

## **Report of the Treasurer**

### **5. Provisional Annual Statement of Accounts 2013/14**

#### **Purpose of report**

1. To present a draft of the Annual Statement of Accounts, for discussion and noting.
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#### **Recommendation**

***It is recommended that the Treasurer bring back a further report to Committee when the accounts have been audited.***

#### **Introduction**

2. The Account and Audit Regulations 2013 require that the Annual Statement of Accounts is presented for approval on completion of the Audit and before 30 September in the year of account.
3. The Audit Committee will not be asked to approve the Statement of Accounts until the Audit, which is due to commence in July, and is completed in September.
4. The Audit Regulations do, however, require that the Statement of Accounts are signed by the Treasurer by 30 June, and these signed accounts are brought before the Committee to permit wider discussion of their contents prior to the formal approval process in September.
5. As Members will be aware, the Code of Practice on Local Authority Accounting - Statement of Recommended Practice (SORP) requires that the Accounts are prepared on the basis of International Finance Reporting Standards (IFRS). This differs significantly from the statutory framework used for Council Tax and Grant purposes.
6. The principal effect of this is that the Comprehensive Income and Expenditure Statement (CIES) exhibits a significant net deficit because the Statutory Accounting arrangements which are used by the FRA in council tax setting have precedence over IFRS.
7. There are charges, e.g. depreciation, and the liability on pension schemes which are not chargeable in the statutory accounts. The Government does not recognise IFRS for grant allocations or as part of the statutory budget setting arrangements.

8. The differences between IFRS and Statutory Accounting are reconciled in the Movement in Reserves Statement and do not affect the underlying financial position.
9. The Balance Sheet shows a negative balance which arises from the identified liabilities in the Pension Schemes.
10. The FRA is, however, not required or empowered to fund these deficits immediately. The Local Government Pension Scheme (LGPS) is covered by future payments of the employer's contribution and the Firefighters' Schemes are covered by the new financing arrangements commencing from 1 April 2006 which effectively means that the liability will be met by direct government grant, as it arises.
11. The final accounts audit will be undertaken by Grant Thornton in two separate blocks, these will be from the 21 July 2014 until 31 July 2014, and then from 26 August until 4 September 2014. On publication, the Statement of Accounts will contain the approved Annual Governance Statement, which is subject to a separate approval process.
12. Subject to no matters arising from the public inspection period of 1 July 2014 to 28 July 2014, the External Auditor will be able to issue the audit opinion and the accounts will be published as soon as practical after this.

### Corporate Considerations

<b>Resource Implications</b> (identify any financial, legal, property or human resources issues)	N/A
<b>Strategic Policy Links</b> (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	N/A
<b>Risk Management / Health &amp; Safety</b> (identify any risks, the proposed control measures and risk evaluation scores).	N/A
<b>Consultation</b> (identify any public or other consultation that has been carried out on this matter)	N/A
<b>Equalities</b> (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

## **Supporting Information**

Appendix 1 – Statement of Accounts 2013/14

## **Background papers**

None

## **Contact Officer**

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