

## Section 5

### WHOLE OF GOVERNMENT ACCOUNTS 2008-09

### ACCOUNTING TREATMENT FOR CFERS AND RELATED CONSOLIDATED FUND TRANSACTIONS

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## **WHOLE OF GOVERNMENT ACCOUNTS 2008-09**

### **ACCOUNTING TREATMENT FOR CFERS AND RELATED CONSOLIDATED FUND TRANSACTIONS**

#### **Application**

1. Applies to all bodies that show CFERs and related Consolidated Fund transactions in their resource accounts.

#### **Summary**

2. This section provides detailed guidance on how departments should map CFERs for WGA purposes. It is essential that bodies follow the guidance since the accounting data provided is used to convert the Consolidated Fund from a cash basis to an accruals basis and to eliminate completely and correctly counter party transactions. These can be significant and could have a material impact on the truth and fairness of the WGA if they are incorrectly recorded. The approach for each type of CFER which applies to bodies mapping their general ledger accounts to the SCOAs is summarised below.

- Operating income that is not classified as appropriations in aid {Estimates Part III - first row} or exceeds the relevant limits for appropriations in aid approved in the Estimate (paragraphs 3 - 6)
- Non-operating income that is not classified as appropriations in aid {Estimates Part III - second row} or exceeds the relevant limits for appropriations in aid approved in the Estimate (paragraphs 7 - 10)
- Other amounts that are collectable by departments on behalf of the Consolidated Fund {Estimates Part III - third row} (paragraphs 11 - 12)
- Excess cash receipts that have to be surrendered to the Consolidated Fund {Estimates Part III - fourth row} (paragraphs 13 - 14)

Bodies using the proforma approach for completing the New Consolidation Pack should analyse their CFERs and related Consolidated Fund transactions as set out in the proforma worksheets.

**OPERATING INCOME NOT CLASSIFIED AS APPROPRIATIONS IN AID AND  
OPERATING INCOME IN EXCESS OF APPROPRIATIONS IN AID**

3. Operating income not classified as appropriations in aid arises from operating activities that are recorded in a department's operating cost statement but which the department is required to surrender to the Consolidated Fund. This may happen where there is no related expenditure in the same part of the budget in the Estimate Part II table.

4. Departments may also generate operating income that they cannot appropriate in aid because they have already appropriated in aid income up to the relevant limits approved in the Estimate. The excess has to be surrendered to the Consolidated Fund.

5. The accounting entries in both instances are set out below:

	<b>Description</b>	<b>SCOA</b>	<b>Comments</b>
DR CR	Cash OCS income  <i>To record in the operating cost statement the income received by the department</i>	18510000 412xxxxx	In those instances where a department may accrue for income collected the double entry in year one is:  DR Debtors (18xxxxxx) CR OCS Income (412xxxxx)  When the department receives a payment the double entry is:  DR Cash (18510000) CR Debtors (18xxxxxx) The second double entry is made each time a payment is received. These entries can be spread over one or more years.
CR DR	Creditors General Fund  <i>To record the amount of income generated in year which must be surrendered to the Consolidated Fund because it is not classified as appropriation in aid</i>	21091120 31101100	Identifies the income received during the year which must be surrendered to the Consolidated Fund
DR CR	Creditors Cash  <i>To record cash received in the current year and paid over to the Consolidated Fund in the current year</i>	21091130 18510000	Identifies the cash received by the entity and paid over to the Consolidated Fund in the same year
DR CR	Creditors Cash  <i>To record cash received in the previous years and paid over to the Consolidated Fund in the current year</i>	21091140 18510000	Identifies the cash received by the department in previous years and paid over to the Consolidated Fund in the current year

6. The accounts used to record “operating income not classified as appropriations in aid” or “income in excess of appropriations in aid” transactions with the Consolidated Fund are cash (18510000), General Fund (31101100) and the following creditor accounts:

<b>SCOA</b>	<b>Description</b>	<b>+ / -</b>	<b>Comments</b>
21091001	Operating income not classified as appropriations in aid or operating income which exceeds appropriations in aid		This is not an entry level account. The net balance in this account at the year end will represent the cash/income received by the entity but not paid over to the Consolidated Fund
21091110	Opening balance	-	Only the balance carried forward from last year is recorded in this account. The balance in this account is transferred to 21091001 at the year end.
21091120	Operating income not classified as appropriations in aid collected during the year or operating income in excess of appropriations in aid	-	The balance in this account is transferred to 21091001 at the year end.
21091130	Payments to the Consolidated Fund - current year's operating income not classified as A in A or operating income which is excess A in A	+	The payments are made in the current year and they relate to income arising in the current year. The balance in this account is transferred to 21091001 at the year end.
21091140	Payments to the Consolidated Fund - prior years' operating income not classified as A in A or operating income which is excess A in A	+	The payments are made in the current year but relate to the creditor balance brought forward and recorded in 21091110. The balance in 21091140 is transferred to 21091001 at the year end.

