



Brent

Audit Committee

23 June 2015

Report from Chief Finance Officer

For Information

Wards affected: All

Draft Statement of Accounts 2014/15

1.0 Purpose

- 1.1 To present the draft Statement of Accounts prior to their submission for audit.

2.0 Recommendations

- 2.1 The Committee is asked to consider the draft accounts

3.0 Background

- 3.1 The Council is required to present its accounts, approved by the Chief Finance Officer, for audit by 30 June. Following the completion of the audit of the accounts the Audit Committee will receive a report on the audit from KPMG and be asked to approve the accounts for publication.

- 3.2 Although the presentation of the draft accounts to this Audit Committee is not part of the formal decision making process it enables members to gain an understanding of the financial statements and raise any issues at an early stage of the process.

4.0 Statement of Accounts

- 4.1 The draft statement of accounts is set out in the appendix to this report. Whilst there is a prescribed format for much of the statement we do ensure that the information is presented as concisely as possible.

- 4.2 Within the accounts four statements are defined as "core financial statements", which means that they are fundamental to understanding the accounts. A short commentary on each of these is set out below.

Movement in Reserves Statement (MiRS)

- 4.3 The MiRS shows the movement in the year on the different reserves held by the Council, analysed into those reserves which can be used to fund future expenditure and to manage financial risk, these total £319m across the General Fund (revenue & capital), HRA and Schools, and unusable reserves of a technical nature which total £135m and cannot be used to fund expenditure.

Comprehensive Income and Expenditure Statement (CIES)

- 4.4 The CIES sets out the total expenditure by the authority in the 2014/15 financial year, some £1bn of gross expenditure. The format of the CIES is prescribed to us and is completely different to the council's management accounts, which are used for budget monitoring and to present income and expenditure by service area. However, reconciliation between the two is provided in the technical reconciliation section of these financial statements.

Balance Sheet

- 4.5 The balance sheet reports how much the council is worth. This is the difference between what we own, are owed and what we owe others. A comparison with last year shows that it has increased by £29m over the year to £454m as at 31 March 2015.

	2014/15	2013/14	Movement
	£m	£m	£m
What the council owns or is owed (assets):			
Property, Plant, equipment, vehicles and infrastructure	1,473	1,364	109
Other Assets	7	8	(1)
Amount owed to us by other people/organisations	125	111	14
Cash and cash equivalents	37	62	(25)
The amount we hold in investments	140	76	64
Total we own and are owed	1,782	1,621	161
What the council owes (liabilities)			
We owe other people/organisations	(134)	(126)	(8)
We have outstanding loans	(428)	(433)	5
We have to meet future years' pension costs	(725)	(599)	(126)
We received grants from government towards our assets	(30)	(32)	2
We have other liabilities (eg. Cash overdrawn and provisions)	(11)	(6)	5
Total amount we owe	(1,328)	(1,196)	(132)
Total the council is worth	454	425	29

Cash Flow Statement

- 4.6 The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the 2014/15 financial year.

Other Statements and Key Notes

- 4.7 Members attention is also drawn to the following financial statements, which although not technically defined as “core financial statements” are nonetheless highly important to understanding key aspects of local authority services and financing:

- The Housing Revenue Account (HRA) which presents the financial transactions relating to the provision of council housing; and
- The Collection Fund which presents a summary of the collection of council tax and national non domestic rates.

- 4.8 The accounts also provide substantial detail by way of notes and other statements. In particular:

- Notes 2 and 7 to the core financial statements, which disclose the debtors and creditors of the council as at 31 March 2015
- Note 10 to the core financial statements, which disclose the level of earmarked revenue reserves and the purposes for which these are held.
- Notes 32, 33 &34 that disclose the required officers pay details.

5.0 Financial Implications

- 5.1 The accounts are a financial document, and present a picture of the council's activities in 2014/15 and its assets and liabilities as at 31 March 2015. However, there are no financial implications directly arising from the production of the draft accounts.

6.0 Legal Implications

- 6.1 The Accounts and Audit Regulations 2011 require that the draft accounts are approved for issue by 30 June following the year end by the Responsible Finance Officer.

7.0 Background Information

Accounts and Audit Regulations 2011 (please note the report on tonight agenda that sets out the application of the new 2015 Accounts and Audit Regulations)

Contact Officer

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