

Financial reporting and fiscal statistics: user perspective

Ed Moskalenko

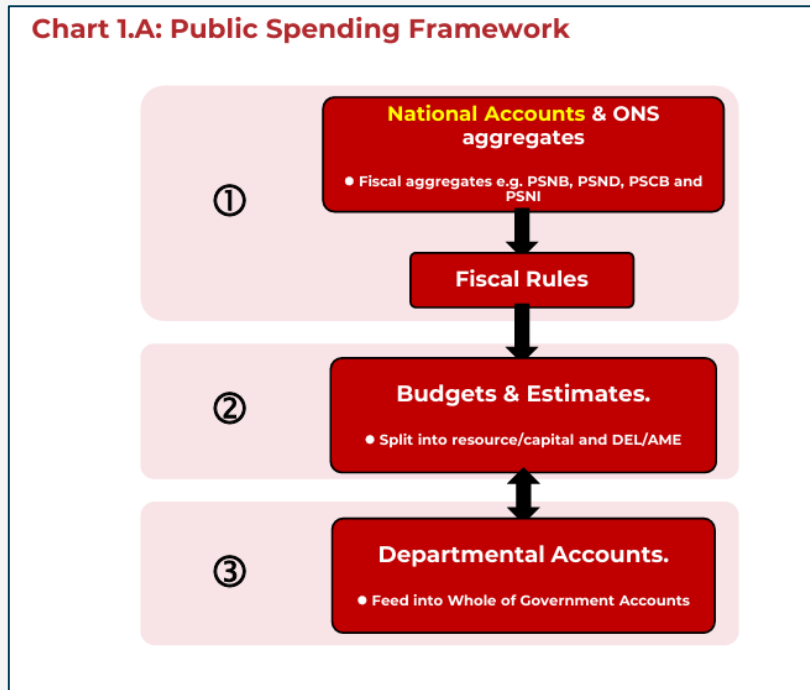
Head of Public Sector Finance Methodology, ONS

18 June 2026



Role and uses of fiscal statistics

Fiscal statistics are designed to support fiscal policy and analysis



- Statistical concepts and definitions are integrated into **fiscal rules** and **budgeting**
- Leads to other outputs being on a 'statistical' basis, e.g. OBR forecasts
- Designation of Bodies Orders provide an example of statistical definitions interacting with financial reporting
- UK is not alone in this approach – integration of government finance statistics (GFS) framework into public financial management is considered good practice

Source: Consolidated Budgeting Guidance 2025-26, HM Treasury

Reasons for non-statistical uses of GFS

Attractiveness of statistics stems from primacy of economic reality over legal form

- Attempts to eliminate / minimise **fiscal illusions** – situations where the reporting does not accurately reflect the true fiscal implications of government actions
- Has economic criteria-based approach **public sector delineation** and **classification of transactions** (expenditure vs financing, current vs capital, taxes vs fees and so on)
- Harmonisation with wider macroeconomic statistics – meaningful “as a percentage of GDP” indicators

Modern financial reporting standards are just as good at combating fiscal illusions, but...

- Hasn't always been the case / still isn't the case in many countries (cash accounting remains widespread globally)
- Fiscal statistics focus on **macroeconomic indicators**, often in a **time series** context – methods tailored to support fiscal **policy-making** and macroeconomic/macrofiscal analysis

Relationship with financial reporting standards

Different objectives lead to different methodology

- Statistics are not designed to facilitate decisions at an individual entity level, nor do they promote accountability
- Distinct objectives result in persistent **differences in presentation, recognition and measurement**

Coordination exists between statistical and accounting communities

- But also an ongoing divergence as standards grow in sophistication, e.g. IFRS 16/IPSAS 43; recognition of data as an asset in 2025 SNA/GFSM 2027
- [IPSAS-GFSM Alignment Dashboard](#) summarises recognition and measurement differences

Accounting data in fiscal statistics

IFRS-based accounts are typically used where ONS cannot access raw accounting data

- Wherever possible, granular data are lifted from the general ledger of a financial management information system (or equivalent)
- Enables to compile high-frequency statistics and apply statistical methodology at inception
- Examples include HMRC data for tax revenues (with HMRC doing pre-processing) and OSCAR for central government expenditure (with HMT pre-processing and QA)
- These high-frequency raw data are not comprehensive

