

---

## **FINAL AUDITED STATEMENT OF ACCOUNTS 2011/12**

To: **Governance and Audit Committee – 25 September 2012**

Main Portfolio Area: **Financial Services**

By: **Financial Services Manager**

Classification: **Unrestricted**

---

**Summary: For Members to approve the audited Statement of Accounts for 2011/12.**

### **For Decision**

---

#### **1.0 Introduction**

- 1.1 The Accounts and Audit (England) Regulations require the Governance and Audit committee to approve the accounts by 30 September. The accounts must also be published by this date.
- 1.2 The draft Statement of Accounts for 2011/12 were scrutinised by Members of this Committee on 21 August 2012. These accounts have now been audited and a number of amendments have been made as a result. Members are now asked to approve the audited accounts.

#### **2.0 Statement of Accounts**

- 2.1 All recommended amendments identified during the audit and referred to in Appendix 2 to the Annual Governance Report have been adjusted for. A table summarising the changes is attached at Annex 1 to this report to aid clarity.
- 2.2 The majority of the adjustments have not had a net impact on the 2011/12 Comprehensive Income and Expenditure Statement or Balance Sheet. However, adjustments have been required for the following that have impacted on these statements:
- Accumulated depreciation of £501k on disposed assets has been moved from the Revaluation Reserve (Balance Sheet) to the Net Cost of Services (Comprehensive Income and Expenditure Statement);
  - Impairments of £899k have been moved from the Housing Revenue Account to the Revaluation Reserve (Balance Sheet);
  - Accumulated gains of £1.015m on the disposal of HRA assets have now been offset against the impairment through the Revaluation Reserve (Balance Sheet). This offsets the two adjustments above.
  - The MMI insurance liability in respect of asbestos related claims has been historically shown as a contingent liability. Based on the outcome of a recent

Supreme Court judgement, a provision of £596k is now required as the transfer of economic benefits now appears probable. This is shown in both the Comprehensive Income and Expenditure Statement and the Balance Sheet. This sum has been taken from the Customer Services Reserve. This reserve is used to offset significant variations in benefit subsidy and in previous years any underspends that arose in this area had been set aside in this reserve. The balance on the reserve after this adjustment will be £426k which should be sufficient as a contingency for future years.

- 2.3 As highlighted within the Annual Governance Report, the number and scale of amendments arising during the audit was greater than expected. This was due both to the complexity of the Council's accounts and also to stretched resources within the Finance team due to maternity leave, long term sickness and the loss of a key member of staff. An action plan will now be developed to review the final account process and to realign existing resources to strengthen the capacity within the Finance team.

### **3.0 Options**

- 3.1 That Members approve the audited accounts.
- 3.2 That Members do not approve the audited accounts.

### **4.0 Corporate Implications**

#### **4.1 Financial and VAT**

- 4.1.1 There are no financial or VAT implications arising directly from this report.

#### **4.2 Legal**

- 4.2.1 The Council has a statutory responsibility under the Accounts and Audit Regulations to publish the 2011/12 accounts by 30 September 2012, together with the auditor's report.

#### **4.3 Corporate**

- 4.3.1 Under the Local Code of Corporate Governance accepted by Cabinet on 10 November 2004, the Council is committed to publish and make available reports that give an objective and understandable account of its activities, achievements, financial position and performance.
- 4.3.2 The published accounts must have been subject to Member scrutiny and must give a true and fair view of the council's financial position and its income and expenditure for the year.

#### **4.4 Equity and Equalities**

- 4.4.1 There are no equity or equality issues arising from this report

### **5.0 Recommendations**

- 5.1 **That Governance and Audit Committee approve the Statement of Accounts for 2011/12.**

***Annex List***

<i>Annex 1</i>	<i>Summary of amendments to the draft Statement of Accounts 2011/12</i>
----------------	---

---

Contact Officer:  
Sarah Martin, Tel. (01843) 577617.

