



HM TREASURY

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DAO(GEN)03/13

20 December 2013

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Dear Accounting Officer

ACCOUNTS DIRECTIONS 2013-14

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 reports and accounts), other accounts and trust statements for 2013-14.

Contact

2. Please address enquiries to Philip Trotter in Government Financial Reporting (telephone 020 7270 4538; email: philip.trotter@hmtreasury.gsi.gov.uk).

Application

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

4. The statutory deadline for submitting resource and other accounts to the Comptroller and Auditor General is 30 November 2014. It is good practice for departments to aim to lay resource accounts and the accounts of agencies and trading funds in parliament by 30 June 2014 and by no later than the parliamentary summer recess, which is provisionally 22 July 2014. 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 DFD letter of 20 December 2013 (MS FD (13)20).

5. This DAO letter is effective immediately. The generic directions in DAO(GEN) 04/12 (18 December 2012) are now spent.

Yours sincerely,
Paula Diggle

Paula Diggle
Treasury Officer of Accounts



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 2014 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by H M Treasury ("the FReM") which is in force for 2013-14.
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 2013-14: the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2013 (S.I. 2013/488). The list of bodies designated in the Schedules to that Order are amended by the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2013 (S.I. number 2013/3187). The amendments designate additional bodies, change the names of some designated bodies and remove some bodies from being designated.
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 2014 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 2014 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.

A handwritten signature in grey ink, appearing to read 'Ross Campbell', with a large, stylized initial 'R'.

Ross Campbell
Deputy Director, Government Financial Reporting
Her Majesty's Treasury
20 December 2013

APPLICATION OF THE ACCOUNTS DIRECTION

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

| Name |
|--|
| <i>Government Departments</i> |
| Cabinet Office |
| Charity Commission |
| Crown Estate Office |
| Crown Prosecution Service |
| Department for Communities and Local Government |
| Department for Culture, Media and Sport |
| Department for Education |
| Department of Energy and Climate Change |
| Department for Environment, Food and Rural Affairs |
| Department for International Development |
| Department for Transport |
| Department for Work and Pensions |
| Department of Health |
| Export Credits Guarantee Department |
| Food Standards Agency (Westminster Funded) |
| Foreign and Commonwealth Office |
| Government Actuary's Department |
| H M Procurator General and Treasury Solicitor |
| H M Revenue and Customs |
| HM Treasury |
| Home Office |
| Ministry of Defence |
| Ministry of Justice |
| The National Archives |
| National Crime Agency |
| National Savings and Investments |
| Northern Ireland Office |
| Office of Fair Trading |
| Office of Gas and Electricity Markets |
| Office of Qualifications and Examinations Regulation |
| Office of Rail Regulation |
| Office for Standards in Education, Children's Services and Skills |
| Scotland Office and Office of the Advocate General |
| Serious Fraud Office |
| The Statistics Board |
| UK Trade and Investment |
| United Kingdom Supreme Court |
| Wales Office |
| Water Services Regulation Authority |
| |
| |
| <i>Pension Schemes</i> |
| Armed Forces Pension Scheme (incorporating the Armed Forces Compensation Scheme) |
| Cabinet Office: Civil Superannuation |
| Department for International Development: Overseas Superannuation |
| United Kingdom Atomic Energy Authority Pension Schemes |
| Ministry of Justice: Judicial Pensions Scheme |
| National Health Service Pension Scheme (England and Wales) |
| Teachers' Pension Scheme (England and Wales) |
| 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 Department for Business, Innovation and Skills; and
 - the Security and Intelligence Agencies
2. Separate accounts directions are issued under section 7 of the Government Resources and Accounts Act 2000 to the Forestry Commission.
3. If the Competition and Markets Authority is required to produce accounts for 2013-14 a separate direction will be issued by HM Treasury.
4. 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.
5. 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).

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

1. This direction applies to those executive agencies listed in the attached appendix.
2. These executive agencies shall prepare accounts for the year ended 31 March 2014 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by H M Treasury ("the FReM") which is in force for 2013-14.
3. The accounts shall be prepared so as to:
 - (a) give a true and fair view of the state of affairs as at 31 March 2014 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.



Ross Campbell
Deputy Director, Government Financial Reporting
Her Majesty's Treasury
20 December 2013

APPLICATION OF THE ACCOUNTS DIRECTION

This accounts direction applies to the following executive agencies:

| Name | Department |
|---|-------------------|
| Treasury Solicitor's Department Agency | Attorney General |
| Insolvency Service | BIS |
| National Measurement Office | BIS |
| UK Space Agency | BIS |
| Planning Inspectorate | DCLG |
| Royal Parks | DCMS |
| Animal Health and Veterinary Laboratories Agency | DEFRA |
| Centre for the Environment, Fisheries and Aquaculture Science | DEFRA |
| Food and Environment Research Agency (Fera) | DEFRA |
| Rural Payments Agency | DEFRA |
| Veterinary Medicines Directorate | DEFRA |
| Standards and Testing Agency | DFE |
| National College for Teaching and Leadership | DFE |
| Education Funding Agency | DFE |
| Driver and Vehicle Licensing Agency | DfT |
| Highways Agency | DfT |
| Maritime and Coastguard Agency | DfT |
| Vehicle Certification Agency | DfT |
| Wilton Park | FCO |
| Forest Research | Forestry Comm'n |
| Valuation Office Agency | HMRC |
| UK Debt Management Office | HMT |
| Criminal Records Bureau | HO |
| Identity and Passport Service | HO |
| National Fraud Authority | HO |
| HM Courts and Tribunals Service | MOJ |
| National Offender Management Service | MOJ |
| Office of the Public Guardian | MOJ |
| Legal Aid Agency | MOJ |

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 2014 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by H M Treasury ("the FReM") which is in force for 2013-14.
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 2014 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.



