



16 December 2021

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## DAO 08/21

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## Accounts Directions 2021-22

Dear Accounting Officer

**This letter gives most departments and pension schemes, agencies and trading funds the Treasury's statutory directions for the format and content of their resource accounts (as part of annual report and accounts), other accounts and trust statements for 2021-22. The accounts directions are annexed and the organisations to which they apply are listed in appendices.**

This DAO letter is effective immediately and supersedes DAO 04/20. Any reference to "the FReM" within this letter relates to the Government Financial Reporting Manual 2021-22.

### Contact

Please address enquiries to [resource.accounts@hmtreasury.gov.uk](mailto:resource.accounts@hmtreasury.gov.uk)

### Action

This DAO letter applies to those government departments and pension schemes, agencies and trading funds listed in the appendices to the relevant account's directions. There are separate arrangements for remaining government departments and some agencies and trading funds, as described in the notes to the respective account's directions.

Departments should aim to lay resource accounts and the accounts of agencies and trading funds by the administrative deadline of 30 June 2022 where possible, and no later than the parliamentary summer recess. For certain departments who, having consulted their auditors, believe their plans demonstrate significant challenges in meeting pre summer recess may contact HM Treasury to request an extension to the administrative deadline by emailing [resource.accounts@hmtreasury.gov.uk](mailto:resource.accounts@hmtreasury.gov.uk). Requests will be considered on an exceptional basis and any alternative deadline that is agreed will typically be no later than 30 September 2022. Further information on the process of requesting an extension will be issued via the upcoming PES Paper on preparing annual reports and accounts.

In any event, the accounts of agencies and trading funds should be laid no later than the statutory deadline of 31 January 2023. Departments are reminded that the statutory deadline for submitting resource and other accounts to the Comptroller and Auditor General is 30 November 2022. The timetable for preparing resource accounts and for providing information to the Treasury for the preparation of Whole of

Government Accounts is set out in the concurrent Finance Directors letter of 16 December 2021 (MS FD (2021)04).

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David Fairbrother  
Treasury Office of Accounts

## ANNEX A

### ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH SECTION 5(2) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000

1. This direction applies to those government departments and pension schemes listed in the attached appendix.
2. These departments and pension schemes shall prepare resource accounts for the year ended 31 March 2022 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") 2021-22.
3. If the Treasury has made an order for the year under section 4A(3) and (4) of the Government Resources and Accounts Act 2000, a department must detail the same information for each body designated in the Order under its name. This means that the department must also detail in its accounts the resources acquired, held or disposed of during the year by each of its designated bodies, and each such body's use of resources during the year.
4. The Treasury made the following designation order for financial year 2021-22: The Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2021 (S.I 2021/265). The list of bodies designated in the Schedule to that Order are amended by the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2021 SI (2021/1441). The amendments will designate additional bodies, change the names of some designated bodies and remove some bodies from designation.
5. The accounts of Government departments, with the details outlined above (for itself and its designated bodies) shall be prepared so as to:
  - (a) give a true and fair view of the state of affairs at 31 March 2022 and of the net resource outturn, the application of resources, changes in taxpayers' equity and cash flows for the financial year then ended;
  - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
6. The accounts for pension schemes shall be prepared so as to:
  - (a) give a true and fair view of the state of affairs at 31 March 2022 and of the net resource outturn, changes in taxpayers' equity and cash flows for the financial year then ended;
  - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them; and
  - (c) demonstrate that the contributions payable to the Scheme during the year have been paid in accordance with the Scheme rules and the recommendations of the Actuary.
7. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.

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Michael Sunderland

Deputy Director, Government Financial Reporting

Her Majesty's Treasury

16 December 2021

Appendix to Annex A

APPLICATION OF THE ACCOUNTS DIRECTION

This accounts direction applies to the following government departments and pension schemes:

No	Name
	<b><i>Government Departments</i></b>
1	Cabinet Office
2	Charity Commission
3	Competition and Markets Authority
4	Crown Estate Office
5	Crown Prosecution Service
6	Department for Business, Energy and Industrial Strategy
7	Department for Levelling Up, Housing & Communities <sup>1</sup>
8	Department for Digital, Culture, Media and Sport
9	Department for Education
10	Department for Environment, Food and Rural Affairs
11	Department for Transport
12	Department for Work and Pensions
13	Department of Health and Social Care
14	UK Export Finance
15	Food Standards Agency (Westminster Funded)
16	Food Standards Agency
17	Foreign, Commonwealth and Development Office
18	Government Actuary's Department
19	Government Legal Department
20	HM Land Registry
21	HM Revenue and Customs

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<sup>1</sup> The name change from MHCLG to DLUHC will be recognised in the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2021, which will come into force on 31<sup>st</sup> January 2022.

