

**GOVERNANCE AND AUDIT COMMITTEE
29 SEPTEMBER 2009**

**STATEMENT OF ACCOUNTS 2008/09
(Director of Corporate Services - Finance)**

1 INTRODUCTION

- 1.1 In accordance with the Accounts and Audit Regulations 2003 the Governance and Audit Committee approved the draft 2008/09 Statement of Accounts on 29 June 2009. The accounts were then subjected to audit by the District Auditor. This report summarises for Committee Members the findings of the audit and highlights the key changes made to the Statement of Accounts - a revised set of which are attached.
- 1.2 It should be noted that none of the changes made as a result of the external audit have a detrimental impact on the Council's overall financial position.

2 RECOMMENDATIONS

That the Committee:

- 2.1 **Approves the revised Statement of Accounts 2008/09 (attached);**
- 2.2 **Authorise the Chairman of the meeting to sign and date the revised Statement of Accounts on behalf of the Committee.**
- 2.3 **Approve the Draft Letter of Representation set out in Appendix 4 of the District Auditor's Annual Governance Report.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The Accounts and Audit Regulations require the accounts to be agreed by Council (or Committee of the Council) and the Chairman of the meeting to formally sign the accounts to certify that this has been undertaken.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5 SUPPORTING INFORMATION

- 5.1 Since the accounts were formally presented to Members in June, they have been subject to scrutiny by the Council's external auditor. Following the audit of the accounts a number of changes have been made to the Statement of Accounts as set out below.

5.2 Revaluation Reserve

Number 6 Ramslade Cottages was sold during the year but the balance on the Revaluation Reserve relating to this asset had not been transferred to the Capital Adjustment Account. The transfer between these two balance sheet accounts has now been actioned (£0.042m). In addition, Ascot Heath Library and Easthampstead Park Conference Centre had been revalued downwards during the year resulting in impairment losses which had incorrectly been shown against the Revaluation Reserve. The impairments of £0.240m have now been included in the Net Cost of General Fund Services in the Income and Expenditure Account. There is no impact on the General Fund as these entries are excluded by statute from the movement on the General Fund Balance.

5.3 Pension costs

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. This involves reversing out actual contributions to the pension scheme and replacing them with the real cost of retirement benefits as specified in the actuary's report. These costs have had to be adjusted as follows:

- Past service costs and curtailment losses (£0.805m) have now been included;
- the figure reversed out of the cost of services for actual employer contributions has been revised upwards (£0.331m);

There is no impact on the General Fund balance as statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards.

5.4 Capital receipts that do not arise from the disposal of an asset

The Right-to-Buy and VAT shelter receipts from Bracknell Forest Homes had not been shown in the Income and Expenditure Account (£2.133M), but had been transferred directly to the Usable Capital Receipts Reserve. They have now been recorded as Other Income. There is no impact on the General Fund Balance as the same amount is then transferred to the Usable Capital Receipts Reserve in the Balance Sheet.

5.5 Amortisation of Deferred Government Grants

Where capital grants are used to finance the purchase of fixed assets the grant is treated as deferred income and recognised in the Income and Expenditure Account over the useful life of the relevant asset to match depreciation. These entries were not included in the unaudited accounts but have now been included within the Net Cost of Services (-£0.768m). These amounts however are excluded when determining the movement on the General Fund Balance.

5.6 Presentational Changes

In addition to the above changes made to the accounts some presentational adjustments have been made which include:

- Expenditure on the Civic Hub funded from revenue is now included within non distributed costs rather than transfers to/from earmarked reserves (£1.595m).
- Within the Income and Expenditure Account, an adjustment for internal income between the income and expenditure columns in the analysis of general fund services had been made twice. This has now been corrected (£3.364m).
- Icelandic banks impairments, disposal proceeds and the Civic Hub expenditure funded from revenue were incorrectly included in the Statement of Recognised Gains and Losses (STRGL) and have now been removed. The remaining figures in the STRGL have also been amended.
- Area Based Grant has been moved from Central Services income to Sources of Finance within the Income and Expenditure Account (£4.541m).
- Additional disclosures have been incorporated into Note 6 on Pensions. These include a reconciliation of opening and closing balances of the value of scheme assets and liabilities on pages 48 and 49.
- Further operating leases have been disclosed in Note 9.
- The capital financing requirement in Note 25 has been amended to reflect the fact that the Civic Hub is no longer an asset under construction.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The Accounts and Audit Regulations 2003 require the 2008/09 Statement of Accounts to be formally approved by Members (a Committee or Council) and signed by the Chairman / Mayor by 30 June 2009 and for the accounts to be signed by the appointed auditor by 30 September 2009.

Borough Treasurer

- 6.2 The Statement of Accounts is the published document including the balance sheet, Income & Expenditure Account, cash flow statement together with notes which expand and explain the information in these statements.

Equalities Impact Assessment

- 6.3 None required.

Strategic Risk Management Issues

- 6.4 There are none arising directly from this report.

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