

STATEMENT OF ACCOUNTS 2011/12
REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE
DIRECTION)

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

To seek Council approval of the Statement of Accounts for 2011/12.

2. **RECOMMENDATION**

That Council approve the Statement of Accounts for the year 2011/12

3. **BACKGROUND TO THE REPORT**

3.1 Under the terms of the Accounts and Audit Regulations each Local Authority is required to prepare a Statement of Accounts (the Statement) by 30 June following the end of the year to which they relate. This draft Statement is signed by the Section 151 Officer as being a “true and fair” representation of the Council’s financial performance during the year and of its financial position at the year end. This has been achieved for 2011/12 and the draft Statement is attached to this report.

3.2 The Accounts and Audit Regulations also require that the Statement is approved by members and published by 30 September each year. Between June and September the Statement is subject to external audit and the auditors findings are outlined in their “Report to those charged with governance (ISA (UK&I) 260)” which is reported to the Finance Audit and Performance Committee. **An unqualified opinion has been given for the 2011/12 Statement of Accounts.**

3.3 The Statement has been prepared according to the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Statement has been prepared on the basis International Financial Reporting Standards (IFRS) following its introduction in 2010/11.

3.4 The statement comprises the Main Financial Statements

- Statement of Movements in Reserves
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Notes to the Financial Statement

In addition, the following supplementary statements with accompanying notes have been produced:

- Housing Revenue Account
- Housing Repairs Account
- Collection Fund

3.5 The Council’s Statement for 2011/12 is appended to this report. This version may require minor amendments following consideration of the results of the ongoing stock

validation process by the external valuer. A verbal update on this process will be given at the meeting and any revised notes circulated.

Notable items in the Statement for 2011/12

- 3.6 Members will recall that in prior year a number of significant changes impacted the Statement following the introduction of International Financial Reporting Standards. Relatively few changes have been made to the Code in 2011/12 but those changes (including decisions made by management) that have impacted the Statement for this Council have been summarised below for reference:

<i>Change</i>	<i>Source of change</i>	<i>Expected Impact</i>
<p><u>Heritage Assets</u></p> <p>Heritage Assets are now required to be shown on the face of the Council's Balance Sheet. The Code defines Heritage Assets as those with "<i>historical, artistic, scientific, technological, geophysical or environmental qualities held and maintained principally for their contribution to knowledge and culture</i>"</p>	Code	The Council has identified the Argent's Mead war memorial as a heritage asset and has valued this on the Balance Sheet for £0.121million
<p><u>Exit Packages</u></p> <p>The Council must disclose additional detail around the nature, number and value of exit packages that have been paid in year for compulsory and voluntary redundancies.</p>	Code	An additional note has been included to outline any payments made by the Council in year.
<p><u>HRA Self Financing</u></p> <p>Given the value and significance of the transactions relating to HRA self financing, these should be reflected separately in the financial accounts.</p>	Legislation and Code	The Council's total loan settlement of £67.652million has been disclosed separately on the face of the Comprehensive Income and Expenditure Account.
<p><u>Service Reporting Code</u></p> <p>The Best Value Accounting Code of Practice has been replaced in year with the Service Reporting Code of Practice. This has impacted the classification of certain service areas.</p>	Code	Some minor changes to the classification of service expenditure may be seen in the Statement.
<p><u>Land at Stoke Road</u></p> <p>The Council has leased the land at Stoke Road in Hinckley since 1985. The Council received a "peppercorn rent" for this land and did not have any control over the use of the land during this period. The lease for this land ceased in 2011/12 and therefore the land has been valued by the external valuer upon its return to the Council.</p>	Management decision	The total value of the land (£2.3million) is held as a "surplus asset" on the Council's Balance Sheet in the Statement.

4. **FINANCIAL IMPLICATIONS [KBI]**

There are no other financial implications other than those set out in this report.

The cost of the External Audit for 2011/12 is £108,300.

5. **LEGAL IMPLICATIONS (LH)**

Contained in the body of the report

6. **CORPORATE PLAN IMPLICATIONS**

This report contributes to the following corporate objectives:

- “Proud of our Probity and Honesty in Governance and Management”
- “Value in Service Delivery & Investment in people”

7. **CONSULTATION**

None

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

There are none

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background Papers - Civica Authority Financials/Business Objects Reports
- Accounts and Audit Regulations 2011
- CIPFA Code of Practice on Local Authority Accounting in the United Kingdom

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