**NON-OPERATING INCOME NOT CLASSIFIED AS APPROPRIATIONS IN AID  
AND NON-OPERATING INCOME IN EXCESS OF APPROPRIATIONS IN AID**

7. Non-operating income not classified as appropriations in aid arises from non-operating activities that are recorded on a department's balance sheet, such as the sale of assets or the receipt of loan principal repayments made by borrowers (Estimates Part III – second row). Other non-operating income not classified as appropriations in aid will also arise where the expenditure and the income generated by an activity are subject to non-operating Estimates treatment notwithstanding that the income is recorded in the department's operating cost statement (i.e. profit / loss on disposal of assets, which appears on both the operating and non-operating side of the Estimate, and now score against the departmental capital budget)

8. Departments may generate non-operating income that cannot be appropriated in aid because the department has already appropriated in aid non-operating income up to the relevant limits approved in the Estimate. The excess has to be surrendered to the Consolidated Fund.

9. The accounting entries in both instances are set out below:

	<b>Description</b>	<b>SCOA</b>	<b>Comments</b>
DR CR CR DR	Cash Assets Disposal Account OCS (profit on sale of asset) OCS (loss on sale of asset)  <i>To record the proceeds from the sale of an asset</i>	18510000 1xxxxxxx 41214xxx 5141411x	There are a number of asset disposal and loan repayment accounts. The choice of account will depend of the type of asset disposed of or the entity which is making the loan repayment.
DR CR	Cash Loan Repayment Account  <i>To record loan principal repayments received by the department</i>	18510000 1xxxxxxx	In those instances where a department may accrue for non-operating income due the double entry in year one is:
DR CR	Cash OCS income  <i>To record non-operating revenue income received by the department</i>	18510000 412xxxxx	DR Debtors (18xxxxxx) CR appropriate a/c (xxxxxxx)  When the department receives a payment the double entry is:  DR Cash (18510000) CR Debtors (18xxxxxx)
CR DR	Creditors General Fund  <i>To record: (a) amount of non-operating income arising from the sale of assets or loan repayments that is surrenderable to the CF because it is not classified as appropriation in aid, and (b) the amount of non-operating</i>	21091220 31101200	Identifies the income received during the year which must be surrendered to the Consolidated Fund

	<i>income generated which exceeds the amount appropriated in aid</i>		
DR CR	Creditors Cash  <i>To record cash received in the current year and paid over to the Consolidated Fund in the current year</i>	21091230 18510000	Identifies the cash received by the department and paid over to the Consolidated Fund in the same year
DR CR	Creditors Cash  <i>To record cash received in the previous years and paid over to the Consolidated Fund in the current year</i>	21091240 18510000	Identifies the cash received by the department in previous years and paid over to the Consolidated Fund in the current year

10. The accounts used to record “non-operating income not classified as appropriations in aid” or “income in excess of appropriations in aid” transactions with the Consolidated Fund are cash (18510000), General Fund (31101200) and the following creditor accounts:

<b>SCOA</b>	<b>Description</b>	<b>+ / -</b>	<b>Comments</b>
21091201	Non-operating income not classified as appropriations in aid or non-operating income in excess of appropriations in aid		This is not an entry level account. The net balance in this account at the year end will represent the cash/income received by the department but not paid over to the Consolidated Fund
21091210	Opening balance	-	Only the balance carried forward from last year is recorded in this account. The balance in this account is transferred to 21091201 at the year end.
21091220	Non-operating income not classified as appropriations in aid collected during the year or non-operating income in excess of appropriations in aid	-	The balance in this account is transferred to 21091201 at the year end.
21091230	Payments to the Consolidated Fund - current year's non-operating income not classified as A in A	+	The payments are made in the current year and they relate to income arising in the current year. The balance in this account is transferred to 21091201 at the year end.
21091240	Payments to the Consolidated Fund - prior years' non-operating income not classified as A in A	+	The payments are made in the current year but relate to the creditor balance brought forward and recorded in 21091210. The balance in 21091240 is transferred to 21091201 at the year end.

