

**Government
accounting –
Cooking the
books?**

13 July 2017

The webinar will begin shortly...

Business & Management
20 minute lunch



corporatepartnerships@moneycorp.com



Government accounting: cooking the books?

WEBINAR OVERVIEW

Government accounting can appear confusing to outsiders, which may partly be because it is pretty confusing to the insiders too.

The aim of this webinar is to provide a brief guide to how government accounting in the UK works and how it differs from standards-based financial accounting.



Ross Campbell FCA

Director, Public Sector, ICAEW

Ross has an internal insight on the public finances, from his experience working in government, including as the accounting lead at HM Treasury and as chief accountant for the MoD.



Martin Wheatcroft FCA

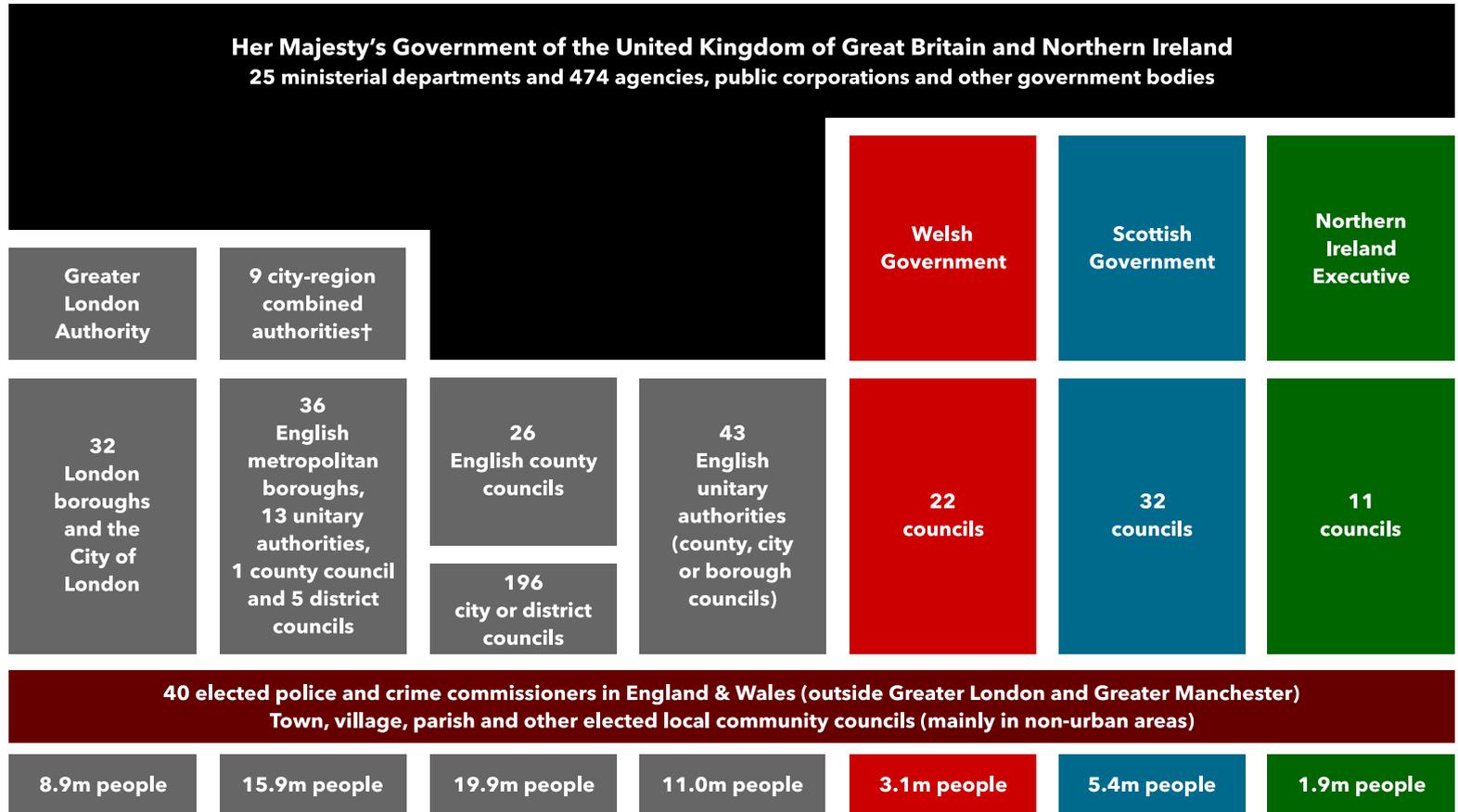
Fiscal Accountant and author *Simply UK Government Finances*

Martin has an external insight on the public finances, from his experience working in practice and business, including as chief accountant for National Grid plc.

