

SECTION 7

WHOLE OF GOVERNMENT ACCOUNTS 2008-09

LOTTERY ELIMINATIONS

Index

	Paragraph
Application	1
Summary	2 - 4
What the guidance means	5 - 9
Distributors' transactions and balances with the National Lottery Distribution Fund	10 - 11

Annexes (Excel Workbooks)

Section 7 – Lottery Transactions and Balances: An Example	A
Section 7 - Distributor's Journal Template	B
Section 7 – Recipient's Journal Template	C

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LOTTERY ELIMINATIONS

Application

1. This guidance has been revised for 2008-09. It applies to both lottery grant recipients and lottery distributors. The revised approach simplifies arrangements for eliminating lottery transactions between bodies within the WGA boundary. Two Excel Journal Templates are included with this Section of the guidance to enable both recipients and distributors to prepare the necessary adjustments which they must submit to their sponsoring departments. The sponsoring departments will be responsible for processing the adjustments in COINS. Unlike previous years the WGA submissions of lottery grant recipients and distributors should be similar to their statutory accounts. Bodies should submit to their auditors their WGA submission (i.e. a completed NC-Pack) and a completed Excel Journal Template.

Summary

2. Section 7 provides guidance on how lottery grant transactions and balances should be disclosed by bodies when they complete the NC-Pack and the additional information they must provide to their sponsoring departments so that the necessary adjustments can be made to eliminate fully lottery grant transactions and balances. The use of the term 'grant' means only grant awards with a signed contract. It does not apply to soft commitments made by lottery distributors. As well as disclosing the balances and transactions distributors and recipients will have to agree the cash amounts paid and received if they exceed £5m. However, bodies must not list lottery grant transactions on the CPID input worksheet of the NC-Pack as this would double count their eliminations. Please note that the approach in this section applies to lottery grant transactions only. Transactions, such interest received from the Debt Management Office or the National Loans Fund in respect of invested Lottery Balances are outside the scope of Section 7 and should be treated as any other balance or transaction

3. In essence, the approach uses journals to reverse out transactions between recipients and donors and replaces these transactions with the cash received and paid. When the accounts of both recipients and donors are consolidated the cash movements are eliminated. Annex A shows an example of how a transaction is reflected in both the recipient's and donor's accounts. It also shows the journal adjustments which both bodies are required to make to eliminate these transactions. Excel Journal Templates (Annex B – Distributors and Annex C – Recipients) are provided to help bodies to prepare the adjustments which should be submitted to sponsoring departments at the same time as the completed NC-Pack.

4. Bodies should not make any adjustments for lottery transactions when completing their NC-Pack. The Excel Journal Templates (Annexes B and C) are included with these guidance notes so that bodies can provide to their sponsoring departments the details required to generate the adjustments which sponsoring departments will load into COINS.

What the guidance means

5. Annex A provides an example of lottery transactions and balances for a distributor and a recipient. It shows:

- extracts from the books of a lottery distributor and a lottery recipient in respect of an actual award over the lifetime of that award;
- the journals that the lottery recipient and distributor will need to provide their sponsoring department to make the necessary adjustments to eliminate transactions within the WGA boundary; and
- a summary of the profit and loss account and balance sheet after adjustments are made to confirm from a WGA point of view that transactions and balances are eliminated.

6. Lottery distributors must complete the template at Annex B. Entries on the template should be supported by schedules showing a detailed analysis of balances and transactions by recipient. Where distributors have made cash payments during the year to a recipient totalling in excess of £5m the payments should be supported by a completed agreement form (see Appendix 2 of DCM 01/09).

7. Lottery recipients must complete the template at Annex C. Entries on the template should be supported by details of the balances and transactions with the lottery distributors. Receipts from a distributor in excess of £5m should be supported by a completed agreement form (see Appendix 2 of DCM 01/09).

8. Both the Lottery distributors and the recipients must complete their NC-Packs without making any adjustments for lottery transactions or balances. In other words the NC-Pack should be similar to the statutory accounts of the distributors or recipients. Both distributors and recipients should not include lottery transactions and balances on their Counter Party Data Analysis Input Sheet in the NC-Pack since lottery transactions and balances will be eliminated when the journal upload files, which are generated when the templates at Annexes B and C are completed, are uploaded into COINS by sponsoring departments.

9. Distributors and recipients should ensure that when they submit their NC-Pack for audit they should include an electronic copy of the completed template and a hard copy of the input sheet and the upload file. Distributors and recipients should note that the templates are password protected. Data can only be entered in the green cells. The input sheets have two columns of the right hand side to enable preparers and auditors to add comments, calculations or any other notes which may be useful for future reference. The approach is similar to that adopted in the NC-Pack.

Distributors' transactions and balances with the National Lottery Distribution Fund

10. This guidance is not applicable to distributors' transactions and balances with the National Lottery Distribution Fund. These transactions should be reported in the same way as other balances.

11. Questions about this guidance should be directed in the first instance to the Consolidation Manager of the sponsoring department. Departmental Consolidation Managers should contact wga.team@hm-treasury.gov.uk.

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