22	Home Office
23	Ministry of Defence
24	Ministry of Justice
25	National Crime Agency
26	National Savings and Investments
27	Northern Ireland Office
28	Office of Gas and Electricity Markets
29	Office of Qualifications and Examinations Regulation
30	Office of Rail and Road
31	Office for Standards in Education, Children's Services and Skills
32	Office of the Advocate General for Scotland
33	Serious Fraud Office
34	Scotland Office
35	UK Statistics Authority
36	The National Archives
37	United Kingdom Supreme Court
38	Wales Office
39	Water Services Regulation Authority
	<b><i>Pension Schemes</i></b>
40	Armed Forces Pension Scheme (incorporating the Armed Forces Compensation Scheme)
41	Cabinet Office: Civil Superannuation
42	Foreign, Commonwealth and Development Office: Overseas Superannuation
43	United Kingdom Atomic Energy Authority Pension Schemes
44	Ministry of Justice: Judicial Pensions Scheme
45	National Health Service Pension Scheme
46	Teachers' Pension Scheme (England and Wales)
47	Royal Mail Statutory Pension Scheme

## Notes

1. A separate accounts direction is issued under section 5(2) of the Government Resources and Accounts Act 2000 to the Security and Intelligence Agencies

2. The Food Standards Agency was required to prepare consolidated accounts for 2007-08 by virtue of an accounts direction issued by HM Treasury on 14 November 2007 under paragraph 4(2) of Schedule 4 of the Food Standards Act 1999. That direction applies to 2007-08 and subsequent financial years.

3. Although Estimates have been approved for the following bodies, their status precludes HM Treasury from issuing an accounts direction under section 5(2) of the Government Resources and Accounts Act 2000:

- Office of the Parliamentary Commissioner and the Health Service Commissioner for England
- House of Lords
- House of Commons: Members
- House of Commons: Administration
- National Audit Office
- Electoral Commission (although an accounts direction for 2005-06 and subsequent financial years was issued by H M Treasury on 27 February 2006 under paragraph 17(2) of Schedule 1 to the Political Parties, Elections and Referendums Act 2000).

## ANNEX B

### ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH SECTION 7(1), (2) AND (5) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000

1. This direction applies to a government department listed in the attached appendix in respect of the executive agencies which are also listed in that appendix next to the department.
2. In respect of each executive agency, the government department shall prepare accounts for the year ended 31 March 2022 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual ("the FReM") 2021-22.
3. The accounts shall be prepared in respect of the executive agency so as to:
  - (a) give a true and fair view of the state of affairs as at 31 March 2022 and of the income and expenditure (or, as appropriate, net resource outturn), changes in taxpayers' equity and cash flows of the agency for the financial year then ended; and
  - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
5. In relation to accounts prepared by a government department under this direction, section 7 of the Government Resources and Accounts Act 2000 ("the Act") shall have effect as if references to the department were substituted for the references to the Treasury in subsection (3)(b) and (c). Accordingly-
  - (a) the Comptroller and Auditor General shall send the certified accounts and the report to the department under section 7(3)(b) of the Act, and
  - (b) the department shall lay the certified accounts and the report before the House of Commons under section 7(3)(c) of the Act.



Michael Sunderland

Deputy Director, Government Financial Reporting

Her Majesty's Treasury

16 December 2021

Appendix to Annex B

APPLICATION OF THE ACCOUNTS DIRECTION

This accounts direction applies to the following executive agencies:

