

**REPORT TO:** Business Efficiency Board  
**DATE:** 03 June 2015  
**REPORTING OFFICER:** Operational Director - Finance  
**PORTFOLIO:** Resources  
**SUBJECT:** 2014/15 Statement of Accounts Update  
**WARDS:** Borough Wide

## **1.0 PURPOSE OF THE REPORT**

1.1 To give members an update on the timetable of completing the 2014/15 Statement of Accounts, to review the changes to the accounting policies and to consider the key events that will have a significant impact on the financial statements for 2014/15.

## **2.0 RECOMMENDATION: That the report be noted**

## **3.0 SUPPORTING INFORMATION**

3.1 The purpose of the Statement of Accounts is to present the overall financial position of the Council as at 31<sup>st</sup> March 2015, which should be prepared to present a true and fair view of the financial statements of the Council. The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, also known as The Code. This is updated annually and specifies the accounting principles and practices required to prepare a Statement of Accounts.

## **4.0 ACCOUNTING POLICIES**

4.1 Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting financial statements.

4.2 Policies will not be applied when the effect of applying them is immaterial. Judgement will be used in developing and applying an accounting policy that results in information that is:

- a) relevant to the decision-making needs of users
- b) reliable in that the financial statements:
  - represent faithfully the financial position, financial performance and cash flows of the authority
  - reflect the economic substance of transactions, other events and conditions and not merely the legal form
  - are neutral and free from bias
  - prudent

- are complete in all material respects.

4.3 A number of changes have been made to the draft accounting policies from those which were included in the 2013/14 Statement of Accounts, they are:

- a) Interest in Companies and Other Entities – The Council has significant interest in Halton Borough Transport Ltd (HBT) and Mersey Gateway Crossing Board Ltd (MGCB) that would require it to prepare group accounts. It is considered for 2014/15 no group accounts will be included within the Statement of Accounts as the transactions relating to HBT and MGCB are not material.

The materiality of the transactions has been assessed based on quantitative and qualitative factors. Activities of HBT and MGCB are not significant to the representation of the operational activities of the Council. In addition the Council does not depend significantly on HBT and MGCB for continued provision of statutory services and grouping the accounts would not provide any more useful disclosures than already included.

Extracts from HBT and MGCB accounts will continue to be shown under the Investments working note to the accounts. Also, the significant value of transactions which flow through the accounts of MGCB will be included within the main financial statements of the Council as the Mersey Gateway Bridge will be included as an asset within the Council's balance sheet.

- b) The Council is no longer required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme; reference to this in the accounting policies has been removed.
- c) The Council is no longer in receipt of any live equal pay claims; reference to treatment of the provision for equal pay has been removed.
- d) Clarity has been added to the Council's policy in recognising non-current assets for voluntary aided and voluntary controlled schools. They make clear the Council is merely using the non-current asset under licence. A licence passes no interest in the non-current asset to the Council and is always revocable, therefore these schools will not form part of the Council's non-current assets.

## **5.0 SIGNIFICANT EVENTS**

5.1 There have been events which will have a significant impact on the financial statements for 2014/15, including:

- a) During the year the Council forward borrowed £108m to support the contribution required towards construction costs of the Mersey Gateway. This will significantly increase the level of long term borrowing on the balance sheet. Conversely as the Council is holding the sum until payment of the costs is due the level of investments will also increase.

- b) In the 2014 Autumn Statement, the Chancellor announced changes to the rules governing alterations to business rates, in which any appeal submitted after 1 April 2015 will not be backdated to the period 2010 to 2015. This has resulted in a large increase in the number of appeals being received by the Valuation Office Agency as at 31<sup>st</sup> March 2015. If the appeals are upheld the cost to the Council will be 49% of the total backdated amount. This will significantly increase the financial provision held by the Council from 2013/14 which will be reflected within the financial statements.

## **6.0 STATEMENT OF ACCOUNTS TIMELINE**

- 6.1 The draft 2014/15 Statement of Accounts will be certified by the Operational Director – Finance on 30 June 2015 prior to them being passed to the external auditor, Grant Thornton LLP. The final version is required to be approved by the Business Efficiency Board and published by 30 September 2015.
- 6.2 The Statement of Accounts will be available for public inspection from 01 July 2015 to 28 July 2015 when any person may inspect and make copies of them. From 29 July 2015 until the conclusion of the audit a local government elector for the Council or his/her representative may ask the auditor questions about the accounts.
- 6.3 The auditor is required by the Audit Commission Act 1998 to report on the Statement of Accounts before 30 September 2015. The Audit Findings report will be considered by the Business Efficiency Board on 23 September 2015, together with any amendments to the draft Statement of Accounts.

## **7.0 POLICY IMPLICATIONS**

None.

## **8.0 FINANCIAL IMPLICATIONS**

None.

## **9.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

- 9.1 **Children and Young People in Halton** – None.
- 9.2 **Employment, Learning and Skills in Halton** – None.
- 9.3 **A Healthy Halton** – None.
- 9.4 **A Safer Halton** – None.
- 9.5 **Halton's Urban Renewal** – None.

## **10.0 RISK ANALYSIS**

- 10.1 The risks relating to the accurate and timely completion of the Statement of Accounts are mitigated by ensuring professional knowledge and time scales through to the completion of the audit are maintained.

## **11.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

<b>Document</b>	<b>Place of Inspection</b>	<b>Contact Officer</b>
Code of Practice on Local Authority Accounting 2014/15	Kingsway House Widnes	Matt Guest
Draft Accounting Policies 2014/15	Kingsway House Widnes	Matt Guest