

WHOLE OF GOVERNMENT ACCOUNTS 2008-09

BODIES PREPARING CHARITY ACCOUNTS (STATEMENT OF FINANCIAL ACTIVITIES)

GUIDANCE ON THE COMPLETION OF THE NEW CONSOLIDATION PACK (NC-PACK)

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BODIES PREPARING CHARITY ACCOUNTS (STATEMENT OF FINANCIAL ACTIVITIES)

GUIDANCE ON THE SUBMISSION OF WGA DATA

Application

1. This is the first time that this section has been included with the general WGA guidance. The section applies to bodies that prepare statutory accounts which comply with the Charities Statement on Recommended Practice (Charities SORP). It is in addition to the guidance which is included in all the other Sections.

Summary

2. Bodies that prepare statutory accounts that comply with the charities SORP need to present their data for WGA in a format that is compliant with UKGAAP. To this end, this Section provides general guidance on how this can be achieved and particularly how the New Consolidation Pack should be completed.

Completion of the New Consolidation Pack

3. All bodies in the central government sector, and public corporations and trading funds that have been designated for WGA purposes are required to complete the New C Pack (NC-Pack). The NC-Pack can be populated by typing data directly into the proforma worksheets or by loading a trial balance. The latter approach requires bodies to map their local chart of accounts to the WGA standard chart of account (SCOAs).

4. The recommended approach for bodies that prepare Charities SORP statutory accounts is to complete the NC-Pack by entering data directly into the proforma worksheets. This should also enable the bodies to select the small body option¹ in the NC-Pack, which may help as less information is collected. The NC-Pack does not differentiate between the different funds that charities are required to maintain such as Unrestricted, Restricted and Endowment Funds. The NC-Pack treats all transactions as general fund or unrestricted fund transactions. Bodies that follow the Charities SORP should not attempt to split transactions between the various funds when entering data in the various NC-Pack worksheets. However, when they complete the "Reserves" worksheet in the NC-Pack they should make the necessary transfers from the general fund to the restricted reserves so that the reserves balances are in line with the statutory accounts.

5. The Annex to this note shows the layout of some key statements contained in the statutory accounts of a body that prepares accounts in accordance with the Charities SORP. The Annex shows for each item in the statements how and where they should be included on the NC-Pack worksheets. The aim of the Annex is to provide general guidance. It cannot be comprehensive since all bodies will have some local variations. If bodies require more specific guidance they should consult the WGA team at

¹ To check whether a body qualifies for the small body option see Section 1 of the guidance notes

wga.team@hm-treasury.qsi.gov. A point to note is that the NC-Pack will generate an Income and Expenditure Account, a Balance Sheet and notes that differ from the statutory accounts. To ensure bodies have a clear audit trail they should show their workings in the peach coloured cells to the right of each proforma worksheet in the NC-Pack. Bodies that produce charity and consolidated group accounts should use the consolidated figures when completing the NC-Pack.

6. As this is the first time that this Section has been added if users have any comments for making improvements for next year please send them to the WGA team at wga.team@hm-treasury.qsi.gov.

30 May 2009

Consolidated Statement of Financial Activities for the year ended 31 March 2xxx

All transactions should be treated in the first instance as if they were all general fund transactions. When the NC-Pack is completed transfers should be made on the “Reserves” worksheet from general fund to restricted and other reserves to reflect the reserves balances in the statutory accounts. Consolidated data should be used when completing the NC-Pack.

Descriptions extracted from published accounts of a WGA body		Recommended WGA approach
	Notes in statutory accounts	
Incoming resources		
Incoming resources from generated funds		
Grant-in-aid	3	Grant-in-aid should be shown in cell D22 on the “O-INC” worksheet of the NC-Pack. If part of the grant is for capital purposes the capital element should be included in cell D22. The total grant (revenue and capital) received from the sponsoring department should be shown on the “CPID Input” sheet. The grant will be eliminated when the data is loaded into COINS by the sponsoring department. The grant-in-aid should be recorded as a negative amount.
Grants, gifts & donations	4	Grants, gifts and donations should be allocated as appropriate to cells D15 (other non trading income) and D41 (charity income) on the “O-INC” worksheet. Capital grants should be included in the analysis. Cell D22 should not be used when analysing grants, gifts and donations since this cell should only be used for grant-in-aid. Instances may arise when the grant etc is “income in kind”. The amount should be recorded on the “O-INC” worksheet but an adjustment must also be made on the Cash Flow Statement (CFS) cell E45 to deduct the “non-cash” income. Income in kind should not be recorded under notional income. Grants, gifts and donations should be recorded as negative amounts.

		<p>Staff pensions Depreciation Other direct costs</p>	<p>cell D50 – “O-COST” worksheet cells C199 to C201 – “O-COST” worksheet other direct costs consist of a number of elements. Provided key elements such as revaluations (cells C213 to C219), audit costs (cells D300 & D301) and rates (D309) are allocated to the appropriate cells the balance can be shown in cells D29 (purchase of goods and services) and cell D30 (other expenses) on the “O-COST” worksheet. If using the small bodies option cells D300, 301 and 309 are not available. Therefore allocate costs to D29 or D D30.</p>
Net incoming resources available for charitable applications			
Charitable activities			
Research and conservation	9	As “Costs of generating funds – trading”	
Visitor activities	9	As “Costs of generating funds – trading”	
Governance costs	9	As “Costs of generating funds – trading”	
Total charitable costs			
Notional cost of capital	2	Notional cost of capital should be recorded in green cells C177:C183 on the “O-Cost” worksheet of the NC-Pack	
Net incoming/(outgoing) resources after notional cost of capital			