Caution: This webinar is for your general interest only. You should not place any reliance on the contents for any purpose whatsoever. .



Government is not complex, but it is complicated



Sources: Simply UK Government Finances.



Different accounting for different purposes

Statutory – Financial Accounting

To account to Parliament for stewardship of public funds under the Government Financial Reporting Manual (FRoM) - *IFRS 'as adapted for public use' by the FRoM*

Statistical – National Accounts

To meet domestic and international legal obligations to provide consistent statistical information about the government sector of the economy - *EU ESA10 / UN SNA08*

Legislative – Resource Accounting

To obtain legal authority to spend public funds and obtain value for money, within a defined budgeting and control framework – *Consolidated Budgeting Guidance and Supply Estimate Guidance*



Accruals accounting without a balance sheet

ACCRUALS ACCOUNTING TO CASH MOVEMENT IN DEBT

IFRS accounting loss = revenue - expenditure

Asset impairments	Reversed out of expenditure
Pension and provision charges	Reversed out of expenditure
Amortised finances charges	Reversed out of expenditure
Capital expenditure	Included within expenditure
Depreciation	Offset by crediting against capital expenditure

Public sector net borrowing (fiscal deficit) = income – spending

Government lending	Reconciling items inside cash requirement
Sales of financial assets	Reconciling items inside cash requirement
Working capital and other movements	Reconciling items inside cash requirement

