

ADDENDUM REPORT

TITLE OF REPORT: STATEMENT OF ACCOUNTS 2015/16

REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY & GOVERNANCE

EXECUTIVE MEMBER: COUNCILLOR T.W.HONE

1. SUMMARY

- 1.1 The purpose of this addendum report is to ask Finance, Audit and Risk Committee to note and approve the changes made to the Audited Statement of Accounts 2015/16, as itemised in table 1 of this report. The amendments have been made subsequent to the circulation of Appendix A to the 'Statement of Accounts 2015/16' report to FAR Committee. The revisions required have been identified and agreed with the Council's external auditor, Ernst & Young LLP.

2. RECOMMENDATIONS

- 2.1 That the 2015/16 Annual Statement of Accounts, including the agreed changes itemised in table 1 of this addendum report, be approved and signed by the Chairman.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that any queries raised are addressed before the approval of the Statement of Accounts for 2015/16.
- 3.2 To ensure that the Council abides by the Audit and Account Regulations 2015 which require the approval and publication of the Statement of Accounts by no later than the 30 September.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Authority is required to prepare an annual Statement of Accounts and must follow accounting practices guidance issued by the Secretary of State and follow 'proper practices' governing the preparation of the annual Statement of Accounts (Section 21 of the Local Government Act 2003). The key guidance is the Code of Practice on Local Government Accounting and the Service Reporting Code of Practice.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation on the Statement of Accounts is not required. The Finance and IT Portfolio holder has been kept informed of the progress of the year end accounts and the audit examination.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that has not been notified to the public in the Forward Plan. The public were invited to inspect the accounts in July by way of a notice on the Council's website published on 30 June 2016.

7. BACKGROUND

- 7.1 The Council is legally required to produce a statement of accounts detailing the financial activities for the year and overall financial position as at 31 March.
- 7.2 The Council's external auditors, Ernst & Young LLP, arrived on the 27th July to start the accounts audit and their report will be presented to Members at this meeting tonight.
- 7.3 Regulation 10 of the Accounts and Audit Regulations 2003, states the accounts should be signed and dated by the Member presiding at the meeting which formally approves the accounts. The Finance, Audit & Risk Committee is delegated to sign off the statutory annual Statement of Accounts.

8. ISSUES

- 8.1 The audited statement of accounts for the year 2015/16 was set out in the appendix A to the original report. In order to enable Committee members to give due consideration to the document prior to approval, the document was circulated on the week commencing 12th September 2016. However this document remained subject to final review by the Council's External Auditors and possible alteration.
- 8.2 As a result of discussion with Ernst & Young in the interim period, several further amendments were required to disclosures. These are itemised in table 1 below.

Table 1: Itemised changes to Appendix A - Statement of Accounts 2015/16

Section	Page	Paragraph / Note	Amendments (in bold)
Narrative Report	11	7.1	Under IAS 10 (Events after the reporting period) there is a requirement to disclose the date after which events will not have been recognised in the Statement of Accounts. This date is 22nd September 2016; this being the date the audited Statement of Accounts was authorised for issue by the Strategic Director.

Accounting Policies	13	1.1	<p>The following statement has been added to the bottom of paragraph 1.1:</p> <p>The accounting convention adopted is historic cost modified by the revaluation of certain categories of non-current assets and financial instruments.</p>
Accounting Policies	24	18.4	<p>Assets, other than surplus assets (see below), are initially measured at cost, comprising:</p> <ul style="list-style-type: none"> • The purchase price. • Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. • The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. <p>Surplus assets are measured at fair value, based on the highest and best use of that asset.</p>
Notes to the Core Financial Statements	51	Note 23	<p>The Authority uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. The three widely used valuation techniques are:</p> <ul style="list-style-type: none"> • the market approach - uses prices and other relevant data generated by market transactions involving identical or comparable (i.e. similar) assets or group of assets. • the cost approach - reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). • the income approach - converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts. <p>The market approach and the cost approach were both employed for the valuation of all surplus assets. The use of more than one valuation technique in the measurement of an asset is to ensure as far as possible that the valuation is most representative of fair value in the circumstances.</p> <p>The market approach was employed for the valuation of all investment properties. For certain investment properties, where sufficient data was available, the income approach was also employed for valuation corroboration purposes, in accordance with valuation good practice.</p> <p>The fair value measurements take into account the three levels of categories for inputs to valuations for fair value assets.</p>

