

Subject: Statement of Accounts 2008-2009 **Status:** For Publication

Report to: Accounts Committee **Date:** 30th September 2009

Report of: The Head of Financial Service

Portfolio

Holder: Finance and Resources

Key Decision: Yes / ~~No~~

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek Member approval of the Statement of Accounts for the year ended 31st March 2009 and within this acknowledge receipt of the audited Accounts from the subsidiary, Rossendale Transport Ltd.
- 1.2 The Council has a statutory duty to approve the Accounts by 30th September 2009 following any recommendations arising from the external audit.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report impact directly on the following corporate priorities and associated corporate objective.
- Well Managed Council
The Statement of Accounts shows a General Fund surplus of £129k in a year of economic turmoil, testament to the careful budget monitoring in place throughout the Council. The format of these accounts has also been improved –in-house production has allowed staff to take advantage of linked spreadsheets in order to achieve efficiencies in time and money.

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- Level of General Fund Reserves:* The Council must set a level of General Fund reserves based on an assessment of the potential risks to

which the council is exposed. Through its Medium Term Financial Strategy review in February 2009, the Council acknowledged the increasing risks in the general economic environment by increasing the suggested level of General Fund balances to between £750k and £1m. Following the audit the General Fund Balance at the 31st March 2009 remains at £942k. Of this £58k is attributable to services in the coming year under the “roll-over of un-used budget” provisions. This £58k must be used for specific one-off revenue projects which do not incur an on-going revenue burden.

- *Contingent Assets and Liabilities:* An assurance will be submitted to the Members at the Committee to confirm the current position with regards to Contingent Assets and Liabilities, Note 35 to the Core Statements.

4. BACKGROUND AND OPTIONS

- 4.1 The audited Statement of Accounts and Annual Report for 2008/09 is to follow shortly as Appendix 1.
- 4.2 Following the audit there have been some changes to the Core Financial Statements, a list of which have been attached at Appendix 2. The amendments fall into three categories – text errors/omissions, financial corrections and a major post balance sheet event for which the accounts had to be adjusted.
- 4.3 The major post balance sheet event was the partial settlement of the VAT claim in July. This was disclosed in the Draft Accounts in June as a Contingent Asset at Note 35 to the Core Statements. The net receipt, after consultants costs, was £661k, of which £393k was interest. This still leaves a potential claim of over £100k outstanding, plus interest again.
- 4.4 This VAT receipt has generated several amendments to the Income and Expenditure Account, the Statement of Movement on General Fund Balance, the Statement of Total Recognised Gains and Losses and the Balance Sheet, plus the corresponding Group Accounts. However, the essential changes are that the net £661k has been transferred into a separate Earmarked Reserve for Leisure Facilities, as described in Note 33, and that Debtors and Creditors have both risen for the receipt due from HM Revenues and Customs and the amounts due to the consultants who pursued the claim on the Council’s behalf.
- 4.5 The audit has uncovered an error on the Collection Fund in relation to the calculation of bad debts provision. This has essentially transferred £83k between Government Creditors and General Creditors in that this amount is no longer due to be paid into the National Non-Domestics Rates (NNDR) pool. The presentation of the bad debts for NNDR has also been amend on the face of the Collection Fund in line with the Statement of Recommended Practice.
- 4.6 Members are also asked to note that the Group Accounts reflect the final audited position of the subsidiary, Rossendale Transport Ltd, as presented to

the company's Annual General Meeting. No changes were made to those included within the Council's draft Statement of Accounts in June.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

5.1 As previously stated in June, the Statement of Accounts for 2008/2009 indicate further strengthening of the Council's financial position with the General Reserve consolidated by a further £129k to £942k at the 31st March 2009. There have been no amendments to this position arising from the audit.

5.3 The partial settlement of the VAT claim has now been acknowledged and treated in accordance with the decision made by the Cabinet on the 2nd September 2009, creating a Leisure Facilities Earmarked Reserve of £661k at the 31st March 2009.

6. MONITORING OFFICER

6.1 The Accounts and Audit Regulations 2003 state that the Council is required to approve the audited Statement of Accounts by 30th September 2009.

7. HEAD OF PEOPLE AND ORGANISATIONAL DEVELOPMENT (ON BEHALF OF THE HEAD OF PAID SERVICE)

7.1 There are no direct Human Resources implications.

8. CONCLUSIONS

8.1 That the audited Statement of Accounts for the year-ended 31st March 2009, as presented, are fit for Member approval.

9. RECOMMENDATION(S)

9.1 That the results of the Council's subsidiary, Rossendale Transport Limited, for the year ended 31st March 2009 are noted and accepted.