Gaps in core data collection are (usually) filled by annual financial statements

- As one may expect, many gaps relate to the balance sheet
- Entities not reporting via OSCAR (or MHCLG data collection for local government) comprise another gap

Example 1 – Whole of Government Accounts

Whole of Government Accounts are extensively used in statistics

- **Main data source** for most entities classified as **public corporations**
- Data source for **central government leases** (both pre- and post-IFRS 16)
- Data source for **trade receivables and payables** for central and local government
- Expected to be used for filling gaps in central government balance sheet, notably minor **equity and loan assets** – requires development work due to **measurement differences**

Challenges in using WGA data

- Low timeliness and uncertainty over release dates
- Inconsistent year-on-year reporting against individual SCOAs and CPIDs – we need a **time series**
- Different approach to sub-sector classification
- Insufficient granularity and measurement differences [not unique to WGA]

Example 2 – Public financial institutions

Annual financial statements are a source for entities with extensive balance sheets

- OSCAR not useful for entities that hold significant (non-cash) financial assets and liabilities
- Need to adjust for **measurement differences**, hence requiring metadata absent from WGA
- Individual accounts are collected because of **detailed notes**
- In addition to pufins, applies to insurance (Pool Reinsurance, etc.) and a few other entities

Challenges in using annual financial statements

- Knowledge- and resource-intensive process
- Different taxonomy of assets and liabilities – we need instruments by type, not by purpose / measurement
- Varying granularity – not always possible to adjust for recognition and measurement differences
- Difficulties in identifying interactions with government – say, gilt holdings may not be separately identifiable

Other uses of accounting data in fiscal statistics

There are numerous other examples of accounting data being used in statistics

- **Funded pension schemes' assets and liabilities**, particularly between GAD valuations / where valuation reports are not publicly available, and for regional breakdowns
- Various **environmental and regulatory levies** classified as taxes
- **Fines** (magistrate courts, speed cameras) not available via OSCAR
- 'Unique' financial assets and liabilities, such as FCDO equity in **multilateral development banks**
- **Public Private Partnerships** (mostly via WGA)
- **Provisions and contingent liabilities** – reported as memorandum items in statistics

Not an exhaustive list!

Practicalities

Measurement differences render blanket ‘copy and paste’ from WGA inappropriate

- Granularity and approach to sub-sectors / consolidation not fully aligned with statistical needs either

Hence use of individual annual financial statements becomes a necessity, not a preference

Difficulties in obtaining data from a single source create quality risks

- High level of **unexplained variation** between the [statistical equivalent of] statement of revenue and expenditure and balance sheet movements
- **Data omission** (and occasional double-counting) - minor equity and loan holdings not fully reflected in fiscal aggregates; **not very material** but persistent
- Difficulties in **consolidation** of data derived from different sources

Looking ahead

Divergence between accounting and statistical requirements seemingly **increases**

- Each set of standards becomes more sophisticated in its own way and direction
- Advanced data requirements like G20 Data Gaps Initiative, IMF SDDS Plus, while endorsed by finance ministers globally, go beyond the level of information [on public sector] HMT itself collects
- ONS lacks the infrastructure to fill those gaps alone – unrealistic to have separate WGA-style collection

[Statistical] balance sheet is the main area for development

- Less comprehensive than WGA owing to historical focus on [narrow] debt
- Tactical improvements are being made through the ONS/OBR/HMT [Public Sector Net Financial Liabilities](#) work programme – known deficiencies / data quality issues
- But a more **strategic approach** would be helpful

Conclusion

Accounting and statistical requirements differ globally

- Having distinct statistical needs is **not** a reason to deviate from IFRS
- But effective mechanisms for statistical data collection must exist to support fiscal policy-making

Use of WGA in statistics minimises reporting burden (and data collection costs)

- But there are **significant barriers** to using WGA to its full potential

Better consideration of statistical needs in WGA COA design would help

- SCOA is partially compliant with statistical standards – but with significant exceptions
- Not all reporting entities use the granular SCOA codes anyway!
- Lower level of coordination between HMT and ONS on balance sheet than on revenue/expenditure



Questions