Reversal of notional cost of capital		As the NC-Pack reverses notional costs automatically the reversal should not be entered in the NC-Pack. However, in cell D186 on the "O-Cost" worksheet you have to choose the "Yes" option. This will reverse the notional cost of capital and it will make the necessary entry in cell D31 on the "I&E" worksheet
Net incoming/(outgoing) resources		
Gains on investment assets: Unrealised		Impairment or revaluation of investments should be shown on the "O-COST" worksheet in cells C209 – C210 and C218 – C219. "Unrealised losses" should be recorded as +ve amounts and unrealised gains as –ve amounts. Realised profits or losses on the sale of investments should be recorded on the "O-INC" worksheet.
Revaluation of tangible assets		The revaluation of tangible assets should be recorded on the "Reserves" worksheet cells C54 to C59
Net movement in reserves		
Reserves at 1 April		Reserves balances brought forward should be recorded on the "Reserves" worksheet. The NC-Pack treats the retained surplus / deficit for the year as a "General Fund" balance in cell D11 which is protected. Transfers should be made from the "General Fund" reserves to the other reserves so that they reflect the position in the statutory accounts. See Reserves below.
Reserves at 31 March	17	

Consolidated Balance Sheet as at 31 March 2xxx

All balances should be treated as if they were all general fund balances with the exception of reserves which are covered below under “Reserves”. The current year’s balances are not entered on the “balance sheet” proforma in the NC-Pack. The “balance sheet” is populated when the detailed proforma worksheets are completed. The table below provides guidance on which proforma worksheet in the NC-Pack should be completed. Data must entered in the blue cells on the “balance sheet” to record changes to last year’s carried forward balances.

Descriptions extracted from published accounts of a WGA body		Recommended WGA approach
	Notes in statutory accounts	
Fixed assets		
Tangible assets	12	Details of all tangible fixed assets should be entered on the “TFA” worksheet of the NC-Pack. If using the small body option the asset categories are restricted to “other Land and Buildings”, “Plant and Machinery”, “Payments on Account”, and “IT equipment”. In such circumstances the assets held by the charity / body should be allocated to the category that is a best fit.
Investments	13	Details of investments held should be provided on the “FAI” worksheet NC-Pack.
Current assets		
Stock of goods for resale		Details should be entered on the “Cash &WiP” worksheet of the NC-Pack. If data is not available to show opening balances, additions, sales and closing balances show

		the opening balance and treat the net movement in stock balances as additions (if a net increase) or sales (if a reduction).
Debtors	15	Details should be entered on the “DRS(2)” worksheet of the NC-Pack.
Cash at bank and in hand		Details should be entered on the “Cash &WiP” worksheet of the NC-Pack.
Creditors: amounts falling due within one year	16	
Net current assets		
Total assets less current liabilities		Details should be entered on the “CRS(2)” worksheet of the NC-Pack.
Reserves		
Unrestricted	17	See “Reserves” below
Restricted	17	See “Reserves” below
Endowment	17	See “Reserves” below

Reserves

Descriptions extracted from published statutory accounts of a WGA body	Brought forward balance shown in statutory accounts should be recorded on the "Reserves" worksheet of the NC-Pack under:	Comments and other recommended adjustments
Unrestricted Reserves		
Government Capital Grants	<u>Government Grant Reserve</u> – Cell F54	In the Government Grant Reserve transfer to / from General Fund an amount to bring the balance into line with the balance in the statutory accounts - Ideally grant receipts should be credited to Government Grant Reserve Cell F64 (additions) and the amount released from the Government Capital Grant Reserve debited to Cells F64 / 65 as appropriate. The corresponding net amount should be debited to General Fund Cell D18.
Capital Revaluation Reserve	<u>Revaluation Reserve</u> – Cell C54	In the Revaluation Reserve transfer to / from General Fund an amount to bring the balance into line with the balance in the statutory accounts - Ideally revaluations should be credited to Revaluation Reserve Cell C55 (valuations) and the amount released from the Capital Revaluation Reserve debited to Cells C58 to C59 as appropriate. The corresponding net amount should be debited to General Fund Cell D15.
General	<u>General Fund</u> – Cell D10	The retained surplus / deficit for the year is automatically posted to General Fund - Cell D11

Restricted Reserves		
Capital Grants	<u>Donated Assets Reserve</u> – Cell D54	In the Donated Assets Reserve transfer to / from General Fund an amount to bring the balance into line with the balance in the statutory accounts - Ideally additions should be credited to the Donated Assets Reserve Cells D60 / 61 (cash / asset donations) and the amount released from capital grants debited to Cell D66. The corresponding net amount should be debited to General Fund Cell D16.
Capital Revaluation Reserve	<u>Donated Assets Reserve</u> – Cell D54	Record in the Donated Assets Reserve the net revaluation – credit Cell D55. The corresponding amount should be debited to General Fund Cell D16
Donations	<u>Donated Assets Reserve</u> – Cell D54	In the Donated Assets Reserve transfer to / from General Fund an amount to bring the balance into line with the balance in the statutory accounts - Ideally additions should be credited to the Donated Assets Reserve Cells D60 / 61 (cash / asset donations). The corresponding net amount should be debited to General Fund Cell D16.
Projects	<u>Restricted Reserves</u> – Cell E54	The net movements should be allocated to Restricted Reserves Cell E63 (credit if a surplus or debit if a deficit) –and the corresponding double entry to D17 – General Fund Reserves.
Other Reserves: Endowment		
Endowment and other similar funds	<u>Restricted Reserves</u> – Cell E54	The net movements should be allocated to Restricted Reserves Cell E63 (credit if a surplus or debit if a deficit) –and the corresponding double entry to D17 – General Fund Reserves.