No	Executive Agency	Government Department
1	Government Legal Department	HM Procurator General and Treasury Solicitor
2	Insolvency Service	BEIS
3	UK Space Agency	BEIS
4	Companies House	BEIS
5	Government Property Agency	CO
6	Planning Inspectorate	DCLG
7	Animal and Plant Health Agency	DEFRA
8	Centre for the Environment, Fisheries and Aquaculture Science	DEFRA
9	Rural Payments Agency	DEFRA
10	Veterinary Medicines Directorate	DEFRA
11	Standards and Testing Agency	DFE
12	Education and Skills Funding Agency	DFE
13	Teaching Regulation Agency	DFE
14	UK Health Security Agency	DH
15	Driver and Vehicle Licensing Agency	DfT
16	Driver and Vehicle Standards Agency	DfT
17	Maritime and Coastguard Agency	DfT
18	Vehicle Certification Agency	DfT
19	Wilton Park	FCDO
20	Forest Research	Forestry Commission
21	Forestry Commission	DEFRA
22	Valuation Office Agency	HMRC
23	UK Debt Management Office	HMT

24	Government Internal Audit Agency	HMT
25	The National Infrastructure Commission	HMT
26	HM Courts and Tribunals Service	MOJ
27	HM Prison Service	MOJ
28	Office of the Public Guardian	MOJ
29	Legal Aid Agency	MOJ
30	Criminal Injuries Compensation Authority	MOJ
31	Defence Electronic and Components Agency	MOD
32	Defence Science and Technology Laboratory	MOD
33	Defence, Equipment and Support	MOD
34	Submarine Delivery Agency	MOD

ANNEX C

ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH SECTION 4(6)(a) OF THE GOVERNMENT TRADING FUNDS ACT 1973

1. This direction applies to the trading funds listed in the attached appendix.
2. These trading funds shall prepare accounts for the year ended 31 March 2022 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") 2021-22.
3. The accounts shall be prepared so as:
  - (a) to give a true and fair view of the state of affairs as at 31 March 2022 and of the income and expenditure, changes in taxpayers' equity, and cash flows of the trading fund for the year then ended; and
  - (b) to provide disclosure of any material income or expenditure that has not been applied to the purposes intended by Parliament, or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.



Michael Sunderland

Deputy Director, Government Financial Reporting

Her Majesty's Treasury

16 December 2021

Appendix to Annex C

APPLICATION OF THE ACCOUNTS DIRECTION

This accounts direction applies to the following trading funds:

No	Name
1	FCDO Services
2	Met Office
3	Medicines and Healthcare Products Regulatory Agency
4	Crown Commercial Service
5	UK Intellectual Property Office
6	Royal Mint
7	UK Hydrographic Office
8	Queen Elizabeth II Conference Centre

## ANNEX D

### ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 2 OF THE EXCHEQUER AND AUDIT DEPARTMENTS ACT 1921

1. This direction applies to those government departments listed in appendix 2.
2. The Department shall prepare a Trust Statement (“the Statement”) for the financial year ended 31 March 2022 for the revenue and other income, as directed by the Treasury, collected by the department as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of Government Financial Reporting Manual (“FReM”) 2021-22.
3. The Statement shall be prepared, as prescribed in Appendix 1, so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the Department as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
4. The Statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
5. When preparing the Statement, the Department shall comply with the guidance given in the FReM (Chapter 11). The Department shall also agree with HM Treasury the format of the Principal Accounting Officer’s Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.
6. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
7. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to enable compliance with the administrative deadline for laying the audited accounts before Parliament.
8. The Trust Statement, together with this direction (but with the exception of the related appendices) and the Report produced by the Comptroller and Auditor General under section 2 of the Exchequer and Audit Departments Act 1921 shall be laid before Parliament at the same time as the Department’s Resource Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.

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Michael Sunderland

Deputy Director, Government Financial Reporting

Her Majesty's Treasury

16 December 2021

## Appendix 1 to Annex D

### Trust Statement for the year ended 31 March 2022

1. The Trust Statement shall include:
  - a Foreword by the Principal Accounting Officer;
  - a Statement of the Principal Accounting Officer's Responsibilities;
  - a Governance Statement;
  - a Statement of Revenue, Other Income and Expenditure;
  - a Statement of Financial Position;
  - a Cash Flow Statement; and
  - such notes as may be necessary to present a true and fair view.
  
2. The Notes shall include among other items:
  - the accounting policies, including the policy for revenue recognition and estimation techniques and forecasting techniques together with statements explaining any significant uncertainty surrounding estimates and forecasts;
  - a breakdown of material items within the accounts;
  - any assets, including intangible assets and contingent liabilities;
  - summaries of losses, write-offs and remissions;
  - post balance sheet events; and
  - any other notes agreed with HM Treasury and the National Audit Office.

