

LONDON BOROUGH OF BRENT

General Purposes Committee 12 July 2005

Report from the Director of Finance and Corporate Resources

For Information	
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Report Title: 2004/2005 STATEMENT OF ACCOUNTS

Forward Plan ref: BFS S2/26

1. SUMMARY

It is a requirement under the Accounts and Audit Regulations for the Council's Annual Statement of Accounts to be approved by Committee. The accounts are in the process of being finalised. This report sets out key issues that will be covered in the accounts. The accounts themselves will be circulated before the Committee meets.

2. RECOMMENDATIONS

- 2.1 Members will be asked to approve the 2004/2005 Statement of Accounts and agree to forward them to PricewaterhouseCoopers for audit.
- 2.2 The Chair of the Committee will be asked to sign the accounts.

3. DETAIL

- 3.1 Brent's 2004/2005 accounts are in the process of being finalised and will be circulated before the Committee meets on 12 July. In accordance with the 2003 Accounts and Audit Regulations the accounts have to be approved by Committee no later than 31st July. (The Brent Constitution makes it the responsibility of the General Purposes Committee to approve the accounts). They will then be forwarded to our external auditors PricewaterhouseCoopers (PWC) who will then be able to formally commence the 2004/2005 audit. During the course of the audit, it is possible that PWC may require amendments to be made to the accounts in the light of further information. The legislation requires that a further report must be submitted to the approving Committee if there are any material amendments to the accounts arising from the audit.

- 3.2 The 2003 Accounts and Audit Regulations require the deadline for the accounts to be approved by Committee to be brought forward by one month each year as follows:

Financial Year	Latest Date for Accounts to be approved by Committee	Audit Completed/ Accounts Published
2002/2003	30 th September 2003	31 st December 2003
2003/2004	31 st August 2004	30 th November 2004
2004/2005	31 st July 2005	31 st October 2005
2005/2006	30 th June 2006	30 th September 2006

- 3.3 The Accounts have been prepared according to the Code of Practice on Local Authority Accounting in the United Kingdom. This specifies the principles and practices of accounting required to prepare a Statement of Accounts that is intended to '*present fairly*' the financial position and transactions of the authority.

- 3.4 The accounts will include the following elements:

- The *explanatory foreword* which is intended to offer a more easily understandable guide to the most significant matters reported in the accounts. Brent's General Fund outturn revenue expenditure is shown in the accounts by service and compared with the budget for 2004/2005. Explanations are provided for major variances. There is also information on significant capital expenditure and funding sources. There is further information on borrowing, the Housing Revenue Account (HRA) and changes from last year's accounts.
- The *Statement of Internal Control* describes Brent's internal control environment. It also reviews the effectiveness of control and significant control issues.
- The *Statement of Accounting Policies* describes the general policies adopted in preparing the accounts for recognition, measurement and disclosure of transactions and other events in the accounts.
- The *Consolidated Revenue Account (CRA)* shows the Council's revenue expenditure in 2004/2005 and has comparative figures for 2003/2004. Expenditure is shown by the services in CIPFA's Best Value Accounting Code of Practice in contrast to the explanatory foreword which reflects Brent's service structure. After the net cost of services there is expenditure and income relating to the authority as a whole (net operating expenditure). After this transfers to or from revenue and capital reserves are shown so the amount of expenditure to be met from government grants and local taxpayers is calculated. The financing items are Revenue Support Grant, National Non-Domestic Rates and Council Tax and Collection Fund Deficit. This gives the surplus for the year which is also shown in the explanatory foreword. This is added on to the balances

at the start of the year to give the balances at the end of the year which are carried forward in the balance sheet.

- The *Housing Revenue Account* reflects the statutory obligation to account separately for local authority housing provision. It shows the major elements of expenditure – maintenance, administration, rent rebates and capital financing costs – and how these are met by rents, subsidy and other income. The HRA cannot be subsidised by council tax because of statute.
- The *Consolidated Balance Sheet* shows the Council's fixed and current assets. Current and longer term liabilities are subtracted from assets to give the figure for total assets less liabilities. The other side of the balance sheet shows reserves and balances including the General Fund balance carried forward from the CRA.
- The *Statement of Total Movements in Reserves* shows the movements in revenue and capital reserves in the 2004/2005 financial year.
- The *Cash Flow Statement* summarises inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. The increase or decrease in cash reflects the difference between the figures in the balance sheet at the start and end of the year.
- The *Collection Fund* is statutorily required to show transactions in relation to non-domestic rates and council tax. Income from these sources is shown as well as its distribution including to the General Fund.

4. COMMITTEE APPROVAL AND SIGNATURE

- 4.1 One of the requirements of the 2003 Accounts and Audit Regulations is that the accounts have to be signed and dated by the Chair of the Committee approving the accounts. This shows that the accounts have been approved and adopted on behalf of the Council.

5. FINANCIAL IMPLICATIONS

- 5.1 This report wholly relates to the Borough's finances. A report has been submitted to the Executive on 11th July setting out the 2004/2005 revenue outturn position.

6. LEGAL IMPLICATIONS

- 6.1 Legal requirements in relation to the approval and publication of accounts are set out in the 2003 Accounts and Audit Regulations. The requirements are covered in the report.

7. DIVERSITY IMPLICATIONS

- 7.1 This report has been subject to screening and officers believe that there are no diversity implications.

8. STAFFING IMPLICATIONS

- 8.1 There are no specific staffing implications.

9. BACKGROUND INFORMATION

Code of Practice on Local Authority Accounting in the United Kingdom 2004.

Accounts and Audit Regulations 2003.

Any person wishing to inspect these documents should contact Max Gray, Finance Manager, Room 115, Brent Town Hall, Forty Lane, Wembley, Middlesex HA9 9HD, Tel. 020 8937 1464.

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