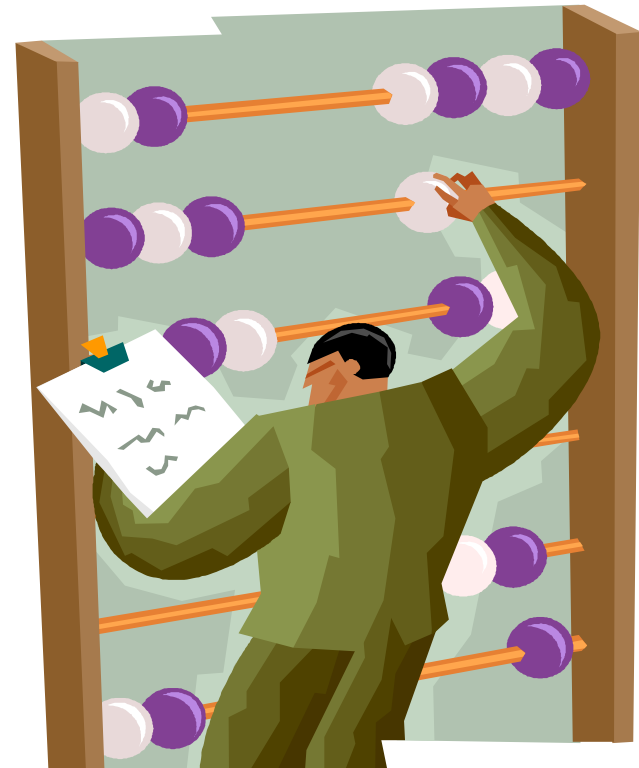


# Audit Committee 22 June 2010

## STATEMENT OF ACCOUNTS 2009/10

**Mike Owen**

Director of Finance and  
E-Government



# Summary

- The draft Accounts summarise the Council's financial performance during the year and show the position in respect of assets and liabilities
- They are a key element of accountability and governance
- They contain 5 core financial statements, notes, the HRA, the Collection Fund, the Group Accounts plus key responsibilities, policies, the SIC and the audit opinion
- The purpose of each statement is set out on page 15

# Summary (cont'd)

- Accounts due to be approved by 30<sup>th</sup> June 2010 so deadline met if Committee approves them tonight; audited Accounts to be published by 30<sup>th</sup> September 2010
- Some technical changes; explained in the covering report
  - 'True and fair' view statement
  - Accounting for local taxes
  - Disclosure requirements relating to pay
  - Some notes no longer necessary
- Thanks to all staff/auditors

# Summary (cont'd)

- The authority **underspent** its revenue budget by **£0.120m** in 2009/10 ( see Summary of Results) or **0.09%**
- Large overspending in Children's Services (mainly on demand-driven social care)
- Large underspending on 'cost of borrowing' due to effective treasury management activities and various deals e.g. Airport/JVCo
- Welcome improvement in Adult Care Services' performance

# Governance Statement

- Elsewhere on tonight's agenda
- Concludes that there are no significant control and/or governance weaknesses
- A number of issues identified that must be tackled going forward

# Income & Expenditure A/c

- A statement that summarises all of the resources that the Council has generated, consumed or set aside in providing all of its functions during the year
- Notes provide detailed analysis of key results such as performance of trading services, audit costs etc
- Includes gains and losses on disposal of assets, the impact of impairment, the cost of future retirement benefits, payment of housing capital receipts to the Government, cost of consuming fixed assets. These don't fall against Council Tax/grants

# Income & Expenditure A/c

- The Account shows that there was a **deficit** for the year of **£27.518m** compared to £39.797m in 2008/09
- The corresponding reduction in balances (schools and General Fund) was just **£3.421** of the Accounts but relates mainly to the reversal out of net FRS17 charges (**£8.400m**), depreciation and impairment (**£30.966m**) and revenue funded from capital (**£3.302m**); adding back actual pension contributions (**£12.332m**)
- Leaves **£9.925m** in balances (compared to £13.346m at 31<sup>st</sup> March 2009) of which £3.681m is due to schools

# Housing Revenue A/c

- This sets out income and expenditure for Council housing
- Includes a statement showing the Movement on HRA balance
- Notes give details of housing stock values, analysis of subsidy income (grant from the Govt), capital expenditure, impairment, depreciation etc.
- Comparisons with previous years affected by impairment



# Housing Revenue A/c

- There was a **deficit** in the year of **£11.190m** of which £11.049m related to the impairment charge
- Net impact on HRA balances was a **reduction** of **£0.141m**
- This left a balance carried forward of **£0.781m**
- This was planned – the HRA Business Plan anticipates that balances will be reduced as expenditure on repairs and maintenance is increased
- A total of **£7.6m** was invested in our housing stock
- Our housing stock is valued at **£273.1m**

# Consolidated Balance Sheet

- We have one balance sheet covering all the Council's services, showing assets and liabilities as at 31<sup>st</sup> March 2010 (including schools and housing)
- Various categories – fixed assets, deferred charges, long term investments, long term debtors, current assets and liabilities, long term liabilities, reserves and balances
- Notes provide greater information behind the figures on the face of the Balance Sheet

# Consolidated Balance Sheet

- Net assets were valued at **£306.404m**, compared to £478.167m in March 2009, a **decrease** of **£171.763m**
- Main changes were an increase in the pension liability (**£133.400m**) and a reduction in our fixed assets to reflect the application of depreciation (**£25.620m**)
- External borrowing increased by **£11.576m** as the authority sought to take advantage of low interest rates by 'locking in' borrowings

# Other Statements

- Statement of Total Recognised Gains and Losses
- Group Accounts
- Cash Flow
- All technical and help to provide interpretation of other key statements
- Statement of responsibilities – sets out my statutory responsibilities

# Next Steps

- Accounts on deposit – **30<sup>th</sup> June to 29<sup>th</sup> July**
- Outturn reports to Cabinet and Scrutiny in August/September
- Accounts to be audited
- Stakeholders to be consulted on their needs in terms of summarised reporting of the key points from the Accounts
- Audited final Accounts back to Audit Committee on **26<sup>th</sup> August** along with auditors report – a month earlier than last year and in line with best performers
- Accounts/Summary/Podcast published