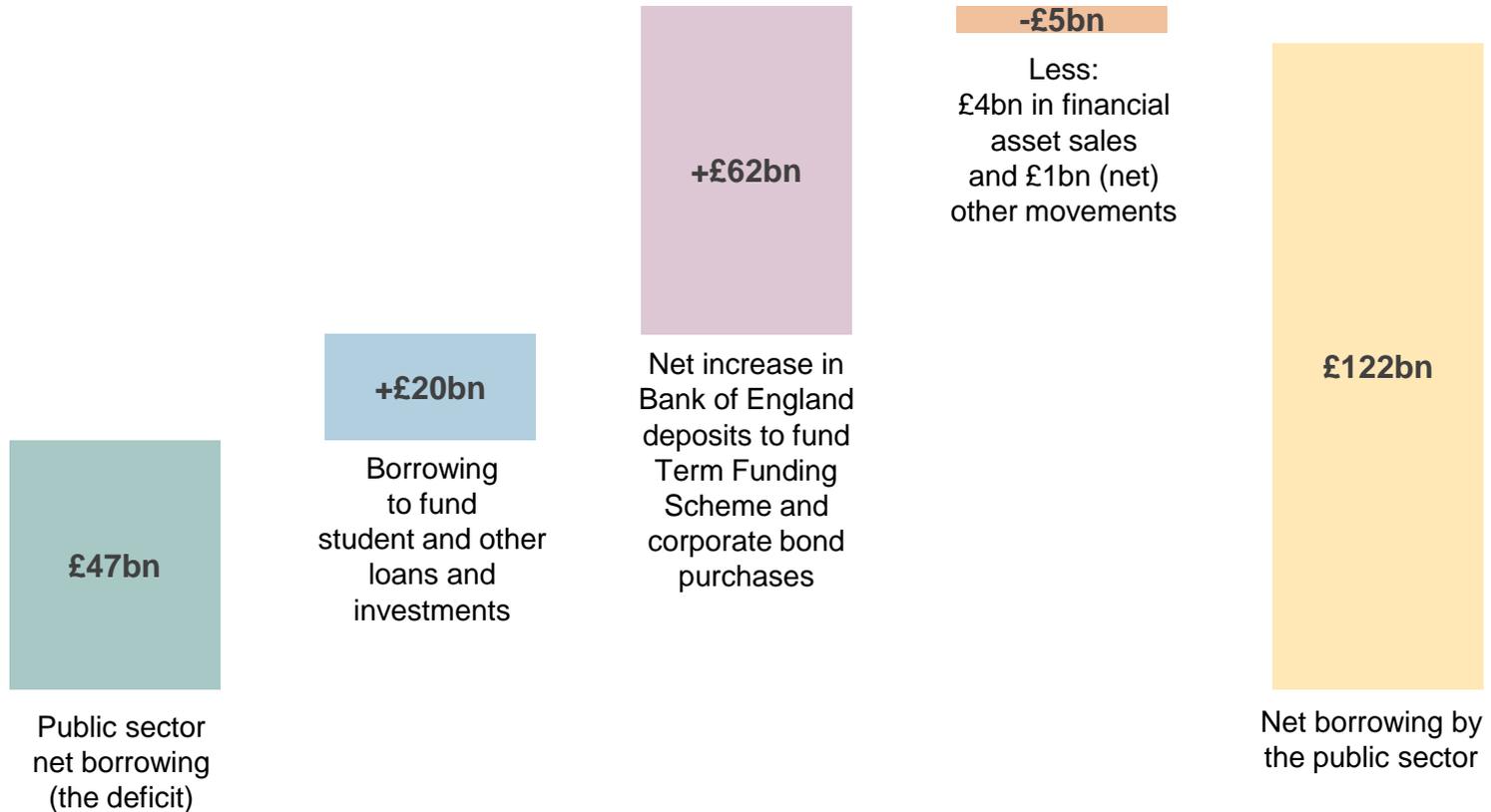
Public sector net cash requirement

Debt premia/discounts and other	Reconciling items outside cash requirement
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Change in public sector net borrowing



Public sector net borrowing \neq net borrowing





DEL, AME and TME

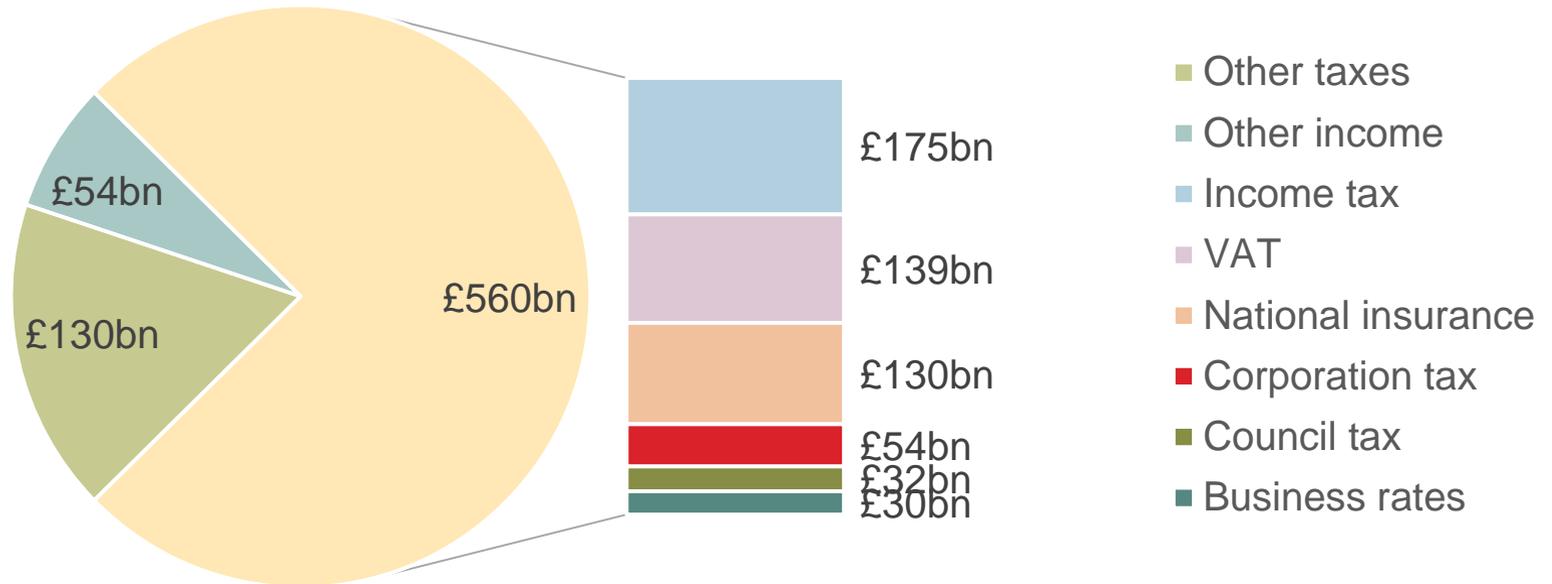
2.17 Consistent historical RDEL and CDEL series, and data for spending

