

STATEMENT OF ACCOUNTS 2015-16

To: **Audit and Accounts Committee**

Date: **14th October 2016**

From: **Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **N/a** *Key decision:*

Purpose: **This report presents the formal Statement of Accounts, as part of the Council's approval Process.**

Recommendation: **The Committee is asked to approve the 2015/16 Statement of Accounts.**

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1. BACKGROUND

- 1.1 The Council's Statement of Accounts is produced in accordance with the Code of Practice (CoP) on Local Authority Accounting in the United Kingdom 2015-16 (supported by International Financial Reporting Standards (IFRS)), and includes a full balance sheet and statement of cash flow movements.
- 1.2 This version of the Statement of Accounts replaces the version that was presented to the Committee for review on 20 September 2016 and now requires this Committee's approval.

2. DEVELOPMENTS SINCE SEPTEMBER

- 2.1 Since the Committee meeting on 20 September 2016 officers have been in discussion with the Council's external auditors, BDO, with a view to resolving the remaining audit queries. Subsequently a number of changes have been made to the Statement of Accounts document. The updated Statement of Accounts document is shown in Appendix 1.

2.2 Lender Option Borrower Option (LOBO) loans

The treatment of the Council's LOBO loans (Lender Option Borrower Option) was discussed at the last Committee meeting. Officers have since held further discussions with BDO. It has been agreed that no amendments or additional disclosures are required in the Accounts in respect of LOBOs.

2.3 Castle Court

The report presented to the Committee on 20 September 2016 outlined a change to the accounting treatment for Castle Court, recognising it as a long term lease receivable, rather than as an investment property. This is still the case, although a subsequent adjustment has been made to recognise the sale proceeds (£21.3m) within the Deferred Capital Receipts Reserve, rather than the Capital Adjustment Account. This will be written down over the life of the lease as rentals are received. This adjustment has been reflected in the Accounts in the Capital Financing, Unusable Reserves and Adjustments between Accounting Basis and Funding Basis disclosure notes.

2.4 Cash Flow Statement

It was noted at the 20 September Committee meeting that the Cash Flow Statement was still to be audited. This has identified some errors, which have now been amended. In particular, it was found that the prior year Cash Flow Statement had been misstated, and this has been corrected. Several figures within the Cash Flow statement have been updated as a result. The 2015-16 Cash Flow Statement has also been updated to take account of the other audit adjustments.

2.5 Grant Receipts in Advance

An adjustment has been made in respect of the Growing Places capital grant in order to hold the unutilised funding within the Capital Grants

Unapplied Account, rather than as a Receipt In Advance. The entries for this adjustment are as follows:

- Balance Sheet – ST Capital Receipts in Advance **DR £8,489k**
To remove the grant from Receipts in Advance.
- CIES – Taxation & non specific grants – Capital grants and contributions **CR - £8,489k**
To recognise the income in the Comprehensive Income & Expenditure Statement.
- MIRS – Adjustment between accounting basis and funding basis **DR £8,489k**
To recognise the transfer to usable reserves
- Balance Sheet – Usable reserves, Capital grant unapplied account **CR - £8,489k**
To hold the funding within usable reserves until such time as it is utilised.

2.6 Presentational / Narrative amendments

The other amendments to the Accounts document are a combination of presentational changes and amendments to the narrative disclosures. These changes do not have a material effect on the Accounts, and are summarised below:

- **Narrative Statement** – Red Amber Green (RAG) Status of Key Performance Indicator (KPIs) graph. (Page 6) Shading/cross-hatching added so columns could be differentiated when printed in black and white.
- **Narrative Statement** – Gross income/expenditure graph. (Page 9) Scale has been split so that the high and low value columns can be seen more easily.
- **Heritage Asset** (Page 60) – The narrative section of this disclosure note has been removed as it duplicated text found elsewhere in the Accounts, in the accounting policies and the other disclosure notes.
- **Financial Instruments** (Page 63) – The figures in the table have been updated.
- **Investment Properties** (Page 65) – The rows in the table with a value of zero have been removed as they are not needed.
- **Pooled Budgets** (Page 80) – References to NHS Cambridgeshire amended to NHS Cambridgeshire and Peterborough Clinical Commissioning Group.
- **Private Finance Initiative (PFI)** – Building Schools for the Future (Page 96) – Table updated to reflect all the costs which are recognised in the Comprehensive Income and Expenditure Statement.
- **Contingent Liabilities** – Landfill Sites (Page 105-106) – Text updated to clarify why this has been recognised as a contingent liability rather than a provision.
- **Refinancing and Maturity Risk** (Page 109) – Split of debt maturity between 1-2 years and 2-5 years has been amended in the table.
- **Annual Governance Statement** (Page 170) – The website address of the Council's Code of Corporate Governance has been added.

- 2.7 The Accounts are currently subject to final review by BDO's technical team. Members will be updated with any subsequent changes at the Committee meeting.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

There are no significant implications within this category.

4.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
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Code of Practice 2015-16 (based on IFRS) Statement of Accounts 2015-16 Statement of Accounts working papers. Outturn Integrated Resources & Performance Report for 2015-16	Room 128 Shire Hall, Cambridge
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