

MIDDLESBROUGH COUNCIL

AGENDA ITEM 5

COMMITTEE REPORT

CORPORATE AFFAIRS AND AUDIT COMMITTEE

25TH JUNE 2015

STATEMENT OF ACCOUNTS 2014/2015

Paul Slocombe – Chief Finance Officer

PURPOSE OF THE REPORT

1. The purpose of this report is for Members of the Corporate Affairs and Audit Committee to receive and review the draft Middlesbrough Council Statement of Accounts 2014/2015.

BACKGROUND

2. The Statement of Accounts is essentially a technical publication containing accounting statements that have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain and the Statutory Accounts and Audit Regulations (The Code). The Code is updated annually and specifies the accounting principles and practices required to prepare a Statement of Accounts which present a true and fair view of the position of a local authority.
3. The 2014/2015 Statement of Accounts has been prepared in compliance with International Financial Reporting Standards (IFRS).
4. The purpose of each of the Statements within the Accounts is as follows:
5. **Appendix A - Foreword**

This provides information on the format the Statement of Accounts as well as a review of the financial position of the Council for the financial year 2014/2015.
6. **Appendix B - Comprehensive Income and Expenditure Statement.**

This is equivalent to a profit and loss account in a private sector companies accounts. It shows the income and expenditure of all the Council's functions, the net cost of Council services for the financial year and demonstrates how this has been funded (e.g. Government Grants, Non Domestic Rates and Council Tax).

The format of the income and expenditure of the Council's services is presented using the Code of Practice on Local Authority Reporting Standards 2014/2015 (The Code) classification, a statutory requirement.

7. Appendix C - Balance Sheet.

This statement is important to the understanding of the local authority's financial position as at the 31st March 2015. It reports details of, the value of assets owned by the council, the level of creditors (amounts owed by the Council), the level of debtors (amounts owed to the Council) and the level of provisions and balances maintained by the Council.

8. Appendix D – Movement in Reserves Statement.

This statement shows the movement in the year on the different reserves held by the Council, split into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

9. Appendix E – Cash Flow Statement.

This Statement explains the movement in the Council's cash balances over the year and summarises the inflows and outflows of cash. The other main Statements are produced on an accruals basis, whereby income and expenditure are matched to the period to which they relate whether or not it has been paid or received. This Statement has any non-cash accounting adjustments and accruals removed and displays the situation relating to actual cash received from third parties and actual cash paid to third parties.

10. Collection Fund Statement.

This statement has no equivalent in the private sector. It is required by statute and shows the transactions the Council has undertaken in relation to Non-Domestic Rates and Council Tax income collection.

EXTERNAL REVIEW

11. The statements will be subject to audit by Deloitte. The audit will take place over the period 22nd June 2015 to 30th September 2015. An ISA 260 statement will be produced detailing any unadjusted misstatement found during the course of the audit.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

12. Overall the accounts show a sound financial position for the Council with the level of balances being in line with the Council's Medium Term Financial Plan.
13. The Council achieved a net revenue saving of £3.85 million for the 2014/2015 financial year against a revenue budget of £130.60 million.

RECOMMENDATIONS

14. It is recommended that Members of the Committee approve the contents of the draft Statement of Accounts for 2014/2015.

REASONS

15. The draft Statement of Accounts are required to be approved by Members of the Committee on or before the 30th June 2015.

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