9.2 That the Council's amended and audited Statement of Accounts, as presented, are approved.

10. CONSULTATION CARRIED OUT

10.1 Audit Commission

11. EQUALITY IMPACT ASSESSMENT

Is an Equality Impact Assessment required ~~Yes~~ / No

Is an Equality Impact Assessment attached ~~Yes~~ / No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required ~~Yes~~ / No

Is a Biodiversity Impact Assessment attached ~~Yes~~ / No

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Background Papers	
Document	Place of Inspection
Final Accounts working papers	Finance Department, Futures Park, Room 222

PLEASE NOTE
APPENDIX 1 TO
FOLLOW

Rossendale Borough Council

List of Amendments to Statement of Accounts as at 18th September 2009.

Pg	Note/Section	Details of Amendment
6	General Fund explanations	Explanation of VAT claim receipt added and some values amended
7	General Fund Services	VAT Claim Total £826k income added to Non Distributed Costs VAT Creditors for PWC £165k costs added to Non-Dist Costs Net VAT income £661k transferred to Reserves
8	Capital Expend/Income	Amended value £466k to £467k (audit identified text error)
13	Investments	Added %ge share capital (audit identified text omission)
21	Statement of Responsibilities	Added note regarding Post Balance Events and re-signed
22	Income & Expenditure Account	VAT Claim – Other Services amended to include net £661k receipt less £393k interest shown separately below VAT Claim – Interest increased by £393k VAT Claim = Net decrease in deficit of £661k
23	Statement of Movement on General Fund Balance	VAT Claim – consequential adj to deficit for the year and adjusting figure from Note 12 which removes the transfer to Earmarked Reserves – Net no change to General Fund Balances
23	Statement of Total Recognised Gains & Losses	VAT Claim – consequential adj to deficit for the year from the I&E with the total losses becoming net gain as the £661k net impact on Earmarked Reserves improves the Balance Sheet Net Equity
24	Balance Sheet	VAT Claim – Government Debtor added for £826k NNDR Adj – Government Creditors and Other Creditors net £nil adjustment on the face of the Balance Sheet (audit identified error) VAT Claim – Creditor for specialist VAT Claim support added £165k VAT Claim - Earmarked Reserves increased by net £661k Note added below detailing the Post Balance Sheet event & signature by Head of Finance.
29	Note 8 - Officers Emoluments	Removal of 'staff changes' text (audit identified text error)
32	Note 12 - SMGFB figure	VAT Claim – Transfer to Earmarked Reserves of £661k added
34	Revaluation programme	Added further detail on qualifications and nature of valuer used by the Council (audit identified text omission)
36	Note 17 – Net Assets	VAT Claim – Consequential adjustment to net assets employed of £661k on General Fund Operations
36	Note 18 - Leases	Amendment to the text in the table (audit identified text error)
37	Note 19 - Investments	Added phrases relating to nature of the business, share holding and unqualified audit of accounts (audit identified text omission)
38	Note 22 - Debtors	VAT Claim – added £826k HMRC debtor
39	Note 25 - Creditors	NNDR - £83k adj between Government Creditors and Other Creditors relating to bad debt provisions (audit identified error) VAT Claim – added £165k creditor for specialist VAT Claim support

Pg	Note/Section	Details of Amendment
46/7	Note 33 – Earmarked Reserves	VAT Claim – added new Reserve for Leisure Facilities of £661k
47	Note 34 – Revenue Resources	VAT Claim – reflect additional Earmarked Reserve £661k
47	Note 35 – Contingent Asset	VAT Claim – provide information on Post Balance Sheet Event
48	Note 35 – Contingent Liabilities	Amend reference to financial guarantees to reflect single instance (audit identified error)
50	Note 37 – Financial Instruments	Amend reference to financial guarantees to reflect single instance (audit identified error)
57	Note 43 – Approval of Accounts	VAT Claim - Add explanation on Post Balance Sheet event and re-signing of accounts at 30 th Sept
58	Collection Fund	NNDR Income should be shown net of Bad Debts Provision (audit identified error) NNDR Bad debts provision in the year amended to correct errors in calculation and accounts in credit not owing to the pool (audit identified error)
59	Note 2 – Provision for bad debts	Only the Council Tax Bad Debts Provision should be disclosed, to match the amended Collection Fund disclosure (audit identified text error) Presentation amended now that disclosure is simpler
59	Note 3 - Arrears	Presentation amended to copy Note 2 above now that disclosure is simpler
60	Note 5 – Council Tax precepts	Ensure all figures are visible in the table (audit identified text error)
61	Group Income & Expenditure Account	VAT Claim – reflect changes to RBC accounts above
61	Reconciliation of single entity	VAT Claim – reflect changes to RBC accounts above
61	Group Total Gains & Losses	VAT Claim – reflect changes to RBC accounts above
62	Group Balance Sheet	VAT Claim – reflect changes to RBC accounts above Grants unapplied & Provisions – reflect a £28k late adjustment to RBC accounts which was not followed through to the Group Accounts in the draft accounts presented in June.
64	Note 2 – Net Cost of Services	VAT Claim – reflect changes to RBC accounts above