

# CHESHIRE EAST COUNCIL

## REPORT TO: AUDIT & GOVERNANCE COMMITTEE

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**Date of Meeting:** 27<sup>th</sup> September 2013  
**Report of:** Interim Chief Operating Officer  
**Subject/Title:** 2012-13 Statement of Accounts (Audited)  
**Portfolio Holder:** Councillor Peter Raynes (Finance)

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### **1.0 Report Summary**

1.1 Following completion of the statutory audit, in accordance with the Accounts and Audit Regulations 2011, the Statement of Accounts are now presented to the Committee for approval prior to publication.

### **2.0 Recommendation**

2.1 That the Statement of Accounts be approved and accepted as presenting a true and fair view of the Council's expenditure and income for the year and its overall position.

### **3.0 Reasons for Recommendations**

3.1 To ensure compliance with the Accounts and Audit Regulations 2011.

### **4.0 Wards Affected**

4.1 Not applicable.

### **5.0 Local Ward Members**

5.1 Not applicable.

### **6.0 Policy Implications including - Climate change - Health**

6.1 None.

### **7.0 Financial Implications**

7.1 As covered in the report.

### **8.0 Legal Implications (Authorised by the Borough Solicitor)**

8.1 There are no specific legal implications with regard to this report.

## **9.0 Risk Management**

9.1 The Local Government Act 2003 and the Local Government and Housing Act 1989 require the Statement of Accounts to be produced in line with recommended accounting practices.

## **10.0 Background and Options**

10.1 At the meeting on 27<sup>th</sup> June 2013 members received a report setting out the key elements of the Council's draft Statement of Accounts for 2012/13.

10.2 The audit of the Accounts has been completed and as a result of the audit and the Council's own scrutiny of its Accounts a number of amendments have been identified and reflected in the final version of the Statements.

10.3 A training session was held with the Committee on 4<sup>th</sup> September 2013, which provided members with the opportunity to consider more detailed aspects of the Accounts.

## **11.0 Amendments to the Accounts**

11.1 At the time of writing the following amendments have been agreed and reflected in the final Statement of Accounts.

- and associated with the Extra Care PFI scheme was overstated by £4.900m and has been removed from the asset register. L
- accrued interest on borrowing, £1.513m has been moved from Long Term Borrowing to Short Term Borrowing. A
- Note 1 has been amended to reflect the correct analysis of adjustments involving the Capital Grants Unapplied Account. N
- Note 6 – Property, Plant and Equipment has been amended to reflect the correct disclosure of revaluation losses and accumulated depreciation. This does not affect the net book value.
- Note 26 – Salaries, fees and allowances for senior employees were understated by £0.089m.
- Note 27 – Termination benefits were understated by £0.365m, due to the omission of schools employees.
- The Collection Fund has been amended to include scheme deferrals £0.564m and 2010/11 debit adjustments £4.387m. T

11.2 The remainder of the changes are presentational and include minor changes to wording to improve readability.

## **12.0 Summary of Final Accounts**

- 12.1 The full set of Accounts will be provided to Members at the Committee. The changes outlined in the body of this report have had no material impact on the position reported in June. The revised summary statements are provided below.

Comprehensive Income and Expenditure Account

- 12.2 This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

Summarised Comprehensive Income and Expenditure Statement	2012-13			2011-12
	Spend £000	Income £000	Total £000	Total £000
Expenditure on Services	713,221	(285,858)	427,363	412,770
Corporate and Democratic Core	8,858	(5,387)	3,471	4,877
Non-distributed Costs	4,897	(69)	4,828	5,039
<b>Cost of Services</b>	<b>726,976</b>	<b>(291,314)</b>	<b>435,662</b>	<b>422,686</b>
Other Operating Income & Expenditure	45,898	(1,455)	44,443	37,283
Financing and Invt Income and Expenditure	20,213	(2,000)	18,213	3,949
Taxation and Non-Specific Grant Income	0	(430,524)	(430,524)	(411,581)
<b>(Surplus)/Deficit on Services</b>	<b>793,087</b>	<b>(725,293)</b>	<b>67,794</b>	<b>52,337</b>
Surplus on Revaluation of Assets/Invts	0	0	6,611	(12,992)
(Surplus)/Deficit on Pensions	0	0	69,826	84,614
<b>Total</b>	<b>0</b>	<b>0</b>	<b>144,231</b>	<b>123,959</b>

12.3 Movement in Reserves Statement

This statement shows the movement in year on the different reserves held by the Authority, analysed into 'useable reserves (i.e., those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves.

Summarised Movement in Reserves Statement	General Fund £000	Earmarked Reserves £000	Other Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Opening Balance 1/4/12	11,381	23,301	26,103	317,122	377,907
Surplus / (Deficit) on Services	(67,794)	0	0	0	(67,794)
Other Expenditure and Income	0	0	0	(76,437)	(76,437)
Accounting Adjustments	74,783	0	(14,256)	(60,527)	0
Transfer to Earmarked Reserves	566	(1,390)	746	78	0
<b>Closing Balance 31/3/13</b>	<b>18,936</b>	<b>21,911</b>	<b>12,593</b>	<b>180,236</b>	<b>233,676</b>

#### Balance Sheet

- 12.4 This statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council.

Summarised Balance Sheet	31 March 2013 £000	31 March 2012 £000	Change £000
Non-Current (Fixed) Assets	806,900	882,859	(75,959)
Long Term Investments and Debtors	28,146	24,115	4,031
<b>Long Term Assets</b>	<b>835,046</b>	<b>906,974</b>	<b>(71,928)</b>
Debtors	48,178	52,292	(4,114)
Cash & Cash Equivalents	32,688	34,592	(1,904)
Short Term Investments	11,490	3,687	7,803
Other Current Assets	1,569	9,996	(8,427)
<b>Current Assets</b>	<b>93,925</b>	<b>100,567</b>	<b>(6,642)</b>
Short Term Creditors	(93,230)	(102,094)	8,864
Short Term Borrowing	(7,588)	(5,521)	(2,067)
Provisions	(7,323)	(6,039)	(1,284)
<b>Current Liabilities</b>	<b>(108,141)</b>	<b>(113,654)</b>	<b>5,513</b>
Long Term Borrowing	(126,264)	(128,880)	2,616
Net Pension Liability	(431,324)	(360,242)	(71,082)
Other Long Term Liabilities	(29,566)	(26,858)	(2,708)
<b>Long Term Liabilities</b>	<b>(587,154)</b>	<b>(515,980)</b>	<b>(71,174)</b>
<b>Net Assets</b>	<b>233,676</b>	<b>377,907</b>	<b>(144,231)</b>
Usable Reserves	53,440	60,785	(7,345)
Unusable Reserves	180,236	317,122	(136,886)
<b>Total Reserves</b>	<b>233,676</b>	<b>377,907</b>	<b>(144,231)</b>

## **13.0 Next Steps**

- 13.1 The final version of the Statement of Accounts will be published on the Cheshire East website before the statutory deadline of 30<sup>th</sup> September and a more accessible version of this information will be made available in the form of a Summary Statement of Accounts.

## **14.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

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