
13. STATEMENT OF ACCOUNTS 2006/07

(Report of the Borough Director)

1. Purpose of Report

To seek Members' formal approval of the Council's Statement of Accounts for 2006/07.

2. Recommendation

The Council is asked to RESOLVE that

- 1) the 2006/07 Statement of Accounts, as attached to the report, be approved; and
- 2) a copy of the statement be signed at the meeting by the Mayor (or in his absence Deputy Mayor, or other Member presiding).

3. Financial, Legal, Policy and Risk Implications

Financial

- 3.1 Financial implications are detailed throughout the report.

Legal

- 3.2 Members' approval of the annual Statement of Accounts is required under the Accounts and Audit Regulations 2003 and the Accounts and Audit (Amendment) (England) Regulations 2006 by the 30th of June each year.

Policy

- 3.3 There are no direct policy implications arising from this report.

Risk

- 3.4 If the Council does not approve the Statement of Accounts for 2006/07 by the 30th of June 2006 it will not comply with the requirement of the Accounts and Audit Regulations 2003 and the Accounts and Audit (Amendment) (England) Regulations 2006.

Report**4. Background**

- 4.1 The 2006/07 Statement of Accounts has been distributed to Members separately from the Agenda papers, (additional copies will be available, if required, from the author or from Committee Services).
- 4.2 Attached at Appendix A is a summary showing a brief explanation of the purpose of each Account. The audit of the accounts will be carried out during July / August.
- 4.3 The formal opinion will be issued by the Auditor in due course. Any material changes will be formally reported to Members.

5. Key Issues

- 5.1 The Accounts and Audit Regulations 2003 require authorities to comply with a number of issues relating to their finance activities. One such requirement is for the annual Statement of Accounts to be “approved by a resolution of a Committee” and that “such approval to take place as soon as reasonably practicable and in any event before the 30th of June immediately following the end of a year”. Following approval “the Statement of Accounts shall be signed and dated by the person presiding at the Committee at which that approval was given.”
- 5.2 The format and content of the Statement of Accounts is based on “The Code of Practice on Local Government Accounting in the United Kingdom: A Statement of Recommended Practice” (SORP). The Code is a statement of “proper accounting practice” with which local authorities in England and Wales must comply in preparing their financial statements in accordance with Sections 41 and 42 of the Local Government and Housing Act 1989. It is updated annually to incorporate changes derived from both statute and professional accounting developments. The accounts presented comply with the requirements of the 2006 Code.
- 5.3 There has been a substantial change in the statement produced for 2006/07 when compared with the statements for 2005/06 and earlier years. The focus of the Statement of Accounts was the Consolidated Revenue Account, which had the dual role of setting out the council’s financial performance as measured in accordance with proper accounting practices and determining the net expenditure to be charged against council tax in the year.

- 5.4. The new statements disaggregate the Consolidated Revenue Account (and the old Statement of Total Movements on Reserves) to produce a set of statements, each with a clear objective.
- 5.5. These new statements are as follows:
- 1) Income and Expenditure Account – a summary of the resources generated and consumed by the council for the year.
 - 2) Statement of the Movement on the General Fund Balances – a reconciliation showing how the balance of resources, generated/consumed in the year, links in with statutory requirements for raising Council Tax.
 - 3) Statement of Total Recognised Gains and Losses – a demonstration of how the movement in net worth in the Balance Sheet is identified to the Income and Expenditure Account surplus/deficit, and to other unrealised gains and losses.

Group Accounts

- 5.6 Local authorities have previously been required to produce group accounts where they have interests in subsidiaries, associated companies and joint ventures. The assessment excluded other local authorities and other bodies. Since 2004/05 local authorities have been required to consider all their interests in subsidiaries, associates and joint venture including local authorities and similar bodies (statutory bodies). Where they have a material interest they are required to produce a full set of group financial statements.
- 5.7 Officers have reviewed the Council's position and have concluded that the Council has no material interests in any other bodies and therefore it is not necessary to produce a full set of group financial statements for 2006/07.

6. Other Implications

No direct Community Safety, Human Resources, Social Inclusion or Sustainability implications have been identified.

7. Conclusion

- 7.1 The Statement of Accounts has been prepared in accordance with current accounting requirements and fairly represents the financial position of the Council at the accounting date and its income and expenditure for the year ended the 31st of March 2007.

7.2 Members' approval is now required to satisfy the requirements of the Accounts and Audit Regulations 2003 and the Accounts and Audit (Amendment) (England) Regulations 2006.

8. **Consultation**

There has been no consultation other than with relevant Borough Council Officers.

9. **Background Papers**

Final Accounts Working Papers files held in Financial Services.
Executive Committee 13th of June 2007 report and minutes.
Audit Committee 19th of June 2007 report and minutes.

10. **Author of Report**

The author of this report is Ian Batchelor (Group Accountant), who can be contacted on extension 3076 (e-mail ian.batchelor@redditchbc.gov.uk), for more information.

11. **Appendices**

Appendix A - Statement of Accounts: Summary.

Appendix B - Statement of Accounts – under separate cover.

STATEMENT OF ACCOUNTS : SUMMARY

The Council's Statement of Accounts for the year 2006/07 comprises the following elements:

- 1. The Income and Expenditure Account**
This is the Council's main revenue account, detailing income and expenditure on all services.
- 2. Statement of Movement on General Fund Balances**
This is summary of the differences between, the outturn on the Income and Expenditure Account and the General Fund Balance.
- 3. Statement of Total Recognised Gains and Losses**
This statement brings together all the gains and losses of the Council for the year and shows the aggregate change in its net worth.
- 4. The Housing Revenue Account**
This account shows the major elements of housing revenue expenditure - maintenance, administration, rent rebates and capital financing costs, and how these are met by rents, subsidy, and other income.
- 5. The Collection Fund**
This reflects the statutory requirement for billing authorities to maintain a separate Collection Fund. The Account shows the transactions in relation to Non Domestic Rates and Council Tax, and illustrates the way in which these have been distributed to the County Council, the Police Authority, the Combined Fire and Rescue Authority and the General Fund.
- 6. The Balance Sheet**
This statement sets out the financial position of the Council as at 31st March 2006. It shows the assets and liabilities of the Council as a whole.
- 7. The Cash Flow Statement**
This statement summarises the inflows and outflows of cash arising from both revenue and capital transactions with third parties.
- 8. Statement of Responsibilities for the Statement of Accounts**
This states the Council's responsibilities under local government legislation, and the Chief Finance Officer's legal and professional responsibilities.
- 9. Statement on Internal Control**
This states the main components of the system of internal control and risk management, their maintenance and review.

Redditch Borough Council Statement of Accounts 2006/07