

AUDIT & RISK COMMITTEE

23 September 2014

STATEMENT OF ACCOUNTS 2013/14

Report of the Director of Resources

STRATEGIC AIM:	Delivering Council services within our Medium Term Financial Plan
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1. PURPOSE OF THE REPORT

1.1 This report presents the statutory Statement of Accounts 2013/14 in the form prescribed by regulation (Appendix A).

2. RECOMMENDATIONS

2.1 **That the Committee approves the Statement of Accounts for 2013/14 at Appendix A including the Annual Governance Statement.**

3. REASONS FOR THE RECOMMENDATIONS

3.1 To meet the statutory requirement for the council to approve and publish its annual statement of accounts by 30th September 2014.

4. BACKGROUND

4.1 The Statement of Accounts (SoA) is produced in line with International Financial Reporting Standards (IFRS) requirements which determine the contents and format of the Statement. There are no major changes in the IFRS requirements from those applicable in the previous year.

4.2 The financial outturn reported to Cabinet on 17 June (report 133/2014) is incorporated into the SoA and Note 24 on pages 42 to 45 of Part 2 of the SoA in Appendix A reconciles the reported figure to the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement.

- 4.3** The SoA was certified as presenting a true and fair view of the authority's financial position by the Strategic Director of Resources on 27th June 2014 (thus complying with the Accounts and Audit Regulations 2011). The SoA together with supporting working papers were then submitted to the external auditor to start their audit on 30th June and questions and issues raised during the course of the audit were logged and responded to promptly. The external auditor will report separately to this meeting his findings from the audit and his opinion on whether the accounts provide a true and fair view.
- 4.4** At the Audit and Risk Committee meeting held on 10th June an Annual Governance Statement was agreed for inclusion within the Statement of Accounts (report 141/2014). The Annual Governance Statement was submitted to the external auditor with the Statement of Accounts by 30th June 2014 in accordance with the regulatory requirements.

5. GENERAL FUND

- 5.1** The Movement in Reserves Statement (MIRS) on page 3 of Part 2 of the SoA summarises the position on the General Fund for 2013/14. The IFRS requirements mean that not all income and expenditure passes through the Comprehensive Income and Expenditure Statement (CIES), these are adjusted within MIRS. The table below shows the elements that are required to be adjusted:

	£000	£000
Surplus on CIES		(3,146)
Items not in CIES charged to revenue:		
Provision for debt repayment	1,161	
Capital expenditure met directly from revenue	<u>30</u>	
		1,191
Take out items in CIES not charged against revenue:		
Depreciation of fixed assets	(1,927)	
Capital expenditure that does not create fixed assets	(1,184)	
Impairment of fixed assets	(3,475)	
Removal of notional pension costs	(876)	
Movement in value of accrued leave	<u>(11)</u>	
		(7,473)
Take out items in CIES not credited to revenue		
Capital grants and contributions	6,657	
Increased surplus on Collection Fund	131	
Capital receipts from asset disposals	<u>1,414</u>	
		<u>8,202</u>
		(1,226)
Transfer to earmarked reserves		<u>1,429</u>
Deficit for year		<u>(203)</u>

- 5.2** The provisional outturn reported to Cabinet on 17 June 2014 (Report 133/2014) showed an expected deficit for the year of £0.203 million. There have been no changes to this figure as a result of the audit of the accounts.

6. BALANCE SHEET

- 6.1** There are a number of items in the Balance Sheet (page 5) that require further explanation and these are detailed below.

6.2 Usable Reserves

These are listed in Note 19 on page 37 of the Statement of Accounts. All of these reserves are available for use and the note outlines the purpose of each reserve.

6.3 Unusable Reserves

All unusable reserves arise from the statutory accounting requirements that the Council has to follow to meet IFRS standards. None of these reserves are available for use. Note 20 on pages 38 to 41 provides details of movements on each reserve during the year.

The most significant movement is in the Pensions Reserve where the net liability has increased by just under £9 million. However this should be regarded as a long-term liability as it measures, based on actuarial estimates, the potential future benefits payable to past and current employees compared to the resources set aside to meet them. The statutory arrangements for the pension scheme will ensure that funding will have been set aside by the time the benefits come to be paid. The Council's Medium Term Financial Plan anticipates an annual increase in employers' contributions to the fund that will contribute to reducing the overall liability.

The Revaluation Reserve reflects changes in the valuation of fixed assets. When an individual asset value increases the Revaluation Reserve is credited, if the asset value subsequently reduces or the asset is disposed of or de-recognised the amount held in the Revaluation Reserve for the asset is reduced.

The Capital Adjustment Account is credited with amounts set aside by the Council to finance the capital programme and charged with any depreciation or impairment of fixed assets.

7. OTHER ITEMS

7.1 Schools

The treatment of schools within the Council's accounts is outlined in Note 3 on pages 22 to 23 of the Statement of Accounts. If a school converts to Academy status the treatment of the assets in the accounts are amended with any land and buildings being de-recognised and this reduces the value of the fixed assets in the Balance Sheet.

8. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	Low	The Statement of Accounts is approved within the statutory timetable for publication
Viability	Low	There are no implications
Finance	Low	The Statement of Accounts is produced to meet regulatory requirements
Profile	Medium	The Statement of Accounts has attracted little public interest but this is increasing
Equality and Diversity	Low	No impact assessment has been carried out as there are no direct implications

Background Papers
None

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A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.