



Cabinet
24 July 2017

**Report from the Chief Finance
Officer**

Wards affected: All

Draft Statement of Accounts 2016/17

1.0 Purpose

1.1 To present the draft Statement of Accounts.

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 Cabinet 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 officers seek to 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 expenditure and other reserves of a technical nature which cannot be used to fund expenditure. This is therefore a summary of the resources that the council has available to fund future expenditure and to manage financial risks.

Comprehensive Income and Expenditure Statement (CIES)

- 4.4 The CIES sets out the total expenditure by the authority in the 2016/17 financial year. The format of the CIES is prescribed to us and although it uses familiar departments, the breakdown into cost of services and other income and expenditure is different to the council's management accounts, which are used for budget monitoring and present income and expenditure by service area.

Expenditure Funding Analysis (EFA)

- 4.5 This shows a breakdown of expenditure by funding source, along with the adjustments required to be made by statute and accounting regulations. As with the CIES, although it shows the familiar departments, the breakdown of income and expenditure is different to the council's management accounts.

Balance Sheet

- 4.6 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.

Cash Flow Statement

- 4.6 The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the 2016/17 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, Members may find the following helpful to their understanding the financial position of the authority:

- Notes 2 and 7 to the core financial statements, which disclose the debtors and creditors of the council as at 31 March 2017
- Note 9 to the core financial statements, which discloses the provisions held by the Council against the costs of likely future events

- Note 10 to the core financial statements, which discloses the level of earmarked revenue reserves and the purposes for which these are held.

5.0 Financial Implications

5.1 The accounts are a financial document, and present a picture of the council's activities in 2016/17 and its assets and liabilities as at 31 March 2017. 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.

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