Background Papers: Financial Services' working papers

**Summary of amendments to Draft Statement of Accounts 2011/12****Prior Year Restatements:**

Amount £000's	Reason	Disclosure Note	Core Statement	Heading
209	Recognition of heritage assets during 2010/11 instead of 2011/12 (amendment affects both financial years)	Note 11 - Property, Plant & Equipment Note 12 - Heritage Assets Note 24A - Revaluation Reserve	Movement in Reserves Comprehensive Income & Expenditure Balance Sheet	Other Comprehensive Income & Expenditure Surplus/Deficit on Revaluation of Non Current Assets Heritage Assets & Revaluation Reserve

**Accounting Errors:**

Amount £000's	Reason	Disclosure Note	Core Statement	Heading
- 501	Impairment charged to Cost of Services instead of being offset by balances in the Revaluation Reserve	Note 24A & 24B - Revaluation Reserve & CAA Note 25A - Non Cash Movement Adjustment	Movement in Reserves Comprehensive Income & Expenditure Balance Sheet Cash Flow	Surplus/Deficit on the Provision of Services Cost of Services Revaluation Reserve/Capital Adjustment Account Net Surplus/Deficit on the Provision of Services
- 899	Impairment charged to Cost of Services instead of being offset by balances in the Revaluation Reserve	Note 24A & 24B - Revaluation Reserve & CAA Note 25A - Non Cash Movement Adjustment	Movement in Reserves Comprehensive Income & Expenditure Balance Sheet Cash Flow	Surplus/Deficit on the Provision of Services Cost of Services Revaluation Reserve/Capital Adjustment Account Net Surplus/Deficit on the Provision of Services

			Housing Revenue Account	HRA Expenditure & Surplus/Deficit for the Year
1,015	Accumulated gains on disposal of HRA assets to be offset against impairment through Revaluation Reserve	Note 24A & 24B - Revaluation Reserve & CAA	Balance Sheet	Revaluation Reserve/Capital Adjustment Account
596	Set up of provision for MMI Mesothelioma claims	Note 7 - Earmarked Reserves Note 22 - Provisions Note 23 - Usable Reserves Note 25A - Non Cash Movement Adjustment	Movement in Reserves Comprehensive Income & Expenditure Balance Sheet Cash Flow	Surplus/Deficit on the Provision of Services Cost of Services Earmarked Reserves/Provisions Net Surplus/Deficit on the Provision of Services

**Line & Disclosure Note Amendments:**

Amount £000's	Reason	Disclosure Note	Core Statement	Heading
227	Reflection of Grant Receipts in Advance under new heading (balances previously included under 'Creditors')	Note 21 - Creditors Note 33 - Grant Income	Balance Sheet	Creditors/Grant Receipts in Advance
11,678	Call account deposits miscoded to short term investment instead of cash and cash equivalents	Note 19 - Cash & Cash Equivalents Note 26 - Investing Activities	Balance Sheet Cash Flow	Short Term Investments/Cash & Cash Equivalents Investing Activities
1,559	Short Term Grants Receipts in Advance included in Long Term total		Balance Sheet	Current Liabilities/Long Term Liabilities
62	Depreciation of rides for Dreamland to be treated as impairment	Note 11 - Property, Plant & Equipment		
-	Reclassifications between lines within disclosure note only	Note 21 - Creditors		
2,117	Reclassification of payments due to Other Local Authorities as trade creditors (disclosure note only)	Note 15 - Financial Instrument Balances		Financial Liabilities (Current)

Amount £000's	Reason	Disclosure Note	Core Statement	Heading
1,498	Reclassification of HRA tenant, charitable and home safety loans as trade debtors (disclosure note only)	Note 15 - Financial Instrument Balances Note 43 - Financial Instrument Risks		Loans and Receivables (Current & Long Term) Trade Debtors
- 674	Inclusion of MRP to make note more relevant (disclosure note only)	Note 35 - Capital Expenditure & Financing		Explanation of Movements in Year
- 575	Reflect in year HRA disposals under PPE note instead of Held for Sale	Note 11 - Property, Plant & Equipment Note 20 - Current Assets Held for Sale		
1,214	Error in total of 'other contributions credited to services' (note only)	Note 33 - Grant Income		
145	Pension benefits upon loss of office for two employees omitted from table and amendments to numbers and totals of exit packages	Note 31 - Remuneration of Employees		
271	Revised pension disclosures and amendments to reflect £271k as an in year rather than a prior year adjustment	Note 39 - Pension Costs		
-	Revised disclosure regarding Dreamland CPO following release of the Secretary of State's decision	Note 5 - Post Balance Sheet Events		
-	Amendments within 2011/12 movement in the year columns only	Note 23 - Usable Reserves		