

**STATEMENT OF ACCOUNTS 2012-13**  
**WDA/37/13**

**Recommendation**

That Members:

1. Note the changes made to the accounts during the audit;
2. Approve the Statement of accounts; and
3. Agree the Letter of Management Representation to the auditor.

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**STATEMENT OF ACCOUNTS 2012-13****WDA/37/13****Report of the Treasurer****1. Purpose of the Report**

- 1.1 The Authority is statutorily required to prepare a Statement of Accounts that complies with proper accounting practices. The Authority is required to approve the Statement of Accounts each year. The Authority's Statement of Accounts is attached as Appendix 1.
- 1.2 Members' attention is drawn to amendments made to the accounts as a result of the audit of the draft statement that was prepared. These amendments have not had any negative impact on the financial performance of the Authority or its balances.

**2. Background**

- 2.1 The Statutory framework for the preparation and approval of the Authority's Statement of Accounts is set out in Accounts and Audit (England) Regulations 2011 which came into force on 31 March 2011.
- 2.2 The framework means that the Accounts should be prepared in draft by the Treasurer and signed before 30 June each year. Then, following the audit of the accounts, the accounts are adopted formally by the Authority by 30 September at which point an audit opinion is provided.
- 2.3 The Authority has complied with the statutory requirements for 2012-13 and the Auditor is prepared to issue an unqualified Audit Opinion.

**3. The Statement of Accounts**

- 3.1 The Authority's accounts were prepared under the provisions of the Code of Practice on Local Authority Accounting (the Code) which is prepared by the Chartered Institute of Public Finance and Accounting (CIPFA). The Code that applied for 2012-13 was not significantly different from the previous years.

- 3.2 The four principal statements and many of the notes to the accounts are new or revised. The key statements are:
- The Comprehensive Income and Expenditure Account (CIES);
  - The Balance Sheet;
  - The Movement in Reserves Statement (MIRS); and
  - The Cash Flow
- 3.3 Each of these statements is regarded by the Code as a principal statement and their order is not significant as each has the same precedence. They are supported by notes to the account and are underpinned by Accounting Policies that confirm how key transactions and balances have been brought into the accounts.

#### **4. Key issues**

- 4.1 Since the accounts were prepared for the end of June a number of amendments and adjustments have been made and agreed with the auditor.
- 4.2 The Landfill Allowances Trading Scheme (LATS) required the Authority to purchase allowances to ensure it had sufficient to meet its requirements for landfill. At the year-end a prudent estimate of the amount required for 2012-13 was made, and an amount was included in the accounts on the basis of the average price per trade of £20 per tonne of allowance. This meant the Authority provided for £600k of allowances at the year end. When the trade was eventually made after the year end the market had dropped and the trade was actually made at £0.24p per tonne. This meant that the Authority saved over £592k on the trade. This has been added to the Authority's General Fund.
- 4.3 The auditor identified a number of adjustments and amendments to the accounts which have been agreed to ensure the accounts reflect the requirements of the Code of Practice more accurately. These adjustments are mainly technical accounting matters and mostly have had no impact on the Authority's financial position or the Levy on the District Councils. There are two adjustments that will have an impact on the financial position, which together with the LATS adjustment mean the General Fund balance goes from £16.9M to £16.2M. The adjustments include:

- Ensuring that the loss on the sale of the investment property at Huyton (the former NTDP) was treated properly in the accounts – the loss was taken to the capital reserves, via the CIES, but does not impact on usable reserves;
- The revaluation of a class of assets ‘assets under construction’ was not taken through the CIES and so the adjustment needs to be made. This has a £1.5M impact on balances and corrects an historic accounting position. This is considered a prudent adjustment, a review of the treatment will take place in 2013-14 to confirm that it remains appropriate;
- An overstatement of a liability to MRDF, which mean that the General fund was credited with an additional £215K;
- The technical accounting for the asset that is the Materials Recycling Facility at Gilmoos was reviewed and additional entries were made to ensure it reflected the treatment of the asset as an embedded lease more accurately
- There were also a number of disclosure adjustments to help improve the quality of the accounts.

## **5. Letter of management representation**

- 5.1 The auditor seeks representations from Management at the Authority that all matters have been disclosed that should be disclosed and that the assumptions underpinning any accounting matters that are considered to be unusual are declared fully. The Letter of Management Representations attached at Appendix 2 contains the information requested by the Auditor.

## **6. Risk Implications**

- 6.1 There is a risk that the Authority will fail to comply with the statutory requirements regarding the approval of the statement of accounts. Recognising the changes in the requirements and putting in place new arrangements mitigates the risk.

## **7. HR Implications**

- 7.1 There are no HR implications

## **8. Environmental Implications**

- 8.1 There are no environments implications.

## **9. Financial Implications**

- 9.1 There are no financial implications other than an improvement in the balances held on the General Fund.

## **10. Conclusion**

- 10.1 Members are therefore requested to approve the statement of accounts.
- 10.2 Members are also requested to approve the Letter of Management Representations.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.