Ross Campbell
Deputy Director, Government Financial Reporting
Her Majesty's Treasury
20 December 2013

APPLICATION OF THE ACCOUNTS DIRECTION

This accounts direction applies to the following trading funds:

| Name |
|---|
| Companies House |
| Defence Science and Technology Laboratory |
| Driving Standards Agency |
| Defence Support Group |
| FCO Services |
| HM Land Registry |
| Met Office |
| Medicines and Healthcare Products Regulatory Agency |
| Government Procurement Service |
| Ordnance Survey |
| UK Intellectual Property Office |
| Royal Mint |
| UK Hydrographic Office |
| Queen Elizabeth II Conference Centre |
| Vehicle and Operator Services Agency |

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

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 2014 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 the Government Financial Reporting Manual by HM Treasury ("FReM") which is in force for 2013-14.
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 13). 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 before the Summer Recess.
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 7(2) of the Government Resources and Accounts Act 2000 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.

A handwritten signature in black ink, appearing to read 'Ross Campbell', with a large, stylized initial 'R'.

Ross Campbell
Deputy Director, Government Financial Reporting
Her Majesty's Treasury
20 December 2013

Trust Statement for the year ended 31 March 2014

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

| Sponsoring Department | Income stream | Responsible Entity |
|-------------------------------------|-----------------------------|--------------------|
| DCLG | Business Rates Retention | DCLG |
| DECC | Petroleum licenses | DECC |
| | EU Emissions Allowance | DECC |
| | Fines and Penalties | DECC |
| | CRC Allowances | DECC |
| Office of Fair Trading | Competition Act penalties | OFT |
| | Merger fees | OFT |
| Ofgem | Fossil Fuel Levy | OFGEM |
| | Fines and penalties | OFGEM |
| Water Services Regulatory Authority | Fines and penalties | OFWAT |
| DWP | Financial Assistance Scheme | DWP |

A separate Accounts Direction will be issued to DCLG for the preparation of a National Non-Domestic Rates Trust Statement.

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 2014 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 the Government Financial Reporting Manual by HM Treasury ("FReM") which is in force for 2013-14.
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 13). 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.
5. 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.
6. 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 before the Summer Recess.
7. 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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Ross Campbell
Deputy Director, Government Financial Reporting
Her Majesty's Treasury
20 December 2013

Trust Statement for the year ended 31 March 2014

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

| Sponsoring Department | Income stream | Responsible Entity |
|-----------------------|---|--------------------|
| HMRC | 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 |

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

1. This direction applies to those executive agencies listed in appendix 2.
2. The agency shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2014 for the revenue and other income, as directed by the Treasury, collected by the agency as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ("FReM") which is in force for 2013-14.
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 agency 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 agency shall comply with the guidance given in the FReM (Chapter 13). The agency 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 before the Summer Recess.
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 7(2) of the Government Resources and Accounts Act 2000 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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Ross Campbell
Deputy Director, Government Financial Reporting
Her Majesty's Treasury
20 December 2013

Trust Statement for the year ended 31 March 2014

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 F

| Sponsoring Department | Income stream | Responsible Entity |
|-----------------------|---|---------------------------------|
| Ministry of Justice | Fines, penalties, costs awarded by the Courts, compensation ordered by the Courts and confiscation orders | HM Courts and Tribunals Service |

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 executive agencies listed in appendix 2.
2. The agency shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2014 for the revenue and other income, as directed by the Treasury, collected by the agency as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ("FReM") which is in force for 2013-14.
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 agency 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 agency shall comply with the guidance given in the FReM (Chapter 13). The agency 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 before the Summer Recess.

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.

A handwritten signature in grey ink, appearing to read 'Ross Campbell', with a large, stylized initial 'R'.

Ross Campbell
Deputy Director, Government Financial Reporting
Her Majesty's Treasury
20 December 2013

Trust Statement for the year ended 31 March 2014

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 G

| Sponsoring Department | Income stream | Responsible Entity |
|--------------------------|--|--------------------|
| Department for Transport | Vehicle Excise Duty (VED) and VED enforcement i.e. fines and penalties | DVLA |

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

1. This direction applies to those Trading Funds listed in the appendix 2.
2. The Trading Fund shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2014 for the revenue and other income, as directed by the Treasury, collected by the Trading Fund as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ("FReM") which is in force for 2013-14.
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 Trading Fund 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 Trading Fund shall comply with the guidance given in the FReM (Chapter 13). The Trading Fund 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 before the Summer Recess.

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 4(6)(a) of the Government Trading Funds Act 1973 shall be laid before Parliament at the same time as the Trading Fund's Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.

A handwritten signature in black ink, appearing to read 'Ross Campbell', written in a cursive style.

Ross Campbell
Deputy Director, Government Financial Reporting
Her Majesty's Treasury
20 December 2013

Trust Statement for the year ended 31 March 2014

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 H

| Sponsoring Department | Income stream | Responsible Entity |
|--------------------------|--|--------------------|
| Department for Transport | Graduated Fixed Penalty Deposit Scheme | VOSA |
| BIS | Late filing penalties | Companies House |