the same way, where the expenditure is being financed from capital resources. Where the authority has decided that expenditure is to be financed from revenue, the charge will left to score against the bottom line and not reversed out here.

Impairment of Fixed Assets

Only include impairments due to a clear consumption of economic benefits. There should be a matching entry in the capital financing account.

Government Grants Deferred Amortisation

No amount of GGD should be left as a credit against the General Fund balance. There should be a matching entry for this reversal in the capital financing account.

Gain/Loss on Disposal of Fixed Assets

The net of the adjustments to the fixed asset restatement account, usable capital receipts reserve (and where applicable, the capital financing account) to neutralise the effect of recognising gains/losses on the sale of fixed assets will be shown as a matching, reversing entry here.

Net Charges Made for Retirement Benefits in Accordance with FRS 17

This item will comprise the reversal of all amounts charges to the I&E for current service cost, past service cost, settlements and curtailments, interest cost and expected return on assets. The matching entry will be in the 'FRS 17 reserve'.

Employer's Contributions Payable to the Pension Fund

This will comprise of the debit of employer's contributions payable to the pension fund for the year in relation to the defined benefit schemes to which the authority contributes. No counter party data is required for these transactions.

Loans Fund Principal Repayments

This amount is not included in the I&E but is required to be included by statute when calculating the movement on the general fund balance for the year.

Capital Expenditure Charged In-Year to the General Fund Balance

This is known locally in a number of ways, including RCCO, DRF, CERA, CEFR or CFCR. This amount represents any contribution to capital expenditure charged to the general fund balance. This amount is not included in the I&E but is required to be included by statute when calculating the movement on the general fund balance for the year. The matching entry will be a credit to the capital financing account..

Our assumption is that this will reflect the usage of revenue resources for capital financing in year. Revenue resources transferred in year to the Capital Fund or Repairs and Renewals for future capital purposes should be recorded as part of 'Net Transfers to/from Statutory Reserves'. Use of the Capital Fund or the Repairs and Renewals Fund to fund capital expenditure in year should be recorded on the line 'Capital Expenditure financed from Statutory Reserves'. The matching entry will be the Capital Financing Account

Transfer of HRA Balance

The income and expenditure relating to the provision of council housing are consolidated into the NCS element of the return. The transferred balance relates only the net cost to local taxpayers.

Net Additional Amount to be Credited to the General Fund Balance Increase/Decrease in the General Fund Balance

This automatically generated amount should be the same as the amounts shown in the authority's own accounts.

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.

Capital Financing Account

The Capital Financing Account (CFA) is not a GAAP concept.-

- *Revaluations/impairments* The reversal out of the General fund should be debited here.
- *Transfer to/from Other Reserves* Treat any appropriations from the I&E and the transfer of capital receipts applied from UCR as transfers from other reserves, these should net to zero.
- *Other movements.* All other movements should be included in line with the general guidance above.

Capital Reserves : Useable Capital Receipts (UCR) and Capital Fund

- *Capital expenditure financed from UCR or Capital Fund* The reversal out of the Capital Financing Account should be debited here.
- *Transfer to/from Other Reserves.* Transfers of amounts applied, or set aside should be included in this line.
- *Other movements.* All other movements should be included in line with the general guidance above.

General Reserves: Repairs and Renewals, Insurance Fund and Other Statutory Reserves

This group is designed for those reserves 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.

General Fund

All residual transactions on the I&E should be reflected in this reserve. Any Transfer to/from Other Reserves or Other movements should be included in line with the general guidance above.

Housing Revenue Account Balance

The form is designed to allow the Housing Revenue Account (HRA) Balance to be held separately as a reserve.

- *Transfer to/from Other Reserves.* Transfers between the HRA and other reserves should be included here, and should thus net to zero
- *Other movements.* All other movements should be included in line with the general guidance above.

FRS 17 Reserve

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

Group Accounts Only

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 (sheet 11)

This page requires no input; it is automatically completed from the Balance Sheet notes on the preceding sheets. If the Balance Sheet is out of Balance the following warning appears:

Balance Sheet does not Balance; do NOT submit to Scottish Executive

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.

ADDITIONAL DATA SHEET (sheet 12)

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, and is required by FRS 13. 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; only a good approximation is required.

Maturity Profile of Commitments

This data is required for the notes to the accounts.

Contingent Assets/Liabilities

Given the scale of WGA we do not anticipate local authorities having significant Contingent Liabilities. However these are areas of acute interest in public sector accounts. Please adopt the usual signage conventions i.e. contingent liabilities should be negative. If it is necessary for these items to be included within WGA narrative disclosures we will contact the relevant authorities for further details.

Narrative Disclosures

Similarly we do not anticipate local authorities having significant Post Balance Sheet Events. Authorities need only disclose total balances for these items over £1m. Please adopt the usual signage conventions; 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.

Council TAX & NNDR

The data requested here will allow us to recognise the gross taxes due for WGA purposes and to treat allowances etc as expenditure.

Counter Party Data Sheet (sheet 13)

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:

- (i) **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
- (ii) **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.
- (iii) **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 body within the WGA boundary. 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.

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:

- 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 included on the "**CPID (16)**" worksheet.

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

Standard approach for the completion of Counter Party Data Sheet (sheet 13)

Except for those categories listed below the standard approach to completing this for each category is to enter in Columns C & D the amounts and the related CPID codes, if any, which are included in the total in Column B.

Employer's NIC

The amount must include all NI contributions made by employers, including for staff employed in trading operations and subsidiaries, accordingly we recognise the total counterparty amount could exceed the amount disclosed in the I&E.

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.

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.

Third Party Payments – NHS Bodies

Health bodies within Scotland are part of the Scottish Executive and as such must be coded to SCT075. For health bodies outside Scotland use the appropriate CPID code which can be found on the "CPID (16)" worksheet.

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.

Third Part Payments – Levies (within services lines)

Only enter levy payments which are included within the net cost of services analysis within the authority's accounts, split out between amounts >£1 million paid over to levying authorities.

Third Party Payments – Other bodies

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

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.

Redistributed Non Domestic Rates

The amount entered on the Income and Expenditure Account worksheet is picked up and the CPID for Scottish Executive is automatically applied. No input required.

Revenue Support Grant Police Grant

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

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.

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.

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.

Other sheets

Validation (14)

The first three validation checks must be cleared before the pack is submitted to the Scottish Executive. If after repeated attempts you are unable to clear these then please refer the issue to the Scottish Executive. Details of the various checks are set out in Section 6.

CPID (16)

This sheet lists all organisations that fall within the WGA boundary for 2006-07 and includes the counterparty ID (CPID) that should be used in the Counter Party Data Sheet (sheet 13).

Upload accounts (17) and Upload CPID (18)

These sheets are used by the Scottish Executive to load the data onto the consolidation system.

Agreed Audit Adjustments (19)

This sheet enables you and the auditor to record agreed adjustments that were required as a result of the audit process. This sheet should only be used if an unaudited L Pack was submitted to the Scottish Executive. It provides a reconciliation between the unaudited L Pack that was previously submitted by your authority and the revised audited L Pack which is being submitted by your auditor to the Scottish Executive.

Section 9

OTHER SOURCES OF GUIDANCE & CONTACTS

Other Sources of Guidance

For guidance on the accounting practices to be adopted in completing the returns authorities should refer to the 2006-07 SORP and 2006 BVACOP in the first instance. Authorities may also find the 2006-07 SORP Guidance Notes useful.

Contacts

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

Scottish Executive

Hazel.black@scotland.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

<mailto: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

<mailto:technical.enquiry@cipfa.org>