Appendix 2 to Annex D

No	Sponsoring Department	Income stream	Responsible Entity
1	Department for Business, Energy and Industrial Strategy	EU Emissions Allowance	BEIS
		Fines and Penalties	BEIS
		CRC Allowances	BEIS
		Climate Change Agreements	BEIS
		Energy Saving Opportunity Schemes	BEIS
		Petroleum Licences	OGA
2	Competition and Markets Authority	Competition Act penalties	CMA
		Merger fees	CMA
3	Office of Gas and Electricity Markets	Fossil Fuel Levy	OFGEM
		Fines and penalties	OFGEM
4	Water Services Regulatory Authority	Fines and penalties	OFWAT
5	HM Treasury	Fines and penalties	HMT
6	Home Office	Immigration Skills Charge (ISC)	HO
		The Consular element of Passport Fees	HO
		Civil Penalties collected in respect of five "Profile Classes", namely: Illegal Workers, Hauliers, Carriers, Landlords, and Biometric Residence Permits.	HO
7	HM Revenue and Customs	Tax and National Insurance revenues	HMRC
		Fines and penalties	HMRC
		Student loan repayments	HMRC
		Proceeds, less duty, on sale of seized goods	HMRC
		Customs duties relating to Single European Authorisations	HMRC
		Apprenticeship Levy	HMRC
8	Serious Fraud Office	Deferred Prosecution Agreements	SFO
9	HM Land Registry	Land Registration Fees	HMLR

		Land Charges and Agricultural Credits	HMLR
		Local Land Charges and other fees (including commercial income)	HMLR

## ANNEX E

### ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 7(1), (2) AND (5) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000.

1. This direction applies to a government department listed in Appendix 2 in respect of the executive agency which is also listed in that appendix next to the department.
2. In this direction, any reference to money received or collected by an executive agency (however expressed) is a reference to money received or collected by that executive agency in its capacity as an agent for others.
3. In respect of the executive agency the government department shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2022 for the revenue and other income collected by the agency, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ("FReM") 2021-22.
4. The Statement shall be prepared, as prescribed in appendix 1, in respect of the executive agency so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the executive agency and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
5. The Statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
6. When preparing the Statement, the government department shall comply with the guidance given in the FReM (Chapter 11). The department shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.
7. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
8. In relation to accounts prepared by a government department under this direction, section 7 of the Government Resources and Accounts Act 2000 ("the Act") shall have effect as if references to the department were substituted for the references to the Treasury in subsection (3)(b) and (c). Accordingly-

(a) the Comptroller and Auditor General shall send the certified accounts and the report to the department under section 7(3)(b) of the Act, and

(b) the department shall lay the certified accounts and the report before the House of Commons under section 7(3)(c) of the Act.

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Michael Sunderland

Deputy Director, Government Financial Reporting

Her Majesty's Treasury

16 December 2021

## Appendix 1 to Annex E

### Trust Statement for the year ended 31 March 2022

#### 1. The Trust Statement shall include:

- a Foreword by the Principal Accounting Officer;
- a Statement of the Principal Accounting Officer's Responsibilities;
- a Governance Statement;
- a Statement of Revenue, Other Income and Expenditure;
- a Statement of Financial Position;
- a Cash Flow Statement; and
- such notes as may be necessary to present a true and fair view.

#### 2. The Notes shall include among other items:

- the accounting policies, including the policy for revenue recognition and estimation techniques and forecasting techniques together with statements explaining any significant uncertainty surrounding estimates and forecasts;
- a breakdown of material items within the accounts;
- any assets, including intangible assets and contingent liabilities;
- summaries of losses, write-offs and remissions;
- post balance sheet events; and
- any other notes agreed with HM Treasury and the National Audit Office.

Appendix 2 to Annex E

No	Government department	Income Stream	Executive agency
1	Ministry of Justice	Fines, penalties, costs awarded by the Courts, compensation ordered by the Courts and confiscation orders	HM Courts and Tribunals Service
2	Department for Transport	Vehicle Excise Duty (VED), VED enforcement i.e. fines and penalties and HGV Road user levy	Driver and Vehicles Licencing Agency
3	Department for Business, Energy and Industrial Strategy	Late filing penalties	Companies House