## OTHER AMOUNTS COLLECTABLE ON BEHALF OF THE CONSOLIDATED FUND

11. Other amounts collectable on behalf of the Consolidated Fund (Estimates Part III – third row) are not recorded as income in a department's Operating Cost Statement. Normally they will be outside of budgets also, unless the Chief Secretary to the Treasury has agreed to exceptional budgeting treatment. Examples of these monies are taxes or levies collected directly on behalf of the Consolidated Fund, fines imposed by the courts, and fines imposed by HMRC for the late payment (or non payment) of taxes. The accounting entries are as follows:

	Description	SCOA	Comments
DR CR	Cash Creditors  <i>To record the income collected during the year on behalf of the Consolidated Fund. The income received is not recorded as income in the department's Operating Cost Statement.</i>	18510000 21091320	In those instances where a department may accrue for income collected on behalf of the Consolidated Fund the double entry in year one is:  DR Debtors (18xxxxxx) CR Creditors (21091320)  When the department receives a payment the double entry is:  DR Cash (18510000) CR Debtors (18xxxxxx) The second double entry is made each time a payment is received by the department in respect of the debtor recognised in year one. These entries can be spread over one or more years.
DR CR	Creditors Cash  <i>To record cash collected by the department in the current year and paid over to the Consolidated Fund in the current year</i>	21091330 18510000	Identifies the cash collected by the department and paid over to the Consolidated Fund in the same year
DR CR	Creditors Cash  <i>To record cash paid to the Consolidated Fund in the current year which was collected in previous years</i>	21091340 18510000	Identifies the cash collected by the department in previous years and paid over to the Consolidated Fund in the current year

12. The accounts used to record “other amounts collectable on behalf of the Consolidated Fund” transactions with the Consolidated Fund are cash (18510000) and the following creditor accounts:

<b>SCOA</b>	<b>Description</b>	<b>+ / -</b>	<b>Comments</b>
21091301	Other amounts collected on behalf of the Consolidated Fund		This is not an entry level account. The net balance in this account at the year end will represent the cash/income collected by the department on behalf of the Consolidated Fund but not paid over to the Consolidated Fund
21091310	Opening balance – other amounts collected on behalf of the Consolidated Fund	-	Only the balance carried forward from last year is recorded in this account. The balance in this account is transferred to 21091301 at the year end.
21091320	Other amounts collected on behalf of the Consolidated Fund during the year	-	The balance in this account is transferred to 21091301 at the year end.
21091330	Payments to the Consolidated Fund - current year's amounts collected on behalf of the Consolidated Fund	+	The payments are made in the current year and they relate to income arising in the current year. The balance in this account is transferred to 21091301 at the year end.
21091340	Payments to the Consolidated Fund - prior years' amounts collected on behalf of the Consolidated Fund	+	The payments are made in the current year but relate to the creditor balance brought forward and recorded in 21091310. The balance in 21091340 is transferred to 21091301 at the year end.

## EXCESS CASH RECEIPTS TO BE SURRENDERED TO THE CONSOLIDATED FUND

13. A department which has excess cash is required to surrender it to the Consolidated Fund (Estimates Part III – fourth row), as the net cash requirement cannot be less than a token £1,000. This is most likely to apply to regulatory bodies such as OFGEM, which derive their income from levies. The accounting entries are:

	Description	SCOA	Comments
DR CR	Cash OCS income  <i>To record in the operating cost statement the income received by the entity</i>	18510000 41***** (as appropriate)	
CR DR	Creditors General Fund  <i>To record the excess cash which the body is required to surrender to the Consolidated Fund</i>	21091420 31101400	Identifies the excess cash received during the year which must be surrendered to the Consolidated Fund
DR CR	Creditors Cash  <i>To record the excess cash received in the current year and paid over to the Consolidated Fund in the current year</i>	21091430 18510000	Identifies the excess cash received by the body and paid over to the Consolidated Fund in the same year
DR CR	Creditors Cash  <i>To record cash received in the previous years and paid over to the Consolidated Fund in the current year</i>	21091440 18510000	Identifies the excess cash received by the body in previous years and paid over to the Consolidated Fund in the current year

14. The accounts used to record “excess cash receipts to be surrendered to the consolidated Fund” transactions with the Consolidated Fund are cash (18510000), General Fund (31101400) and the following creditor accounts:

<b>SCOA</b>	<b>Description</b>	<b>+ / -</b>	<b>Comments</b>
21091401	Excess cash receipts to be surrendered to the Consolidated Fund		This is not an entry level account. The net balance in this account at the year end will represent the excess cash received by the body but not paid over to the Consolidated Fund
21091410	Opening balance	-	Only the balance carried forward from last year is recorded in this account. The balance in this account is transferred to 21091401 at the year end.
21091420	Excess cash receipts for the year	-	The balance in this account is transferred to 21091401 at the year end.
21091430	Payments to the Consolidated Fund - current year's Excess cash receipts for the year	+	Excess cash is surrendered in the current year and it relates to income arising in the current year. The balance in this account is transferred to 21091401 at the year end.
21091440	Payments to the Consolidated Fund - prior years' Excess cash receipts for the year	+	Excess cash is surrendered in the current year and it relates to the creditor balance brought forward and recorded in 21091410. The balance in 21091440 is transferred to 21091401 at the year end.

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