	£ billion					
	Forecast					
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Unadjusted aggregate spending series						
PSCE in RDEL	313.0	318.3	320.8	322.8	328.6	335.3
PSGI in CDEL	46.2	49.0	52.2	55.4	64.3	67.7
TME in DEL	359.2	367.3	373.1	378.1	392.9	403.0
PSCE in AME	382.2	401.2	410.0	416.4	428.6	446.9
PSGI in AME ¹	31.5	33.9	34.1	33.3	33.9	36.4
TME in AME ¹	413.6	435.1	444.1	449.8	462.5	483.3
PSCE	695.1	719.5	730.9	739.2	757.2	782.2
PSGI ²	77.7	82.9	86.3	88.7	98.2	104.1
TME ²	772.8	802.4	817.2	827.9	855.4	886.4

RDEL in Budget £327.3bn

CDEL in Budget £56.5bn

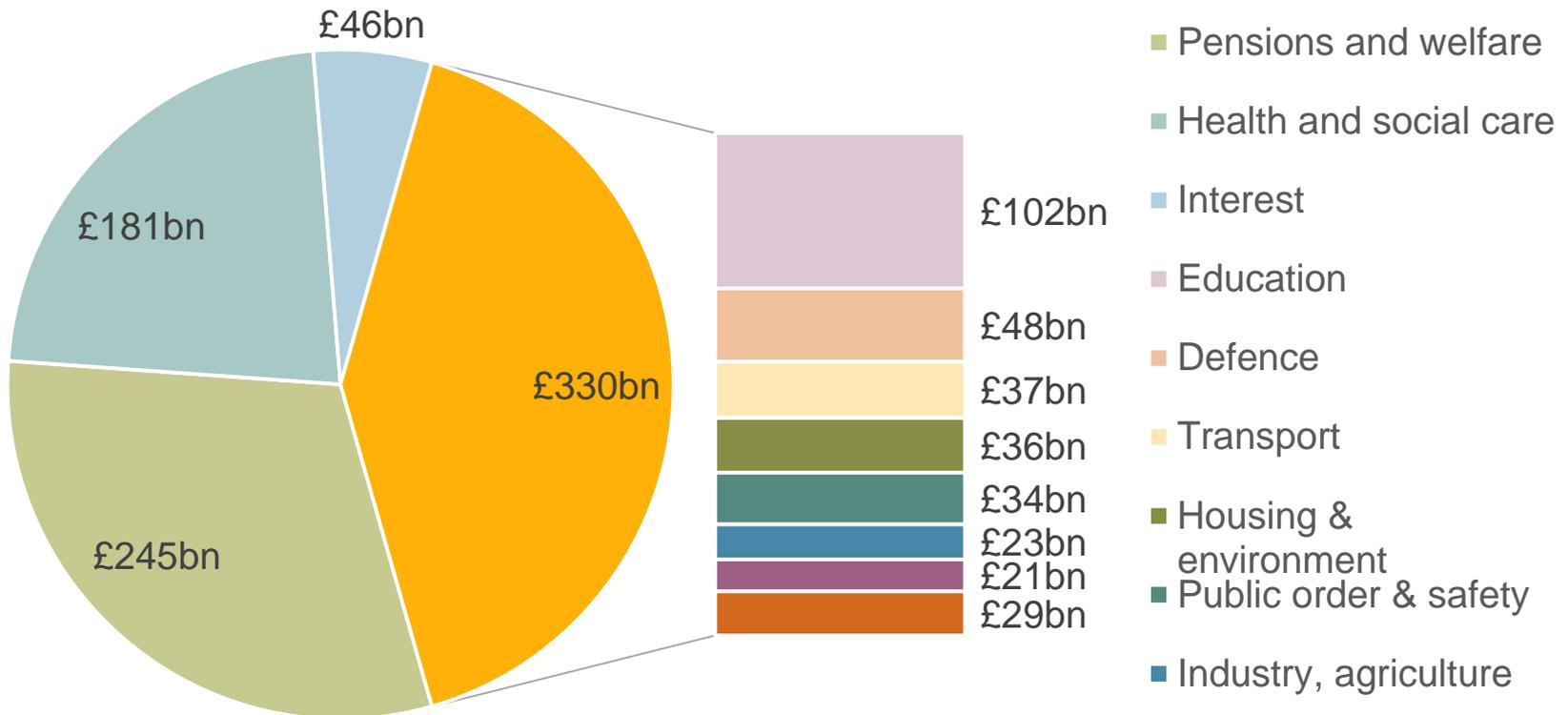
Taxes and other income 2017/18



Other taxes of £130bn = £33bn fuel and vehicle excise duties, £21bn alcohol and tobacco duties, £13bn property stamp duty, £11bn environmental levies, £9bn capital gains tax, £5bn inheritance tax of £5bn and £38bn from numerous other taxes.