Notes to the Core Financial Statements	61	Note 34	<p>Correction of the sum total of current financial liabilities as at 31 March 2015.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">Current 31 March 2015 £'000</td> </tr> <tr> <td>Financial Liabilities at amortised cost:</td> <td></td> </tr> <tr> <td>Creditors payable in one year</td> <td style="text-align: right;">3,281</td> </tr> <tr> <td>Borrowing</td> <td style="text-align: right;">66</td> </tr> <tr> <td>Total Financial Liabilities:</td> <td style="text-align: right; border-top: 1px solid black;">3,347</td> </tr> </table>		Current 31 March 2015 £'000	Financial Liabilities at amortised cost:		Creditors payable in one year	3,281	Borrowing	66	Total Financial Liabilities:	3,347				
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Notes to the Core Financial Statements	64	Note 34	<p>Correction to confirm that the debt totals for 2014/15 are as at 31 March 2015.</p> <p>The equivalent position at the end of 2014/15 is shown in the table below:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Age of Debt</th> <th style="text-align: right;">Sundry Debtors £'000</th> </tr> </thead> <tbody> <tr> <td>Within payment terms</td> <td style="text-align: right;">630</td> </tr> <tr> <td>1-3 months over term</td> <td style="text-align: right;">439</td> </tr> <tr> <td>3-12 months overdue</td> <td style="text-align: right;">34</td> </tr> <tr> <td>12-24 months overdue</td> <td style="text-align: right;">56</td> </tr> <tr> <td>More than 24 months overdue</td> <td style="text-align: right;">199</td> </tr> <tr> <td>Total at 31 March 2015</td> <td style="text-align: right; border-top: 1px solid black;">1,359</td> </tr> </tbody> </table>	Age of Debt	Sundry Debtors £'000	Within payment terms	630	1-3 months over term	439	3-12 months overdue	34	12-24 months overdue	56	More than 24 months overdue	199	Total at 31 March 2015	1,359
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9. LEGAL IMPLICATIONS

- 9.1 The Accounts and Audit Regulations 2015 require that the Annual Statement of Accounts be approved and published by the deadline date of 30 September 2016.

10. FINANCIAL IMPLICATIONS

- 10.1 There are no direct financial implications arising from this addendum report. The Revenue and Capital outturn reports were presented to Members in June. These provided the end of year position of the general fund, other reserves and capital expenditure. None of the changes to the Statement of Accounts itemised in table 1 above have resulted in any change to the outturn position reported.

11. RISK IMPLICATIONS

- 11.1 The process of compiling the Statement of Accounts is a control mechanism to help mitigate against the risk of poor financial management and is a way the Council can demonstrate to the public how it has managed its resources and acted in its responsibility as a steward of public funds.

12. EQUALITIES IMPLICATIONS

12.1 As per the Statement of Accounts 2015/16 report to FAR Committee.

13. SOCIAL VALUE IMPLICATIONS

13.1 As per the Statement of Accounts 2015/16 report to FAR Committee.

14. HUMAN RESOURCE IMPLICATIONS

14.1 As per the Statement of Accounts 2015/16 report to FAR Committee.

15. APPENDICES

15.1 None attached.

16. CONTACT OFFICERS

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Contributors

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17. BACKGROUND PAPERS

17.1 The Statement of Accounts 2015/16 report to FAR Committee - Appendix A - Audited Statement of Accounts 2015/16.

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