



HM TREASURY

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DCM 02/09

30 June 2009

Dear Consolidation Manager

WHOLE OF GOVERNMENT ACCOUNTS (WGA) 2008-09
FINANCIAL INSTRUMENTS - ADDITIONAL GUIDANCE FOR CENTRAL
GOVERNMENT BODIES AND PUBLIC CORPORATIONS COMPLETING THE
NEW CONSOLIDATION PACK FOR 2008-09

Application

This letter applies to all central government bodies and public corporations that use the New Consolidation Pack (NC-Pack) to generate the Whole of Government Account data and are required to account for their financial instruments in accordance with the financial reporting standards FRS 26 *Financial Instruments: Recognition and Measurement*, FRS 25 *Financial Instruments: Disclosure and Presentation*, and FRS 29 *Financial Instruments: Disclosures*.

Summary

The Financial Reporting Manual (FreM) set out the requirements of FRS 26 and 29 which apply to central government bodies for the first time in 2008-09. Some public corporations adopted these requirements before 2008-09. Bodies which follow the charities SORP are not affected by the adoption of FRS 26 and 29 but are required to follow FRS13 *Derivatives and other financial instruments: disclosures*.

Financial Instruments Workbook

As the New Consolidation Pack (NC-Pack) for 2008-09 does not collect data on financial instruments held by central government bodies and public corporations this letter sets out guidance on how bodies should record their financial instruments in the NC-Pack and the additional information they will need to provide to the HM Treasury WGA team. To this end an Excel workbook – “WGA – Financial Instruments – Workbook” is available for completion by central government bodies and public corporations.



The workbook is quite comprehensive to cover all or most circumstances relevant to all central government bodies and public corporations, and the expectation is that you may not need to complete some sections as they will not apply to you. In particular, bodies that follow the charities SORP may not have prepared the level of disclosures required by FRS 26 and 29 and instead have followed FRS 13. We would be grateful if they would provide the additional disclosures as appropriate. Your responses will help us tailor and improve the next NC-Pack, used to complete the next WGA when it will be published for the first time.

The HM Treasury WGA team will use all the additional data included in the “WGA – Financial Instruments – Workbook” to make the necessary journal adjustments and to prepare consolidated “financial instruments” notes for the final dry run WGA for 2008-09. The additional data will help the HM Treasury WGA team to develop the NC-Pack for 2009-10. This DCM applies to 2008-09 only.

Recording transactions not identified in the NC-Pack

The NC-Pack does not have cells for the collection of data on embedded derivatives and land and buildings acquired under finance leases. Embedded derivatives should be treated as debtors if they are assets and as creditors if they are liabilities. The following cells in the NC-Pack should be used for embedded derivatives:

NC-Pack worksheet	Cell Reference	Description
DRS(1)	D18	Other debtors (LT)
DRS(2)	D22	Other debtors (ST)
CRS(1)	D14	Other creditors (LT)
CRS(2)	D20	Other creditors (ST)

Land and buildings acquired under finance lease arrangements should be included with fixed assets on the tangible fixed assets worksheet in the NC-Pack. The revised NC-Pack for 2009-10 will include necessary changes to enable bodies to correctly disclose such assets.

Completion and submission of the Financial Instruments Workbook

All bodies should complete the workbook and return it to the Treasury WGA team who will be responsible for making any essential adjustments in COINS. When you have completed your workbook please email it to the HM Treasury WGA team at wga.team@hm-treasury.gov.uk. Please follow the naming convention so that it is easier for us to process upon receipt. The subject field and file name should state: Entity name_WGA 2008-09_FI.

The workbook should be completed by 31 July 2009, the same due date for submissions of the completed NC-Pack for 2008-09. Bodies should also provide

a copy of the completed workbook to the auditor. NDPBs should send a copy the completed workbook to their sponsoring departments. The workbook is available at http://www.hm-treasury.gov.uk/psr_government_accounts.htm

Further Information

If you need further guidance please contact the WGA Team at wga.team@hm-treasury.gov.uk

I would like to thank you for your co-operation in providing the additional data we need to prepare the financial instruments note for the 2008-09 dry run WGA and I wish to apologise for the late request.

A copy of this letter and annex goes to the NAO.

Yours faithfully

Jim Hughes