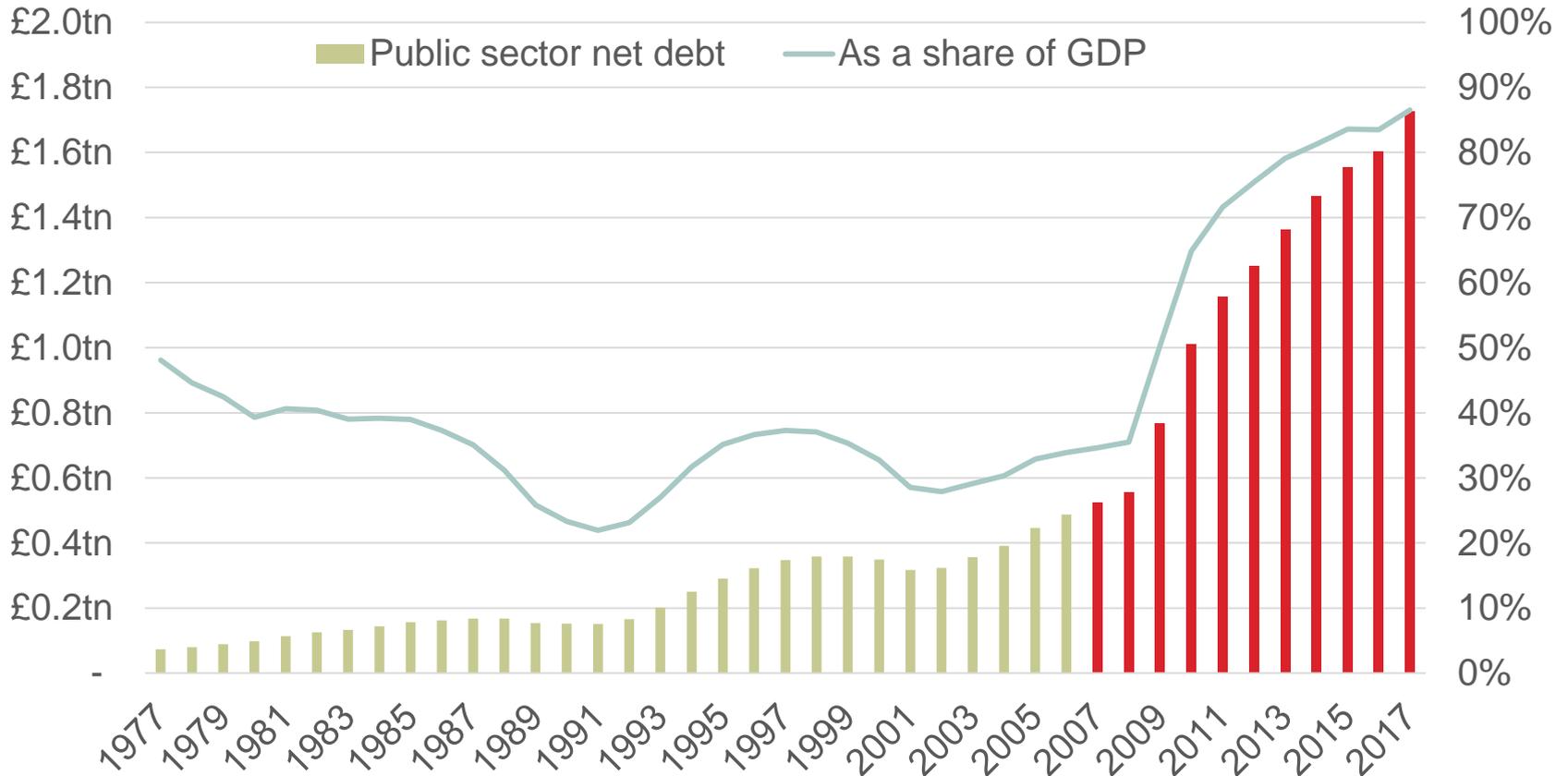
Spending 2017/18



Source: Office for Budget Responsibility, 'Economic and fiscal outlook, March 2017'.



