

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**GENERAL PURPOSES COMMITTEE**

**29 June 2009**

**Report of the Director of Finance**

**Part 1- Public**

**Delegated**

**1 STATEMENT OF ACCOUNTS 2008/09**

**This report presents the Statement of Accounts for 2008/09 in the format specified by the Code of Practice on Local Authority Accounting in the United Kingdom for consideration and approval. The Accounts include the proposals recommended to Cabinet on 17 June 2009.**

**1.1 Introduction**

- 1.1.1 The Statement of Accounts for 2008/09 must be approved by the Council or a Committee of the Council by 30 June 2009.
- 1.1.2 Under the Council's constitutional arrangements responsibility for the approval of the Statement of Accounts is delegated to this Committee.
- 1.1.3 The Audit Committee is due to consider and peruse the Statement of Accounts on 22 June and to make recommendations deemed appropriate. Due to the timing of meetings any recommendations deemed appropriate will be reported verbally at the meeting.

**1.2 Statement of Accounts**

- 1.2.1 There have been a number of changes to the Accounts with effect from 2008/09. The main changes are detailed below.
- Clarifying amendments to the sections on Revenue Expenditure funded from Capital under Statute (formerly known as Deferred Charges) and Intangible Assets.
  - Amendments to the section on the Authorised for Issue Date.
  - Amendments to reflect the ending of Local Area Agreement grant and its replacement with Area Based Grant in 2008/09.

1.2.2 The Statement of Accounts for 2008/09 is enclosed with this agenda. It consists of the following individual financial statements and associated notes:

- 1) Income and Expenditure Account - the Council's main revenue account for the financial year, covering income and expenditure on all services.
- 2) Statement of Movement on the General Fund Balance - a statement showing the net amount required by statute and non-statutory practices to be debited or credited to the General Fund in determining a local authority's budget requirement.
- 3) Statement of Total Recognised Gains and Losses - a statement showing how the movement in the net worth of the Council, as shown in the Balance Sheet, links to the surplus or deficit in the Income and Expenditure Account and to other gains and losses.
- 4) Balance Sheet - sets out the financial position of the Council at 31 March 2009, including the balances and reserves at the Council's disposal and the net fixed and current assets employed in the delivery of services.
- 5) Cash Flow Statement - summarises the inflows and outflows of cash for both revenue and capital purposes.
- 6) Notes to financial statements numbered 1) to 5) above.
- 7) Collection Fund and associated notes - shows the total local taxation transactions in relation to business rates and council tax.

1.2.3 At **[Annex 1]** is an explanatory note, an overview, to accompany the Statement of Accounts. Furthermore, at **[Annex 2]** is a checklist certified by the Director of Finance in support of assertions made in the Statement of Responsibilities for the Statement of Accounts.

1.2.4 Members will note that, in accordance with the Accounts and Audit Regulations, and in my role as the Council's responsible financial officer, I have certified that the Statement of Accounts present fairly the financial position of the local authority at the end of the year and its income and expenditure for the year.

1.2.5 The Statement of Accounts is subject to external audit and the Audit Commission is due to commence the audit of the Accounts shortly.

### **1.3 Accounts and Audit Regulations 2003**

1.3.1 The Accounts and Audit Regulations require:

- The Council's responsible financial officer, to certify that the Statement of Accounts present fairly the financial position of the Council as at 31 March 2009 and its income and expenditure for the year ended 31 March 2009.

- The Accounts to be approved by the 30 June.
- Authorities to have in place a sound system of corporate governance and that an Annual Governance Statement is included within the Statement of Accounts. The Annual Governance Statement should be signed by the most senior officer and senior member of the Council. The Annual Governance Statement can be found within the Statement of Accounts on pages 54 to 59.
- That following the approval of the Statement of Accounts by the relevant Committee, the Chairman of the receiving Committee signs and dates the Statement of Accounts.

#### **1.4 Statement of Auditing Standards**

- 1.4.1 Our External Auditor (the District Auditor) is required by the Audit Commission's statutory Code of Practice for Local Government bodies to issue a report to those charged with governance covering, amongst other things, the outcome of the audit of the Accounts. Under the Council's constitutional arrangements it is the General Purposes Committee that will receive this report. The report is expected to be presented to the General Purposes Committee meeting in September 2009.

#### **1.5 Revenue and Capital Outturn 2008/09**

- 1.5.1 At the time of writing this report, Cabinet, at its meeting on 17 June, is due to receive a joint report on the Revenue and Capital Outturn for the year 2008/09. That report and the associated Outturn Booklet contain details of variations between the 2008/09 revised estimates and outturn.
- 1.5.2 Members were advised at this meeting that the overall revenue outturn was within budget with a requirement to drawdown £393,000 from the General Revenue Reserve, £243,150 less than the revised estimate figure of £636,150.
- 1.5.3 In addition, that we had as part of the closedown process undertaken a review of the specific earmarked reserve held by the Council with a recommendation that no adjustments should be made at this time and this was endorsed. The favourable outturn position compared to the revised estimate providing a welcome 'buffer' to underpin and support the Medium Term Financial Strategy in the current economic climate.
- 1.5.4 **[Annex 3]** provides details of movements on the special projects reserve, other earmarked reserves and minor revenue adjustments agreed by the Director of Finance during the closedown process.

## **1.6 Legal Implications**

- 1.6.1 There are a number of legislative requirements to consider in the preparation and publication of the Statement of Accounts which will be addressed as we move through the closedown process.

## **1.7 Financial and Value for Money Considerations**

- 1.7.1 As set out above.

## **1.8 Risk Assessment**

- 1.8.1 The Statement of Accounts is a statutory document; therefore failure to prepare and publish the Accounts in accordance with proper accounting practice and within the statutory timescale could adversely impact on our Use of Resources assessment.

## **1.9 Recommendations**

- 1.9.1 To note and endorse the Statement provided by the Director of Finance **[Annex 2]** in support of assertions made in the Statement of Responsibilities for the Statement of Accounts.
- 1.9.2 To note and endorse the recommendation following a review of specific earmarked reserves that no adjustments are made at this time.
- 1.9.3 To receive and approve the Statement of Accounts for 2008/09 as presented and request that the Chairman sign the Accounts in the appropriate place.

Background papers:

contact: Neil Lawley

Nil

Sharon Shelton  
Director of Finance