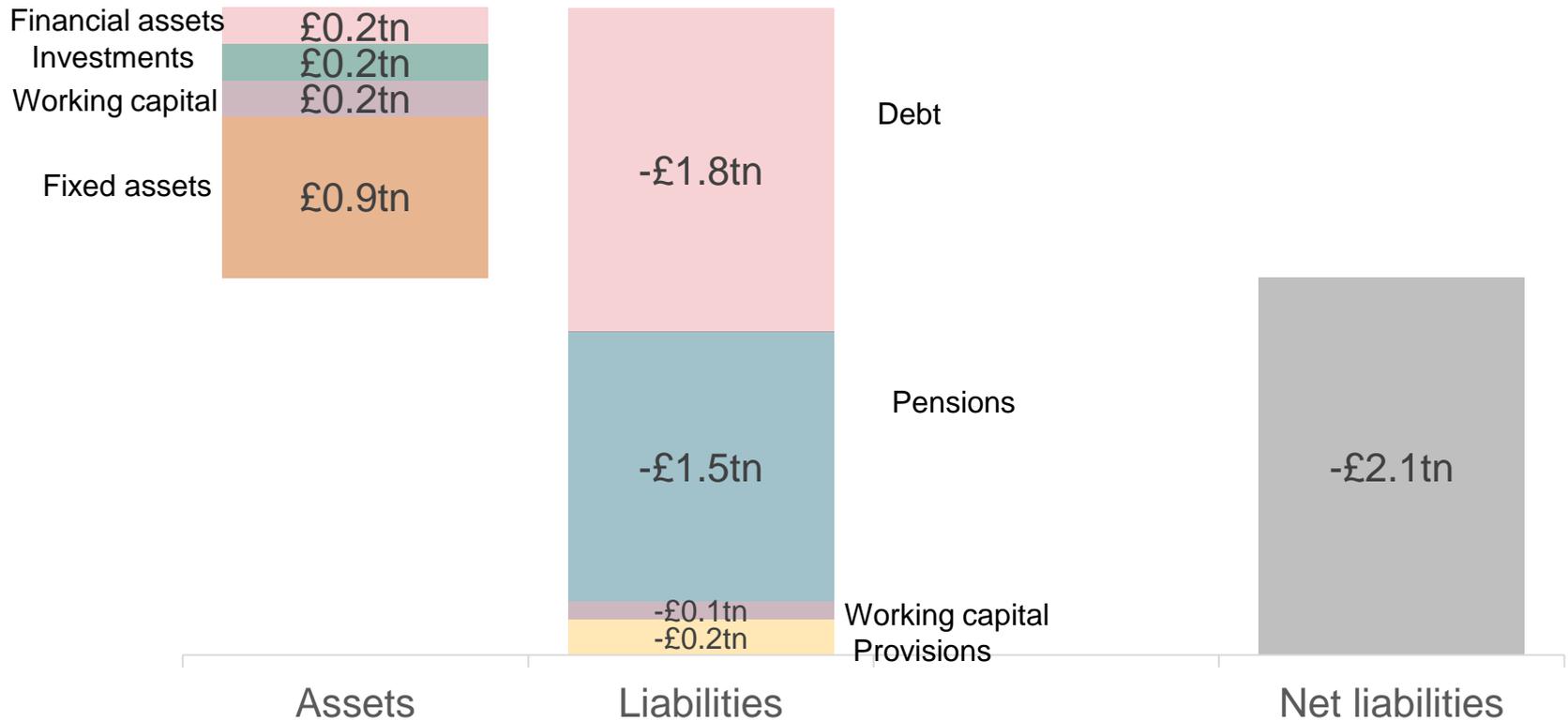
Public sector net debt (exc banks)



Sources: Office for National Statistics; Office for Budget Responsibility.



UK public balance sheet 31 March 2015



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Business tax update
27 September **10am**
lcaew.com/bamsepwebinar

Time management
9 October **10am**
lcaew.com/bamoctwebinar

Graphs – clarity and impact in your documents and slides
18 October **12.30pm**
lcaew.com/lunchoct

Stats for business – use of stats to detect fraud
15 November **12.30pm**
lcaew.com/lunchnov

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